

1 October 2004

THE WOLVERHAMPTON & DUDLEY BREWERIES, PLC ('W&DB')
52 WEEKS TRADING STATEMENT

In accordance with its usual practice, the Board of The Wolverhampton & Dudley Breweries, PLC has issued the following trading update* prior to entering its "close period" at the end of the current financial year to 2 October 2004.

Trading

Trading over the summer months has been strong, following the good first half-year performance reported in May. In Pathfinder Pubs, invested like-for-like sales increased from 2.8% in the first half to 3.6% in the 26 weeks ended 25 September 2004, and by 3.2% for the full 52-week period. Like-for-like sales in The Union Pub Company were 4.3% ahead of last year for the same 52-week period.

Overall, margins have remained firm and the results for the year as a whole are anticipated to be in line with our expectations.

Wizard Inns (acquired 14 June 2004)

The integration of the 63 managed pubs into Pathfinder Pubs has been well executed and completed ahead of schedule, with the anticipated benefits being realised. Trading is in line with our expectations, and we see considerable development potential in the estate.

Estate development

We are making good progress in acquiring new sites and pubs for development. Pathfinder Pubs has built or acquired five new community pubs, and aims to open a further twenty in the new financial year. Investment in community pub refurbishment is in line with our plans.

The Union Pub Company acquired twenty new pubs during the year, and now has over 500 lessees signed up to the successful Open House lease agreement.

Twenty-four pubs were transferred from Pathfinder Pubs to The Union Pub Company in March, and a further seventeen during September, reducing operating costs and increasing Group profitability.

WDB Brands

WDB Brands has recently entered into new distribution agreements with J D Wetherspoon and Mitchells & Butlers which are expected to generate significant volume growth for the Marston's and Banks's brands in the new financial year.

In addition, WDB Brands has contracted to brew the UK supply of Draught Bass on behalf of Interbrew UK from February 2005 at the Burton brewery.

These agreements underline the position of WDB Brands as a leading brewer and distributor of popular ale brands.

Estate valuation

We are currently finalising an independent revaluation of 75% of our property assets in accordance with our accounting policy, which is to revalue assets every five years. The net increase in asset values is expected to be over £160 million - an average uplift to individual pub values of 25% since the last valuation in 1999. The remaining 25% of property assets will be re-valued next year, having last been valued in 2000.

Margin outlook

Certain costs will increase next year for reasons outside our direct control. Energy costs, the national minimum wage, and Sky TV costs are all rising by significantly more than inflation.

We expect to mitigate these cost increases, which in total add up to approximately £5 million, by management action and continued tight operational control.

Commenting, Ralph Findlay, Chief Executive, said: “We have again demonstrated that our focus on good quality community pubs and great beers is paying dividends with the planned returns on our investment programme being achieved. The pub sector is mature and under legislative and cost pressures, but we are performing well and developing good momentum”.

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