

PUNCH TAVERNS PLC

("Punch" or "the Group")

13 May 2009

Response to Business and Enterprise Committee Report on Pub Companies

Punch Taverns PLC notes with disappointment the key findings of the Business and Enterprise Committee report on the role of pub companies announced this morning.

We strongly believe that there are good grounds for the Government to reject the Committee's recommendation for a market investigation by the Competition Commission. The competition authorities have looked at this market a number of times. In particular, the European Commission and the European Courts considered the UK pub tie in detail and concluded that it was not anti-competitive. And more recently, the Office of Fair Trading ("OFT") provided evidence to the 2004 Select Committee suggesting that there was no basis for further investigation of the tie.

The important protection the tie has provided to regional brewers, pub companies, retailers and consumers during a period of significant consolidation among multi-national brewers has also been widely acknowledged during this time.

If the Government does decide to refer this matter to the competition authorities, we are confident that the outcome will reconfirm the competitive nature of the pub sector once and for all.

Punch Taverns believes that the British pub is an enduring business model that plays a crucial role at the heart of our communities. Long term relationships with our licensees are the foundation of our business. We believe we have made substantial positive progress regarding our engagement with licensees since the 2004 Trade and Industry Select Committee report and we continue to play a significant role in supporting our licensees through the current challenging economic conditions. We strongly believe that the tied pub model provides a fair and equitable approach to sharing risk between ourselves and our licensees, represents a low cost opportunity for entrepreneurs, and has a rightful place in the market.

We will be reviewing The Committee's findings in more detail over the coming days and will update the market further in due course, as appropriate. In the meantime, we strongly call on the industry to come together to focus on the real task – supporting licensees and pubs through these challenging economic conditions.

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