6th May 2013

Chris Hodgkins

LONDON

Michael Turner
Chairman
Fuller Smith & Turner
Griffin Brewery
Chiswick Lane South
London W4 2QB

Dear Mr Turner

Re: The price of a pint of Pride

I recently bought a pint of Pride and discovered that instead of paying £3.49p I had to fork out £3.65p. At the last budget the lowering of duty on a pint of Pride meant that the price came down by a penny from £3.50p to £3.49p. Fuller Smith and Turner have since put the price up by 4.5% to £3.65p. The inflation rate for March 2013 is 2.8%. How can you justify this increase of 1.7% above inflation?

Fuller's corporate strategy and financial data from the company's preliminary results for the 52 weeks ending on the 31st March 2012 showed the following:

Consistent Strategy

Fundamental objective to maximise shareholder returns by generating high quality, sustainable earnings. This will be achieved by pursuing the following objectives

- Long term focus
- Culture of style not fashion
- Passion for quality
- Premium positioning
- Pride in our brands
- Continue to expand the business

Financial Highlights

- Adjusted EPS up 7% to 39.82p
- Revenue up 5% to £253.0m
- Adjusted PBT up 3% to £30.3m
- EBITDA up 3% to £47.8m
- Final dividend up 8% to 7.60p
- Total dividend up 7% to 12.65p

I congratulate you on the company's financial performance. Unfortunately year-end figures are not available for the year ending 31st March 2013 but I can well imagine they reflect a similar position. Please do correct me if I am wrong.

Unequivocally the fundamental objective of Fuller, Smith and Turner is to "maximise shareholders returns by generating high quality sustainable earnings". I am not too sure what "a high quality earning" when it's at home and pedants from the Home Counties will no doubt be in touch. However the key phrase is to "maximise shareholders returns….generating sustainable earnings". I assume this means the company wants to maximise profits to generate an above normal earnings per share.

However your company's "Consistent Strategy" has ignored one vital component in the drive for increased dividends and that is the customer, the most important stakeholder you have; who to all intents and purposes appears to be neglected and then exploited. It is the hapless customer who bears the brunt of an above inflation increase not the shareholder.

My final point is that since time immemorial brewers have laboured in the vineyard – if you'll pardon the expression – secure in the knowledge that demand for beer is inelastic. Like tea the price goes up, demand falls in the short term and then continues to rise. However, if in the current economic climate beer prices continue to rise to "maximise shareholders returns" with a commensurate increase in public health campaigns to promote safer levels of drinking – a quarter of England's population consumes hazardous amounts of alcohol and alcohol addiction already costs the NHS more than £2.7 billion a year. There will be a paradigm shift where demand for beer will become elastic. Every time the duty or the price goes up demand for beer will fall with a commensurate drop in profits and returns to shareholders.

It is high time that Fullers Smith and Turner started to focus on its customers and the way to do that is to make sure the shareholders wake up and settle for a little less and that the customers are not continually fleeced with price hikes greater than the current rate of inflation.

However I suspect that like John the Baptist I am the "voice crying in the wilderness" and Fullers answer will be a couple of bar persons, in my local pub, called Herodias and Salome.

Yours sincerely

Chris Hodgkins

INDEPENDENT FAMILY BREWERS

AWARD WINNING ALES

ESTD 1845 GRIFFIN BREWERY FULLER'S CHISWICK

LONDON PRIDE E.S.B. CHISWICK BITTER

FULLER SMITH & TURNER P.L.C.

Mr Chris Hodgkins

London

20 May 2013

Dear Mr Hodgkins,

Firstly, thank you for your letter to Michael Turner dated 6th May 2013, which has been passed to me.

I have read your letter in detail, and particularly the comments around our recent retail price rise. The inflationary price rise on London Pride followed thirteen months in our managed businesses where we did not put our prices up at all.

In those thirteen months we have suffered above inflationary cost pressures, particularly in the cost of raw materials and fuel.

I would like to assure you that we take these decisions sparingly; indeed we decided to freeze the price of Chiswick and Seafarers Bitter until February 2014 in all managed pubs and hotels.

Loyalty cards at each of our managed pubs were given out around the time of the price rise. I have enclosed some for you in case you have not received any, which I hope will make you feel a little better disposed towards Fuller's.

Yours sincerely

Jonathon Swaine
Managing Director – Fuller's Inns and Hotels

30th May 2013

Chris Hodgkins

LONDON

Jonathan Swaine
Managing Director
Fuller Smith & Turner
Griffin Brewery
Chiswick Lane South
London W4 2QB

Dear Mr Swaine

Re: The price of a pint of Pride

Many thanks for your letter of the 20th May in reply to mine of the 6th May. Your letter did not enclose any loyalty cards but that is no matter at all. If you are going to dish any out I would rather they went to pensioners or people who are unfortunately without a job.

Your letter did not address the points I made in my letter of the 6th May especially the point about elasticity of demand and the price of a pint. Regarding inflationary pressures all your customer have been subject to this and it probably hits them harder than it will Fullers.

Holding the price of Chiswick is a start but of course Chiswick is not available in a number of Fullers pubs.

My points about adjusting your profits will probably go down like a lead balloon with the shareholders but driving customers into the arms of supermarkets and Wetherspoon's will place the shareholders in a position of profits declining exponentially.

No need to reply to this but you could ask the shareholders and publish the response just so the general public know where they stand.

Yours sincerely

Chris Hodgkins