

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-rights) in certificated form before 8.00 a.m. on 24 March 2014 (the "*Ex-Rights Date*"), please send this document, together with any Provisional Allotment Letter (if applicable and when received) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States and any of the other Excluded Territories. If you sell or have sold or otherwise transferred all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part V (*Terms and Conditions of the Rights Issue*) of this document and in the Provisional Allotment Letter.

The distribution of this document, any other offering or publicity material relating to the Placing or the Rights Issue and/or any Provisional Allotment Letter into jurisdictions other than the United Kingdom may be restricted by law or regulation. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory. The transfer of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares may also be so restricted by law or regulation. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. The Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares are not transferable except in accordance with, and the distribution of the foregoing documents is subject to, the restrictions set out in section 7 of Part V (*Terms and Conditions of the Rights Issue*) of this document. No action has been taken by Premier Foods, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital or Ondra Partners that would permit an offer of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (or rights thereto), or possession, distribution, forwarding or transmission of the foregoing documents in or into any jurisdiction where action for that purpose is required, other than the United Kingdom.



Premier Foods plc

(incorporated in England and Wales under the Companies Act 1985 with registered number 05160050)

Proposed Joint Venture in respect of the Bread Business

Proposed Placing of 76,923,077 Placing Shares at 130 pence per Placing Share

**Proposed 8 for 5 Rights Issue of 506,824,531 New Ordinary Shares
at 50 pence per New Ordinary Share**

Joint Sponsors and Joint Corporate Brokers

Credit Suisse

Jefferies

Joint Bookrunners

BNP Paribas

Credit Suisse

HSBC

Jefferies

Co-Lead Managers

Barclays

Investec

Co-Manager

Shore Capital

Financial Adviser

Ondra Partners

This document, which comprises a prospectus relating to the Placing and the Rights Issue, has been prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of FSMA, has been approved by the Financial Conduct Authority in accordance with section 85 of FSMA and made available to the public in accordance with Rule 3.2.4(3) of the Prospectus Rules by being made available at www.premierfoods.co.uk. A printed copy of this document is available to any Shareholder on request and free of charge.

The Existing Ordinary Shares have been admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Application will be made to the UK Listing Authority for the Placing Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that admission to listing of the Placing Shares on the premium segment of the Official List will become effective, and dealings in the Placing Shares on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 24 March 2014. Application will also be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that admission to listing of the New Ordinary Shares on the premium segment of the Official List will become effective, and dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 24 March 2014 and that dealings in the New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence at 8.00 a.m. on 8 April 2014.

The whole of this document should be read, including the information incorporated by reference into this document. Shareholders and any other persons contemplating an acquisition of Placing Shares, Provisional Allotment Letters, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares should review the section of this document entitled "Risk Factors" for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Placing and/or the Rights Issue or deciding whether or not to subscribe for or acquire Placing Shares, Provisional Allotment Letters, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. In making an investment decision each investor must carry out their own examination, analysis and enquiry of the Company and the terms of the Placing and the Rights Issue, including the merits and risks involved.

Subject to passing of the Capital Refinancing Resolution, it is expected that Qualifying Non-CREST Shareholders (other than Excluded Shareholders) will be sent Provisional Allotment Letters on 21 March 2014, and that Qualifying CREST Shareholders (other than Excluded Shareholders) and Placees will receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 24 March 2014. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear UK as soon as practicable after Admission.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document or the Rights Issue.

The latest time and date for acceptance and payment in full for the New Ordinary Shares by holders of Nil Paid Rights is expected to be 11.00 a.m. on 7 April 2014. The procedures for delivery of Nil Paid Rights, acceptance and payment are set out in Part V (*Terms and Conditions of the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letter. Qualifying CREST Shareholders and Placees should refer to section 4 of Part V (*Terms and Conditions of the Rights Issue*) of this document.

Each of Jefferies, Shore Capital and Ondra Partners is authorised by the FCA, and each of Credit Suisse, HSBC, BNP Paribas, Barclays and Investec is authorised by the PRA. Each of Jefferies, Shore Capital and Ondra Partners is regulated by the FCA, and each of Credit Suisse, HSBC, BNP Paribas, Barclays and Investec is regulated by the FCA and the PRA. Each of Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners is acting for Premier Foods and no one else in connection with the Placing and the Rights Issue, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and the Rights Issue, and will not be responsible to anyone other than Premier Foods for providing the protections afforded to its clients or for providing advice in relation to the Placing and the Rights Issue or any matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners by FSMA or the regulatory regime established thereunder or otherwise under law, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners do not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with Premier Foods, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Placing or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

NOTICE TO OVERSEAS SHAREHOLDERS

This document does not constitute an offer of, or a solicitation to subscribe for or purchase, any securities in any jurisdiction in which such offer or solicitation is unlawful or to any person to whom it is unlawful to make such offer or solicitation.

The Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or

indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares offered outside the United States are being offered in reliance on Regulation S under the US Securities Act.

The Company, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners do not make any representation to any offeree, subscriber or acquirer of the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares regarding the legality of an investment in the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by such offeree, subscriber or acquirer under the law applicable to such offeree, subscriber or acquirer. Each investor should consult with his or its own advisers as to the legal, tax, business, financial and related aspects of an acquisition of the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares.

The Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and this document have not been recommended, approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares or the accuracy or adequacy of the Provisional Allotment Letter or this document. Any representation to the contrary is a criminal offence in the United States.

The Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, within any of the Excluded Territories (excluding, for these purposes, the United States) except pursuant to an applicable exemption from registration and in compliance with any applicable securities laws. There will be no public offer of the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in any of such Excluded Territories.

EXCEPT AS OTHERWISE PROVIDED FOR HEREIN, NEITHER THE PROVISIONAL ALLOTMENT LETTER NOR THIS DOCUMENT CONSTITUTES AN OFFER OF PLACING SHARES, NIL PAID RIGHTS, FULLY PAID RIGHTS OR NEW ORDINARY SHARES TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS LOCATED OR RESIDENT, IN THE UNITED STATES OR ANY OF THE OTHER EXCLUDED TERRITORIES.

The Underwriters may arrange for any New Ordinary Shares not taken up in the Rights Issue to be offered and sold only (i) outside the United States in accordance with Regulation S under the US Securities Act or (ii) inside the United States to persons reasonably believed to be “qualified institutional buyers” within the meaning of Rule 144A under the US Securities Act in reliance on an exemption from the registration requirements of the US Securities Act. Any such persons are notified that such offers may be made in reliance on the exemption from the registration requirements of the US Securities Act provided by Rule 144A.

A QIB will be permitted to take up its entitlements to New Ordinary Shares under the Rights Issue only if the QIB executes a US Purchaser’s Letter in the form set out in Appendix 1 to this Prospectus and delivers it to the Company with a copy to the Underwriters. The US Purchaser’s Letter will require each such QIB to represent and agree that, amongst other things, (i) it is a QIB and (ii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from the registration requirements of the US Securities Act and in compliance with applicable securities laws. The US Purchaser’s Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares.

In addition, until 40 days after Admission, an offer, sale or transfer of the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Placing Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or any other document to a jurisdiction outside the United Kingdom should read section 7 of Part V (*Terms and Conditions of the Rights Issue*) of this document.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS SECTION.

NOTICE TO EEA INVESTORS

In relation to each EEA State (except for the United Kingdom) which has implemented the Prospectus Directive (each a “relevant member state”), no Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares have been offered or will be offered pursuant to the Placing or the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the Placing Shares, Nil Paid Rights, Fully Paid Rights and New Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, offers of Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be made to the public in that relevant member state at any time:

- (A) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (B) to fewer than 100 or, if the relevant member state has implemented the relevant provision of the PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state; or
- (C) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares shall result in a requirement for the publication by the Company, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in that relevant member state.

For this purpose, the expression “offer of any Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to the public” in relation to any Placing Shares, New Ordinary Shares, Nil Paid Rights and Fully Paid Rights in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Placing and the Rights Issue and any Placing Shares, Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to be offered so as to enable an investor to decide to subscribe for or acquire any Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is prohibited. By accepting delivery of this document, each offeree of the Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Without limitation, the contents of the websites of the Group do not form part of this document.

Capitalised terms have the meanings ascribed to them in the section of this document entitled “Definitions”.

The date of this document is 4 March 2014.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of (i) issuer and (ii) issue of securities. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be addressed in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words “not applicable”.

Section A – Introductions and warnings		
Element	Disclosure Requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Placing Shares, Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this document.

Section B – Issuer		
Element	Disclosure Requirement	Disclosure
B.1	Legal and commercial name	Premier Foods plc.
B.2	Domicile/legal form/legislation under which the issuer operates/ country of incorporation	The Company is a public limited company, incorporated in England and Wales with its registered office at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The principal legislation under which the Company operates is the Companies Act 2006.
B.3	Current operations/Principal activities/Principal markets	Premier Foods is one of the United Kingdom’s largest food producers with total underlying revenue of £1,282.5 million in FY 2013, including the Bread Business (excluding Milling revenue; £1,504.4 million including Milling revenue). The Group manufactures, distributes and sells a wide range of branded and non-branded foods, employs approximately 8,100 people and operates across 37 sites

		<p>throughout the United Kingdom. (If the JV Transaction proceeds, approximately 3,800 current employees and 20 current sites will transfer to the Joint Venture.) The Group has a wide portfolio of British brands, many of which are market leaders.</p> <p>The Grocery division produces a wide variety of products in the ambient grocery sector, including cakes, soups, stocks, gravies, desserts, home baking, cooking sauces and accompaniments. For FY 2013, the Grocery division had underlying revenue of £837.4 million, comprising 65.3 per cent. of the Group's total underlying revenue (excluding Milling), of which 88.3 per cent. represented revenue from branded sales.</p> <p>The Bread division operates principally in the wrapped bread market, manufacturing and supplying <i>Hovis</i>, <i>Mother's Pride</i> and <i>Ormo</i>, as well as non-branded wrapped bread. In addition, the Bread division manufactures morning goods, a wide range of bulk and branded flours and a variety of non-branded bread and other bakery products. For FY 2013, the Bread division (excluding Milling) had underlying revenue of £445.1 million, comprising 34.7 per cent. of the Group's total underlying revenue (excluding Milling), of which 77.9 per cent. represented revenue from branded sales.</p> <p>If the JV Transaction proceeds, the Group will sell a 51 per cent. interest in the Bread Business, which comprises its Bread division, and the Group will retain a 49 per cent. interest in the resulting Joint Venture. The Bread Business does not include the Group's Charnwood Foods Business, which manufactures and sells pizza base products, or the Group's Retained Flour Business, which produces flour and related products primarily for consumers and foodservice customers, each of which will be wholly retained by the Group.</p> <p>The Group's principal market is the United Kingdom, accounting for 95.9 per cent. of revenue from continuing operations for FY 2013. The Group also supplies its products to customers in: (i) Europe (such sales accounting for 2.5 per cent. of revenue from continuing operations for FY 2013); and (ii) other jurisdictions, including Australia and the US (such sales accounting for 1.6 per cent. of revenue from continuing operations for FY 2013).</p> <p>The majority of the Group's sales come from the major UK retailers, such as the 'Big Four' supermarkets, each of which stocks the Group's brands and certain other non-branded products produced by the Group. The Group also makes sales to other retailers (for example, Waitrose), discounters (for example, Iceland and Poundland), smaller convenience stores, professional kitchens (through its foodservice business division), and food producers (which use the Group's products, such as flour, in their manufacturing processes).</p>
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B.4a	Current trends, trading and outlook	<p>The Group reported a strong underlying trading profit performance of 18 per cent. growth in 2013, and significant underlying earnings progression. Through its category-based strategy, the Group delivered Grocery Power Brands sales growth of approximately 2.0 per cent. in 2013, strong market share performances and progressively stronger customer partnerships. The Group continues to reduce business complexity through a disciplined approach to its cost base and has successfully reduced net debt by £120 million during the year.</p> <p>The simplification of the Group through the Joint Venture and the Capital Refinancing Plan announced today represent significant steps forward for Premier Foods. Completion of these projects will allow Management to focus its full attention on the Grocery business, which the Board believes is well positioned to deal with the challenges of 2014.</p> <p>The Group expects Grocery Power Brand sales to be slightly negative in Q1 2014 compared to Q1 2013, reflecting the colder weather in the prior period which supported strong sales, the move of Easter from Q1 2013 to Q2 2014 and subdued consumer spending in the grocery market. Grocery Power Brand sales are expected to improve in Q2 2014 and into the second half of 2014, reflecting planned new product introductions, increased consumer marketing, and assuming a return to more typical average summer temperatures. For the full year 2014, the Board is targeting Grocery Power Brand sales growth in the range of 2 to 3 per cent.. Support brands are expected to grow modestly in 2014 as a result of targeted marketing activity while non-branded sales will decline reflecting the Group's focus on higher margin branded sales. The Group continues to manage costs tightly and remains confident in its expectations for the full year 2014.</p> <p>Total cash interest expense for 2014 is expected to be in the range of £45 to £50 million¹, which is dependent upon the pricing of the New Bonds and drawings under the New Revolving Facility, and pension deficit contributions are expected to be approximately £35 million under the New Framework Agreement. The Group did not pay any corporation tax in 2013 as a result of utilising a portion of the brought forward losses available to it and does not expect to pay corporation tax in the medium-term due to additional brought forward losses. In 2014, depreciation is expected to be in the range of £18 to £20 million, and the Group expects a working capital cash outflow of approximately £30 million and a double-digit percentage increase in consumer marketing expenditure from 2013 levels. Capital expenditure for 2014 is expected to be in the range of £35 to</p>
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¹ This range assumes: (i) completion of the Capital Refinancing Plan; (ii) in relation to Q1 2014, the interest rate in respect of the Current Facilities; (iii) in relation to the remainder of 2014, the interest rate in respect of the New Bonds and the interest rate in respect of the New Revolving Facility (as applicable on a proportionate basis); (iv) no close-out of any interest rate swap arrangements and (v) securitisation funding under the new facility agreed in December 2013.

		<p>40 million, approximately half of which is attributable to a major investment in a new cake slices snack-pack line at the Group's cake factory in Carlton, Barnsley. Over the medium-term, ongoing capital expenditure is expected to be broadly in line with depreciation.</p> <p>Over the medium term, the Group is targeting Grocery Power Brand revenue growth of between 2 per cent. and 3 per cent. per annum and total branded revenue growth of one to two per cent.. The Group continues to work on reducing complexity in the business through SKU reductions and rationalising its supplier base and this, together with mix benefits, means that it is targeting gross margin to grow faster than revenues. The Group is targeting double-digit percentage increase in marketing investment funded through continued reductions in costs. The Group is targeting a progressive deleveraging towards 2.5 times net debt to EBITDA in the medium-term.</p> <p>The Group has decided to change its financial year end from 31 December to 31 March and will therefore prepare its next annual financial statements for the 15 months ended 31 March 2015. It plans to report on the Group's trading performance by way of an Interim Management Statement for the 12 months ended 31 December 2014 in early 2015.</p>																											
B.5	Group structure	<p>The Company is the parent company of the Group with headquarters in the United Kingdom. The Group operates principally in the United Kingdom. The principal subsidiaries of the Company, all of which are wholly-owned by the Company, are:</p> <ul style="list-style-type: none"> • Premier Foods Group Limited • Premier Foods Group Services Limited • Premier Foods Investments Limited 																											
B.6	Notifiable interests	<p>As at 28 February 2014 (being the Reference Date), the Company had been notified in accordance with Rule 5 of the Disclosure and Transparency Rules of the following interests in its Ordinary Shares:</p> <table> <tr> <th><i>Name</i></th><th><i>Number of Shares</i></th><th><i>Percentage interest of issued ordinary share capital</i></th></tr> <tr> <td>Warburg Pincus</td><td>41,573,972</td><td>17.33</td></tr> <tr> <td>Paulson & Co. Inc.</td><td>25,830,000</td><td>10.77</td></tr> <tr> <td>Schroders (Cazenove Capital Management Limited)</td><td>24,024,331</td><td>10.02</td></tr> <tr> <td>Standard Life Investments Ltd</td><td>12,178,274</td><td>5.08</td></tr> <tr> <td>JPMorgan Asset Management U.K. Limited</td><td>11,953,403</td><td>4.98</td></tr> <tr> <td>Norges Bank Investment Management</td><td>9,220,355</td><td>3.84</td></tr> <tr> <td>Arcadian Asset Management LLC</td><td>8,286,640</td><td>3.46</td></tr> <tr> <td>Dimensional Fund Advisers, LP</td><td>8,146,816</td><td>3.40</td></tr> </table>	<i>Name</i>	<i>Number of Shares</i>	<i>Percentage interest of issued ordinary share capital</i>	Warburg Pincus	41,573,972	17.33	Paulson & Co. Inc.	25,830,000	10.77	Schroders (Cazenove Capital Management Limited)	24,024,331	10.02	Standard Life Investments Ltd	12,178,274	5.08	JPMorgan Asset Management U.K. Limited	11,953,403	4.98	Norges Bank Investment Management	9,220,355	3.84	Arcadian Asset Management LLC	8,286,640	3.46	Dimensional Fund Advisers, LP	8,146,816	3.40
<i>Name</i>	<i>Number of Shares</i>	<i>Percentage interest of issued ordinary share capital</i>																											
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		<p>Save as disclosed in this section, the Company is not aware of any person who, as at 28 February 2014 (being the Reference Date), directly or indirectly, has a holding which is notifiable under English law.</p> <p>The Company and its directors are not aware of any persons who, as at 28 February 2014 (being the Reference Date), directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p> <p>Not applicable. All Ordinary Shares (other than treasury shares) have the same voting rights.</p>																																																																																										
B.7	Historical key financial information for the Company	<p>Selected historical financial information relating to the Group which summarises the Group’s consolidated results of operations from continuing operations, financial condition and cash flow statement as of and for the financial years ended 31 December 2011, 2012 and 2013 is set out in the following table. All information has been extracted without material adjustment from the audited financial statements of the Company as set out in the 2013 Financial Statements (in respect of FY 2013 and FY 2012 (restated)) and the 2012 Annual Report (in respect of FY 2012 and FY 2011 (restated)). The 2013 Financial Statements and relevant pages of the 2012 Annual Report have been incorporated by reference into this document.</p> <p>Consolidated Income Statement</p> <table><tr><th></th><th><i>FY 2013⁽¹⁾</i></th><th><i>FY 2012</i></th><th><i>FY 2012⁽²⁾</i></th><th><i>FY 2011</i></th></tr><tr><td></td><td></td><td><i>(restated)⁽²⁾</i></td><td></td><td><i>(restated)⁽²⁾⁽³⁾</i></td></tr><tr><td></td><td></td><td></td><td colspan="2"><i>(£ millions)</i></td></tr><tr><td>Revenue</td><td>856.2</td><td>1,070.9</td><td>1,756.2</td><td>1,999.5</td></tr><tr><td>Cost of sales</td><td>(556.1)</td><td>(721.6)</td><td>(1,261.2)</td><td>(1,445.0)</td></tr><tr><td>Gross profit</td><td>300.1</td><td>349.3</td><td>495.0</td><td>554.5</td></tr><tr><td>Selling, marketing and distribution costs</td><td>(111.9)</td><td>(141.6)</td><td>(262.5)</td><td>(263.3)</td></tr><tr><td>Administrative costs</td><td>(133.5)</td><td>(123.5)</td><td>(132.2)</td><td>(466.8)</td></tr><tr><td>Net other operating income/(expenses)</td><td>(2.1)</td><td>(0.5)</td><td>(4.0)</td><td>(0.7)</td></tr><tr><td>Operating profit/(loss)</td><td>52.6</td><td>83.7</td><td>96.3</td><td>(176.3)</td></tr><tr><td>Operating profit/(loss) before impairment and profit/(loss) on disposal of operations</td><td>55.0</td><td>50.6</td><td>68.8</td><td>116.9</td></tr><tr><td>Impairment of intangible and tangible assets</td><td>–</td><td>–</td><td>(36.2)</td><td>(282.0)</td></tr><tr><td>(Loss)/profit on disposal of operations</td><td>(2.4)</td><td>33.1</td><td>63.7</td><td>(11.2)</td></tr><tr><td>Finance cost</td><td>(62.2)</td><td>(86.1)</td><td>(86.3)</td><td>(126.9)</td></tr><tr><td>Finance income</td><td>2.4</td><td>4.1</td><td>4.1</td><td>7.2</td></tr><tr><td>Net movement on fair valuation of interest rate financial instruments</td><td>11.6</td><td>(9.7)</td><td>(9.7)</td><td>36.9</td></tr><tr><td>Profit/(loss) before taxation from continuing operations</td><td>4.4</td><td>(8.0)</td><td>4.4</td><td>(259.1)</td></tr><tr><td>Taxation (charge)/credit</td><td>(51.1)</td><td>18.0</td><td>21.9</td><td>29.1</td></tr></table>		<i>FY 2013⁽¹⁾</i>	<i>FY 2012</i>	<i>FY 2012⁽²⁾</i>	<i>FY 2011</i>			<i>(restated)⁽²⁾</i>		<i>(restated)⁽²⁾⁽³⁾</i>				<i>(£ millions)</i>		Revenue	856.2	1,070.9	1,756.2	1,999.5	Cost of sales	(556.1)	(721.6)	(1,261.2)	(1,445.0)	Gross profit	300.1	349.3	495.0	554.5	Selling, marketing and distribution costs	(111.9)	(141.6)	(262.5)	(263.3)	Administrative costs	(133.5)	(123.5)	(132.2)	(466.8)	Net other operating income/(expenses)	(2.1)	(0.5)	(4.0)	(0.7)	Operating profit/(loss)	52.6	83.7	96.3	(176.3)	Operating profit/(loss) before impairment and profit/(loss) on disposal of operations	55.0	50.6	68.8	116.9	Impairment of intangible and tangible assets	–	–	(36.2)	(282.0)	(Loss)/profit on disposal of operations	(2.4)	33.1	63.7	(11.2)	Finance cost	(62.2)	(86.1)	(86.3)	(126.9)	Finance income	2.4	4.1	4.1	7.2	Net movement on fair valuation of interest rate financial instruments	11.6	(9.7)	(9.7)	36.9	Profit/(loss) before taxation from continuing operations	4.4	(8.0)	4.4	(259.1)	Taxation (charge)/credit	(51.1)	18.0	21.9	29.1
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(Loss)/profit after taxation from continuing operations	(46.7)	10.0	26.3	(230.0)
Loss from discontinued operations	(199.2)	(27.9)	(13.5)	(109.0)
(Loss)/profit for the year attributable to owners of Premier Foods	(245.9)	(17.9)	12.8	(339.0)
<p>(1) The Bread Business is classified as a discontinued operation in FY 2013 and FY 2012 (restated) and FY 2013 and FY 2012 (restated) also reflect the adoption of IAS 19 (Revised).</p> <p>(2) The Bread Business is classified as a continuing operation in FY 2012 and FY 2011 (restated). As such, the income statement for FY 2013 and FY 2012 (restated) is not directly comparable to FY 2012 and FY 2011 (restated).</p> <p>(3) Restated following the reclassification of certain costs amounting to £8.9 million as per the FY 2012 consolidated income statement.</p>				
	FY 2013	FY 2012 (restated)	FY 2012/ FY 2012 (restated)	FY 2011 (restated)
Cash and cash equivalents	157.0	53.2		45.8
Total current assets	501.5	550.0		514.8
Property, plant and equipment	196.3	374.2		417.3
Total assets	2,059.9	2,387.0		2,611.0
Total current liabilities	(532.4)	(691.6)		(757.2)
Total liabilities	(2,042.0)	(1,982.1)		(2,038.3)
Net debt	(830.8)	(950.7)		(1,257.0)
Total equity	17.9	404.9		572.7
<p><i>Underlying revenue means revenue derived from the underlying business (including the Grocery division and the Bread Business). The relevant financial measures for the Group's underlying business exclude all disposals announced in FY 2011, FY 2012 and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and Milling revenue. Underlying revenue also excludes Milling revenue due to the cost plus pricing nature of the Milling business which may otherwise have a distortive effect of the Group's underlying performance. With the Group having classified the Bread Business as a discontinued operation for FY 2013 following the announcement of the Joint Venture, and having undergone a year of restructuring in FY 2012, the Group believes this basis better reflects the underlying business performance of the Group's core business by including the Bread Business and excluding such disposals. Divisional contribution reflects the divisions' underlying trading performance for the period under evaluation and is defined as the gross profit of a division (excluding all disposals announced in FY 2011 (restated), FY 2012 (restated) and FY 2013) after marketing and distribution costs.</i></p> <p>In FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013, the Group's revenue from continuing operations was £1,999.5 million, £1,756.2 million, £1,070.9 million, and £856.2 million respectively.</p>				

		<p>Underlying revenue in the Grocery division was £837.4 million for FY 2013, a decrease of £16.7 million or 2.0 per cent., as compared to £854.1 million for FY 2012 (restated), principally due to a reduction in non-branded revenue. In FY 2013, as a result of a 14.9 per cent. reduction in non-branded revenue, the Group's Grocery division increased its proportion of branded sales by 1.8 per cent. to 88.3 per cent. of total underlying business revenue in the division. Grocery Power Brand revenue continued to grow during FY 2013, increasing by 2.0 per cent. due to a further strengthening of customer partnerships and continued marketing investment.</p> <p>Underlying revenue for the Bread Business (excluding Milling) rose 0.4 per cent. to £445.1 million in FY 2013 compared to FY 2012 (restated), while total revenue (including Milling) for the division increased by 5.1 per cent. to £667.0 million. <i>Hovis</i> sales for 2013 increased by 2.1 per cent. to £326.7 million, reflecting a good finish to the year through progressively stronger customer partnerships following a slower third quarter due to the hot weather. Adverse wheat quality following the worst UK harvest for 35 years in 2012 continued to affect manufacturing efficiencies and negatively affected the contribution of the Bread division in FY 2013.</p> <p>Underlying revenue in the Grocery division increased by 5.6 per cent. to £856.7 million in FY 2012 compared to £811.2 million in FY 2011 (restated). Following the disposals of the Canned Grocery Operations, the Irish Brands, the Vinegar and Sour Pickles Business and the Sweet Spreads and Jellies Business, the Group's Grocery division increased its proportion of branded sales by 5.4 per cent. to 86.6 per cent. of total underlying revenue in the division. Grocery Power Brand sales increased by 4.0 per cent., driven by improved customer collaboration and increased levels of consumer marketing investment.</p> <p>Underlying revenue for the Bread division (excluding Milling) declined by 0.7 per cent. to £497.1 million in FY 2012 compared to FY 2011 (restated), while total sales for the whole division decreased by 0.7 per cent. to £688.5 million. Changes in the customer and product mix during the course of the year, as a result of a number of contract gains and losses, together with higher costs associated with some of the Group's contract gains, adversely affected the divisional contribution of the Bread division. Adverse wheat quality following the worst UK harvest for 35 years in 2012 also affected manufacturing efficiency and negatively impacted the contribution of the Bread division in the second half of FY 2012.</p> <p>Trading profit from continuing operations in FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013 was £188.3 million, £154.7 million, £159.1 million and £139.5 million respectively. Trading profit from continuing operations decreased by £19.6 million from FY 2012 (restated) to FY 2013, principally reflecting the impact of</p>
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		<p>the Group's disposals programme in FY 2011, FY 2012 and FY 2013, partially offset by overhead cost savings. Trading profit from continuing operations decreased by £33.6 million from FY 2011 (restated) to FY 2012, principally reflecting the impact of the Group's disposals programme in FY 2011 and FY 2012. During FY 2012, significant savings in the overhead cost base were partly offset by increased consumer market spending.</p> <p>Underlying trading profit was £145.2 million for FY 2013, an increase of £21.8 million, or 17.7 per cent., as compared to £123.4 million for FY 2012 (restated), primarily as a result of a reduction in SG&A costs. Grocery divisional contribution increased by £1.2 million to £196.7 million during FY 2013, reflecting growth in Power Brand sales. Bread divisional contribution rose by £4.5 million to £31.4 million in FY 2013, principally due to improved manufacturing efficiencies and strengthening of customer partnerships. The major restructuring of the SG&A cost base has delivered savings of over £64 million since 2011 and this new level now better reflects the size of the Group following the disposal of non-core businesses. Within the £16.1 million savings delivered in 2013, people-related costs reduced by over £20 million, partly offset by other non-people related charges in the SG&A cost base.</p> <p>Underlying trading profit was £123.4 million for FY 2012, an increase of £11.8 million, or 10.6 per cent., as compared to £111.6 million for FY 2011 (restated), primarily as a result of a reduction in SG&A costs. Grocery divisional contribution decreased by £11.4 million to £195.5 million during FY 2012, reflecting increased consumer marketing investment partly offset by growth in Power Brand sales. Bread divisional contribution declined by £24.8 million to £26.9 million in FY 2012 principally due to wheat quality adversely affecting manufacturing efficiencies and input costs. The restructuring of the Group's SG&A in FY 2012 delivered savings of £48 million, ahead of the Group's plan. This was achieved through right-sizing both the commercial and support functions to ensure the overhead cost base better reflected the Group's scale following the disposals programme.</p> <p>Save as set out above, there has been no significant change in the Company's financial condition and results of operations during or subsequent to the period covered by the historical key financial information on the Company set out in this element.</p> <p>The audit report in respect of the financial year ended 31 December 2013 included an emphasis of matter in relation to the Group's ability to continue as a going concern in the event that the Placing and the Rights Issue are not completed.</p>
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B.8

Selected key pro forma financial information

The unaudited pro forma balance sheet of the Group set out below has been prepared on the basis set out in the notes below to illustrate the effect of: (i) the Capital Refinancing Plan; and (ii) the JV Transaction on the consolidated balance sheet of the Group as at 31 December 2013, had the Capital Refinancing Plan and the JV Transaction taken place at that date.

The unaudited pro forma income statement of the Group set out below has been prepared on the basis set out in the notes below to illustrate the effect of: (i) the Capital Refinancing Plan; and (ii) the JV Transaction on the consolidated income statement of the Group for FY 2013, had the Capital Refinancing Plan and the JV Transaction taken place at the start of the financial period.

The unaudited pro forma balance sheet and income statement, which have been produced for illustrative purposes only, by their nature address a hypothetical situation and, therefore, do not represent the Group’s actual financial position or results. The unaudited pro forma balance sheet and income statement do not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

**Summarised unaudited Pro Forma Balance Sheet
As at 31 December 2013**

	<i>Group as at 31 December 2013 (audited) £m</i>	<i>Adjustment for Capital Refinancing Plan (unaudited) £m</i>	<i>Adjustment for JV Transaction (unaudited) £m</i>	<i>Unaudited pro forma total £m</i>
Total non-current assets	1,558.4	–	30.1	1,588.5
Total current assets	501.5	–	(27.5)	474.0
Total assets	2,059.9	–	2.6	2,062.5
Total current liabilities	(532.4)	49.1	1.4	(481.9)
Total non-current liabilities	(1,509.6)	279.0	–	(1,230.6)
Total liabilities	(2,042.0)	328.1	1.4	(1,712.5)
Total net assets	17.9	328.1	4.0	350.0

Notes:

1. The net assets of the Group have been extracted, without material adjustment, from the 2013 Financial Statements.

2. The adjustments arising from the Capital Refinancing Plan are set out below.

(i) The table below shows the proceeds from the Capital Refinancing Plan (excluding drawings on the New Revolving Facility).

<i>Proceeds (excluding drawings on New Revolving Facility)</i>	<i>£m</i>
Gross proceeds of the Placing and the Rights Issue ^(a)	353.4
Gross proceeds of the Notes ^(b)	475.0
Total transaction fees (excluding VAT)	(57.1)
Net proceeds from the Capital Refinancing Plan	771.3

(a) Estimated gross proceeds of the Placing and the Rights Issue, calculated on the basis that the Company issues 76,923,077 Placing Shares at 130 pence per share and 506,824,531 New Ordinary Shares pursuant to the Rights Issue at 50 pence per share.

		<p>(b) Estimated gross proceeds of £475 million resulting from the issue of the New Bonds.</p> <p>(ii) A reconciliation of the drawing on the New Revolving Facility following the repayment of short-term borrowings and long-term borrowings using the proceeds from the Capital Refinancing Plan are set out below.</p> <table><tr><td><i>Use of proceeds</i></td><td><i>£m</i></td></tr><tr><td>Net proceeds from the Capital Refinancing Plan</td><td></td></tr><tr><td>(excluding drawings on the New Revolving Facility)</td><td>771.3</td></tr><tr><td><i>Adjustment to long-term borrowings</i></td><td>(834.0)</td></tr><tr><td><i>Adjustment to short-term borrowings</i></td><td>(50.0)</td></tr><tr><td>Drawing on New Revolving Facility</td><td>(112.7)</td></tr></table> <p>(iii) A reconciliation of the adjustments to short-term borrowings, long-term borrowings and cash following completion of the Capital Refinancing Plan and adjustments in connection therewith are set out below.</p> <table><tr><td><i>Adjustments to borrowings</i></td><td><i>£m</i></td></tr><tr><td><i>Adjustment to short-term borrowings</i></td><td></td></tr><tr><td>Repayment of existing third party borrowings at 31 December 2013</td><td>(50.0)</td></tr><tr><td>Debt issue costs written off under Current Facilities</td><td>0.9</td></tr><tr><td>Net decrease in short-term borrowings</td><td>(49.1)</td></tr><tr><td><i>Adjustment to long-term borrowings</i></td><td><i>£m</i></td></tr><tr><td>Long-term borrowings</td><td>(818.7)</td></tr><tr><td>Add back debt issuance costs</td><td>(15.3)</td></tr><tr><td>Repayment of existing drawn facility at 31 December 2013</td><td>(834.0)</td></tr><tr><td>Capitalised fees in relation to Capital Refinancing Plan</td><td>(32.2)</td></tr><tr><td>New Bond liability recognised</td><td>475.0</td></tr><tr><td>Drawing on New Revolving Facility</td><td>112.7</td></tr><tr><td>Debt issue costs written off under Current Facilities</td><td>15.3</td></tr><tr><td>Net decrease in long-term borrowings</td><td>(263.2)</td></tr></table> <p>(iv) The adjustments to other liabilities of £15.8 million relate to the settlement deferred commitment fee in relation to the existing third party borrowings accrued at 31 December 2013. No adjustment has been made for the Directors' calculation of deferred commitment fees of £6.2 million, arising since 31 December 2013, which will be included within total fees of the Capital Refinancing Plan and which will be payable on completion of the Capital Refinancing Plan.</p> <p>(v) The adjustment to share capital represents the total number of New Ordinary shares issued of 583,747,608 at a nominal value of 10p.</p> <p>(vi) The adjustment to the profit and loss reserve represents the debt issue costs written off under the Current Facilities.</p> <p>3. The Joint Venture has been accounted for as an investment, using the equity method. The loan note issued to the associate represents cash paid into the Joint Venture to support future investment. Investment in the associate has been valued using the £15.0 million cash received by the Company for 51 per cent. of the Joint Venture, therefore the remaining 49 per cent. is valued at £14.4 million. No deferred consideration has been included in the table above as there is no certainty over the receipt of such consideration. The movement in cash and bank deposits represents the proceeds on completion of £15.0 million offset by the loan note issued to the Joint Venture for £15.7 million. Assets and liabilities held for sale include assets and liabilities sold as part of the Joint Venture. These are therefore de-recognised from the Group's balance sheet as part of the transaction. No adjustment has been made in respect of the</p>	<i>Use of proceeds</i>	<i>£m</i>	Net proceeds from the Capital Refinancing Plan		(excluding drawings on the New Revolving Facility)	771.3	<i>Adjustment to long-term borrowings</i>	(834.0)	<i>Adjustment to short-term borrowings</i>	(50.0)	Drawing on New Revolving Facility	(112.7)	<i>Adjustments to borrowings</i>	<i>£m</i>	<i>Adjustment to short-term borrowings</i>		Repayment of existing third party borrowings at 31 December 2013	(50.0)	Debt issue costs written off under Current Facilities	0.9	Net decrease in short-term borrowings	(49.1)	<i>Adjustment to long-term borrowings</i>	<i>£m</i>	Long-term borrowings	(818.7)	Add back debt issuance costs	(15.3)	Repayment of existing drawn facility at 31 December 2013	(834.0)	Capitalised fees in relation to Capital Refinancing Plan	(32.2)	New Bond liability recognised	475.0	Drawing on New Revolving Facility	112.7	Debt issue costs written off under Current Facilities	15.3	Net decrease in long-term borrowings	(263.2)
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unwinding of the trade receivables and payables of the disposed business which are retained by the Group on Completion.

4. No account has been taken of any trading or results of the Group since 31 December 2013.

Summarised Unaudited Pro Forma Income Statement Year ended 31 December 2013

	<i>Group for the year ended 31 December 2013 (audited) £m</i>	<i>Adjustment for Capital Refinancing Plan (unaudited) £m</i>	<i>Adjustment for JV Transaction (unaudited) £m</i>	<i>Unaudited pro forma total £m</i>
Revenue	856.2	–	–	856.2
Gross Profit	300.1	–	–	300.1
Operating profit/(loss)	52.6	–	(97.6)	(45.0)
Profit/(loss) before taxation from continuing operations	4.4	0.8	(97.6)	(92.4)
(Loss)/profit after taxation from continuing operations	(46.7)	0.6	(97.6)	(143.7)
(Loss)/profit for the year attributable to the owners of the Company	(245.9)	0.6	101.6	(143.7)

Notes:

- The income statement of the Group has been extracted, without material adjustment, from the 2013 Financial Statements.
- Represents the incremental Finance Costs on a pro forma basis resulting from the Capital Refinancing Plan.
 - The pro forma adjustments to Finance Costs consist of the following.

	<i>£m</i>
Interest on the new third party borrowings ^(a)	18.5
Amortisation of debt issuance costs on the new third party borrowings ^(b)	5.7
Write-off of debt issuance costs in respect of the existing third party borrowings ^(c)	22.6
Less: Finance costs charged on existing third party borrowings ^(d)	(47.6)
Pro Forma adjustments to Finance Costs	(0.8)

- Represents interest on the £475 million of the New Bonds based upon the average applicable interest rate on the Current Facilities for FY 2013 assuming that these facilities were effective from 1 January 2013. It does not take into account the interest rate on the New Bonds, which will not be finalised until the pricing of the New Bonds, and which management expects will be higher than the interest rate on the Current Facilities, or the interest rate on the New Revolving Facility.
 - Represents the non-cash amortisation charge of £5.7 million arising in the period of debt issuance costs capitalised in respect of the New Revolving Facility and the Notes. These costs will be written off over the terms of the New Revolving Facility and the Notes. Of the £63.3 million of fees, £32.2 million will be charged to the income statement over the terms of the New Revolving Facility and the Notes.
 - Represents the write-off of capitalised debt issuance costs of £22.6 million on the existing third party borrowings.
 - Finance costs on existing third party borrowings are included in the Finance Costs of £62.2 million as at FY 2013.
- The tax adjustment of £0.2 million represents the tax impact on the change in Finance Costs calculated at 23.25 per cent., the Group's 2013 effective tax rate.

		<p>3. The adjustment reflects the elimination of the loss from discontinued operations recorded in the 2013 Financial Statements and includes a 49 per cent. share of that loss as the Group's share of the new associate, as though that associate had been owned throughout the year. The Group's ownership of the entity created through the JV Transaction has been accounted for as an associate, using the equity method.</p> <p>4. No account has been taken of any trading or results of the Group since 31 December 2013.</p>
B.9	Profit forecast and Estimate	Not applicable. No profit forecast or estimate is included in this document.
B.10	Qualifications in the audit reports	Not applicable. The audit reports on the historical financial information contained in, or incorporated by reference into, this document are not qualified.
B.11	Working capital qualification	Not applicable. In the opinion of the Company, taking into account the net proceeds of the Capital Refinancing Plan, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months following the date of this document.

Section C – Securities

Element	Disclosure Requirement	Disclosure
C.1	Type and the class of the securities	The Placing comprises 76,923,077 Placing Shares. The Rights Issue comprises 506,824,531 New Ordinary Shares (such number of New Ordinary Shares being subject to adjustment to take account of any Ordinary Shares which may be issued between the Reference Date and the Record Date as a result of the vesting or exercise of awards under the Share Plans). The nominal value of the total issued Ordinary Share capital of the Company immediately following the Placing and the Rights Issue is expected to be 82.4 million divided among 823,589,863 Ordinary Shares. The ISIN code for the Nil Paid Rights is GB00BK6M9D58 and for the Fully Paid Rights is GB00BK6M9F72.
C.2	Currency of the securities issue	The Ordinary Shares are priced in pounds sterling, and the Placing Shares and the New Ordinary Shares will be quoted and traded in pounds sterling.
C.3	Shares issued/Value per share	As at 28 February 2014, being the Reference Date, the Company has in issue 239,842,255 fully paid ordinary shares of 10 pence each.
C.4	Description of the rights attaching to the securities	<p>The Placing Shares and the New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Ordinary Shares in issue at the time the Placing Shares and the New Ordinary Shares are delivered, including in relation to any dividends or other distributions with a record date falling after the date of allotment and issue of the Placing Shares and the New Ordinary Shares.</p> <p>Subject to any special rights, restrictions or prohibitions on voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name</p>

		is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of, and to attend and vote at, general meetings of the Company. At any general meeting, a resolution put to the vote of the general meeting will be decided on a poll. Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the assets of the Company attributable to their shares in a winding up of the Company or other return of capital; however, they have no rights of redemption.
C.5	Restrictions on free transferability of the securities	Not applicable. There are no restrictions on the free transferability of the Ordinary Shares in the UK.
C.6	Admission/Regulated markets where the securities are traded	The Existing Ordinary Shares have been admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Application will be made to the UK Listing Authority for the Placing Shares and the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Placing Shares and the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that admission to listing of the Placing Shares and the New Ordinary Shares, nil paid, and dealings in the Placing Shares and the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence at 8.00 a.m. on 24 March 2014.
C.7	Dividend policy	Premier Foods has not paid a dividend since July 2008 and the Board remains focused on strengthening the Group's balance sheet. If the Capital Refinancing Plan is approved and implemented, the New Facility Agreement, the indenture in respect of the New Bonds and the New Framework Agreement in respect of the Relevant Pension Schemes will impose certain conditions and restrictions on the Company's ability to make dividend payments. Prior to implementation of the Capital Refinancing Plan, the Company is not permitted to make dividend payments under the Current Facilities Agreement. The Board understands the importance of optimising value for Shareholders and believes that implementation of the Capital Refinancing Plan will provide a platform for reinstating the payment of dividends in the future, which the Board will do when it becomes appropriate and permissible to do so.

Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1	Summary information on the key risks that are specific to the Company or its industry	<p><i>Industry Risk Factors:</i></p> <ul style="list-style-type: none"> The Group operates in highly competitive markets. The Group's failure to compete effectively could adversely affect the results of its operations. There is

		<p>strong competition between manufacturers in the grocery industry. The market is served by a number of well-established companies that operate on both a national and an international basis within single or multiple product categories. The Group faces competition at a category level from these companies on both branded and non-branded products.</p> <ul style="list-style-type: none"> • The Group relies on relatively few major UK retailers for a large part of its sales and the results of its operations could be adversely affected if the concentration and buying power of grocery retailers increases or if the Group's relationship with its customers deteriorates. In recent years, the major multiple retailers have continued to increase their overall share of the UK grocery market, while price competition between those retailers remains intensive. This price competition leads the major multiple retailers to seek lower prices from their suppliers, including the Group. • The Group's ability to source raw materials and other inputs of an acceptable type or quality and to pass through increases in the prices of such raw materials and other inputs to its customers could materially affect the Group's operations. There can be no assurance that the Group will be able to pass on such price increases and an inability to do so may materially and adversely affect the results of the Group's operations. <p><i>Business Risk Factors:</i></p> <ul style="list-style-type: none"> • Most of the sales to the Group's key customers, the 'Big Four' supermarkets, are made on a daily demand basis. Generally, the Group does not have written contractual commitments to supply such customers on a long-term basis or any written contractual arrangements governing the supply (including price) of its products. No assurance can be given that the Group will not come under pressure in the future from its key customers to reduce prices or to increase the level of the Group's promotional sales or that its business relationship with one or more of its key customers will not change. • The Group's category-based strategy pursuant to which the Group will focus on categories and brands which management believes have potential for long-term sustainable growth may fail to improve the Group's performance (or advance performance at a slower pace than planned) and, consequently, may materially and adversely affect the Group's business, operating results, financial condition or prospects. • The Group's businesses are materially dependent on the provision of products from various suppliers that
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		<p>constitute its supply chain base. Although the Group has a large network of suppliers due to the large number of different materials and services it sources, the Group purchases a significant volume of key materials from a relatively small number of suppliers. A loss of any of the Group's key suppliers could cause short-term interruptions in its supply chain, adversely affect the ordinary course of the operation of the Group's businesses and, in certain cases, the promotion of its products.</p> <ul style="list-style-type: none"> • Certain of the Group's branded products, including <i>Lloyd Grossman</i> branded cooking sauces and <i>Cadbury</i> branded cakes, are produced under licences which may be adversely affected by factors beyond the Group's control and will expire and may not be renewable on terms acceptable to the Group or at all. The licences are also terminable under certain circumstances such as a failure of quality control or missing sales volume related hurdles. • The Group has significant defined benefit pension plans, all of which are in deficit. The Group's cash funding obligations, which are agreed between the Group and the Pension Trustees, are set in accordance with UK pensions legislation and assessed on a triennial basis. The Group has agreed contributions in respect of the 2013 valuations and, in the normal course of events, the Group's level of contributions will next be assessed in 2016. The Group may be required to increase its level of contributions due to changes in market conditions, regulatory requirements and actuarial assumptions but any increases can only apply from 1 January 2020. Increases to the contributions made by the Group to the Relevant Pension Schemes may have a material adverse effect on the Group's financial condition and results of operations. • The Group operates with a significant amount of debt which may have a material adverse effect on the Group's business, longer-term liquidity, financial condition or prospects. Whereas the Group is able to predict with greater certainty its operational and funding requirements in the short term and considers, taking into account the proceeds of the Capital Refinancing Plan, that it has sufficient working capital for its short term requirements (that is, for a period of 12 months from the date of the document); over the longer term (that is, more than 12 months from the date of this document), the Group, like other entities with significant levels of debt, is subject to the risk that it may be unable to generate sufficient cash flow to make scheduled payments on its debt or may be unable to obtain sufficient funding to satisfy its obligations to service or refinance its debt. A failure
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		by the Group to make scheduled payments or otherwise satisfy its obligations under its financing arrangements could result in indebtedness of the Group being accelerated.
D.3	Key information on the key risks that are specific to the securities	<ul style="list-style-type: none"> • The price of the Ordinary Shares has fluctuated and may continue to fluctuate and the market price for Ordinary Shares may decline below the price at which investors subscribed for or acquired the Placing Shares or the New Ordinary Shares. • The Company has not made a dividend payment since July 2008 and dividend payments may not be made in the future. See further Section C.7 of this Summary. • Shareholders will experience dilution in their ownership of the Company as a result of the Placing. • Qualifying Shareholders who do not (or who are not permitted to) subscribe for New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company.

Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1	Total net proceeds and costs of the issue	<p>Premier Foods expects to raise net proceeds of approximately £344 million by way of the Placing and the Rights Issue (after deduction of estimated expenses, including underwriting commissions but excluding VAT, of approximately 9 million). No expenses will be charged by the Company to Shareholders who take up their rights in the Rights Issue.</p> <p>The Capital Refinancing Plan also comprises:</p> <ul style="list-style-type: none"> (a) the raising of gross proceeds of approximately £475 million (approximately £443 million net of estimated expenses) through the issue of the New Bonds, comprising floating rate notes expected to mature in 2020 and fixed rate notes expected to mature in 2021, with the issue of the New Bonds being backstopped so that, if it is not otherwise possible to procure sufficient investment from high yield bond investors in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds; and (b) the implementation of the New Facility Agreement, comprising a £300 million New Revolving Facility, maturing in 2019. <p>As part of the Capital Refinancing Plan, the Current Facilities will be replaced and cancelled and, to the extent drawn down, prepaid in full.</p>

E.2a	Reasons for the offer/use of the proceeds	<p>Premier Foods intends to use the net proceeds from the Placing and the Rights Issue, the issue of the New Bonds and the advance of the New Revolving Facility to prepay in full the amounts drawn down under the Current Facilities (as at the Reference Date, £886 million was outstanding under the Current Facilities) with any remaining net proceeds being used for general corporate purposes, including to meet the Group's working capital requirements but not for the payment of dividends or for share buy-backs. The Current Facilities will, as a result of the implementation of the Capital Refinancing Plan, be replaced, cancelled and, to the extent drawn down, prepaid in full.</p> <p>Following successful implementation of the Capital Refinancing Plan (which includes the Placing and the Rights Issue, the issue of the New Bonds, the advance of the New Revolving Facility and the revised schedules of pension contributions, associated funding arrangements and other matters pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes), the balance sheet of the Group will be stronger, with a reduced level of net indebtedness by virtue of having raised additional equity and having an extended maturity profile on its debt. There will also be further capital available for future business activities.</p>
E.3	Terms and conditions of the offer	<p>The Company proposes to raise gross proceeds of approximately £353 million through the Placing and the Rights Issue. The Placing is expected to raise gross proceeds of approximately £100 million through the Placing of 76,923,077 Placing Shares at 130 pence per Placing Share. The Rights Issue is expected to raise gross proceeds of approximately £253 million through the issue of 506,824,531 New Ordinary Shares at 50 pence per New Ordinary Share (such number of New Ordinary Shares being subject to adjustment to take account of any Ordinary Shares which may be issued between the Reference Date and the Record Date as a result of the vesting or exercise of awards under the Share Plans).</p> <p>Subject to the fulfilment of the conditions set out below, the New Ordinary Shares will be offered by way of rights to (i) Qualifying Shareholders on the basis of 8 New Ordinary Shares at 50 pence each for every 5 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date and so in proportion to any other number of Ordinary Shares each Qualifying Shareholder then holds and (ii) Placees on the basis of 8 New Ordinary Shares at 50 pence each for every 5 Ordinary Shares held by Placees as a result of the Placing and so in proportion to any number of Ordinary Shares Placees would have held on the Record Date if the Placing had occurred immediately prior to the Record Date.</p>

		<p>The Placing and the Rights Issue are fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement and are conditional upon (among other things) (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Placing Admission and Admission) and (ii) Placing Admission and Admission becoming effective by not later than 8.00 a.m. on 24 March 2014 (or such later date as the Company and the Joint Sponsors and the Joint Bookrunners may agree). The Underwriting Agreement is conditional upon certain matters being satisfied and may be terminated by the Joint Bookrunners prior to Admission upon the occurrence of certain specified events, in which case the Rights Issue (and the Placing) will not proceed. The Underwriting Agreement is not capable of termination following Admission. The Company reserves the right to decide not to proceed with the Rights Issue at any time prior to Admission and commencement of dealings in the New Ordinary Shares (nil paid).</p> <p>Subject to the above conditions being satisfied, it is intended that (i) the Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than Excluded Shareholders) on or about 21 March 2014, (ii) the stock accounts of Qualifying CREST Shareholders (other than Excluded Shareholders) and Placees will be credited with such Shareholders' and Placees' entitlements to Nil Paid Rights, with effect from 8.00 a.m. on 24 March 2014, (iii) the New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renouncees) and Placees who validly take up their rights as soon as practicable after 8.00 a.m. on 8 April 2014 and (iv) the share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders (or their nominees) who validly take up their rights by not later than 15 April 2014.</p> <p>Qualifying Shareholders and Placees with registered addresses in the United States or in any of the other Excluded Territories will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights, except where the Company and the Joint Bookrunners are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction.</p> <p>Premier Foods has received irrevocable undertakings from Warburg Pincus, Paulson and Cazenove in respect of approximately 37.30 per cent. of Premier Foods's existing issued share capital to vote in favour of the Resolutions to be proposed at the General Meeting. In addition:</p> <ul style="list-style-type: none"> • Warburg Pincus has confirmed to the Company its intention to subscribe for 13,333,755 Placing Shares at the Placing Price and to fully take up its entitlements
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		<p>under the Rights Issue (including in respect of such Placing shares);</p> <ul style="list-style-type: none"> • Paulson has confirmed to the Company its intention to subscribe for 7,697,366 Placing Shares at the Placing Price and to take up its entitlements under the Rights Issue in respect of 50,661,434 New Ordinary Shares; and • Cazenove has confirmed to the Company its intention to subscribe for 7,664,759 Placing Shares at the Placing Price and to fully take up its entitlements under the Rights Issue (including in respect of such Placing Shares).
E.4	Interests that are material to the issue/Conflicting interests	<p>Barclays, BNP Paribas, Credit Suisse, HSBC and Jefferies (or their respective affiliates) are lenders to the Group under the Current Facilities Agreement, will be lenders to the Group under the New Facility Agreement and are Underwriters in respect of the Placing and the Rights Issue. Barclays, BNP Paribas, Credit Suisse and HSBC (or their respective affiliates) have entered into the Backstop Agreement with the Company and are Joint Bookrunners in respect of the New Bonds.</p> <p>Other than the foregoing, there is no interest, including any conflict interest, that is material to the Company, the Placing or the Rights Issue.</p>
E.5	<p>Name of the offeror</p> <p>Lock-up arrangements</p>	<p>Premier Foods plc.</p> <p>Pursuant to the terms of the Underwriting Agreement, the Company has (subject to certain exemptions) agreed not to offer, issue or grant any rights over any Ordinary Shares or related securities for a period of 180 calendar days from the last day for acceptance in respect of the Rights Issue.</p>
E.6	Dilution	<p>If a Qualifying Shareholder does not take up any New Ordinary Shares under the Rights Issue and does not participate in the Placing, such Qualifying Shareholder's shareholding in the Company will be diluted by up to 70.9 per cent. as a result of the Placing and the Rights Issue. Qualifying Shareholders who take up their entitlements in full in respect of the Rights Issue but who do not participate in the Placing will be diluted by up to 24.3 per cent. as a result of the Placing. For the purposes of the foregoing, any dilution which may result from the vesting or exercise of any awards under the Share Plans (between the Reference Date and the Record Date) has been disregarded.</p>
E.7	Estimated expenses charged to the investor	<p>Not applicable. No expenses will be directly charged to the investor by the Company.</p>

RISK FACTORS

Any investment in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Group's business, strategy and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks and uncertainties identified in the Summary are the risks and uncertainties that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, operating results, financial condition or prospects and, if any such risk should materialise, the price of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

1. RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

1.1 Risks relating to the Group's industry

- (i) ***The Group operates in highly competitive markets. The Group's failure to compete effectively may materially and adversely affect the results of its operations.***

There is strong competition between manufacturers in the grocery industry. The market is served by a number of well-established companies that operate on both a national and an international basis within single or multiple product categories. The Group faces competition at a category level from these companies on both branded and non-branded products. The Group's products also compete against products in similar or related categories. The Group's competitors have varying abilities to withstand changes in market conditions. For instance, certain of the Group's competitors are large corporations with greater financial resources and lower leverage than the Group, allowing them to accept less favourable contract terms. The Group's ability to compete effectively requires it to be successful in cost rationalisation and appeal to consumers through factors such as product quality, brand recognition, consumer loyalty, customer service and new product development and innovation. Furthermore, the Group cannot predict the pricing, promotional or marketing actions of its competitors or their effect on consumer perceptions. The Group's competitors have in the past launched products targeted to compete directly with the Group's products. Further increases in competitor promotional activity, aggressive marketing strategies or other factors may require the Group to reduce prices or invest greater amounts in marketing and advertising its products to ensure that the Group's products remain competitive. If the Group is unable to continue to compete successfully due to competitive pressures or other factors, its customers may reduce orders of its products, may insist on prices that erode the Group's margins or may allocate less shelf space and fewer displays to the Group's products. These developments may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (ii) ***The Group relies on a few major UK retailers for a large part of its sales and the results of its operations may be adversely affected if the buying power of grocery retailers increases or if the Group's relationship with its customers deteriorates.***

In recent years, the price competition between major multiple retailers has continued to be intensive. This price competition has led the major multiple retailers to seek lower prices from their suppliers, including the Group. The strength of the the 'Big Four' supermarkets and other large UK multiple retailers' bargaining position gives them significant leverage over their suppliers in negotiating pricing and the level of supplier participation in promotional campaigns and offers which can reduce the Group's margins. The results of the Group's operations may be adversely affected if these retailers suffer a significant deterioration in sales performance, if the Group is required to reduce prices, alter the specifications of its non-branded products or increase its promotional spending activity as a consequence of an increase in the strength of the major multiple retailers' bargaining position, if the Group loses business from a major retailer customer or if its relationship with a major retailer customer deteriorates. In recent years, the Group has experienced pressure on its margins as a result of increased promotional activities with the major retailers. The Group's margins may be adversely affected if this level of promotional activity is sustained or increases further. The Group's retailer customers also offer branded and non-branded products that compete directly with the Group's products for retail shelf space and consumer purchases. There is also a risk that the Group's customers may give higher priority to their own non-branded products or the branded products of the Group's competitors, which would adversely affect sales of the Group's products. Over the last few years the discounter channel, which typically focuses on non-branded rather than branded products, has been growing at a faster rate than the multiple retailer channel. There is a risk that, if this trend continues, the Group's sales of branded products, in particular, may be adversely affected. In addition, in comparison to the Group's smaller customers, the Group's largest retailer customers typically demand a higher number of deliveries per week and to more locations, and a greater degree of flexibility in the mix and volume of products being delivered, particularly during peak seasons such as Christmas and Easter. This generally adds to the complexity and cost base of the Group's distribution network activities. If the Group fails to use its scale, marketing expertise and distribution network management experience to respond to these trends, the volume of the Group's sales may decrease or the Group may need to lower the prices of its products, either of which may materially and adversely affect the Group's profitability or the Group's business, operating results, financial condition or prospects.

- (iii) ***The Group's business may be materially and adversely affected by general business conditions and a worsening of the general economy.***

The Group conducts its operations and supplies its products to customers principally in the United Kingdom and the profitability of the Group's business may therefore be adversely affected by a worsening of general economic conditions in the United Kingdom, whether in isolation or as a consequence of economic conditions, or disruptions to financial markets, globally, in Europe or in the markets where the Group sources raw materials or other inputs. The Group believes that factors such as interest rates, unemployment, inflation, and the availability and cost of credit have affected the disposable income of consumers and, in turn, their purchasing habits. In periods of economic downturn, consumers may seek to economise by purchasing more non-branded or economy brands, or brands that are offered at promotional prices. Downturns may also require the Group to increase the level of promotional activity to maintain sales volumes. The Group has experienced a general increase in promotional sales activity across the UK grocery market since the end of 2008 (see also the risk factor immediately above). Annual consumer spending on promotions rose from 33.2 per cent. in 2009 to a peak of 39.7 per cent. in 2012 and has fallen back slightly to 38.9 per cent. in 2013 (source: Kantar Worldpanel Total Supermarket Spend). Both of these factors may adversely affect the Group's margins and profitability.

Conditions which reduce disposable income or consumer confidence such as a worsening of global economic conditions, or an increase in interest rates (which, among other things, may cause consumers to incur higher monthly expenses such as mortgages), unemployment rates, direct or indirect taxes, fuel prices, energy costs or other costs of living may, therefore, lead consumers to reduce their spending on groceries or opt for lower-cost products. These conditions may be particularly prevalent during periods of economic downturn or market volatility and disruption.

To the extent that the current economic environment does not continue to improve, improves at varying rates in the Group's markets or improves more slowly than is currently anticipated, the Group's business, operating results, financial condition or prospects may be materially and adversely affected.

- (iv) ***An inability to pass on price increases of raw materials or other inputs to the Group's customers, or to source raw materials or other inputs of an acceptable type or quality, may materially and adversely affect the results of the Group's operations.***

Significant changes in raw material prices may adversely affect the results of the Group's operations. The major raw materials used in the Group's products include sugar and other sweeteners, fats and oils, dairy products, cocoa and chocolate, seasonal and non-seasonal fruit and vegetables, dried pulses, tomato paste, wheat, meat and paper and plastic products (although, the Group's use of wheat is expected to decline if the proposed Joint Venture is completed, for further details on the proposed Joint Venture, please see section 4 of Part 1 (*Letter from the Chairman of Premier Foods plc*) of the Circular). The prices and availability of many of the Group's raw materials are affected by, amongst other things, supply and demand for crops, weather conditions at the location of production, energy prices and the agricultural policies of the United Kingdom, the European Union and other nations that are major producers of such raw materials. Some of the raw materials and other inputs the Group uses, such as wheat, diesel and energy, are traded as commodity products, the prices of which are subject to a number of factors that are not within the Group's control, such as quality, available supply, demand and market speculation. Commodity price increases directly effect the Group's business by increasing not only the costs of raw materials, but also the costs of inputs to manufacture, package and ship the Group's products. The Group, and the industry as a whole, have experienced increases, from time to time, in the prices of commodities and other inputs, including wheat and utilities, in recent years. While the Group attempts to manage its commodity price risk through forward purchases and the use of derivative instruments, there is no market for hedging against price volatility for certain raw materials and accordingly such materials are bought at the spot rate in the market.

The Group's ability to pass through increases in the prices of raw materials to its customers depends, amongst other things, on prevailing competitive conditions and pricing methods in the markets in which the Group operates. There can be no assurance that the Group will be able to pass through such price increases to its customers. Even if the Group is able to pass through increases in prices, there is typically a time lag between cost increases affecting the business and implementation of product price increases, during which time the Group's gross margin may be negatively affected. For example, during the first half of FY 2011 an increase in the prices of wheat, carton board and other raw materials adversely affected the Group's operating results during the first half of FY 2011 and repricing only came into effect in the third quarter of FY 2011. Recovery of cost inflation can also lead to disparities in retailers' shelf prices between different brands in a category which can result in a competitive disadvantage and volume decline. The Group has limited price negotiation power for its non-branded products and certain of its smaller brands which makes the Group particularly sensitive to cost increases in respect of these products. During the Group's negotiations to increase its prices to recover cost increases, customers may take actions which exacerbate the impact of such cost increases. For example, one of the Group's major customers delisted a significant number of its Grocery product lines in the second quarter of FY 2011 in connection with price negotiations which

adversely affected the results of the Group's operations in the first half of FY 2011. The Group's inability to preserve its profit margins in the future may materially and adversely affect the Group's business, operating results, financial condition or prospects.

In addition, severe weather conditions at the location of any producer or supplier, such as floods, droughts or frosts, or political instability affecting any supplier, may affect the availability and price of one or more of the Group's raw materials or other inputs. If the availability of any of the Group's inputs is constrained for any reason, the Group may not be able to obtain sufficient supplies, or supplies of a suitable quality, on favourable terms or at all, from other sources. Such shortages may materially and adversely affect the Group's market share, revenues and the results of its operations.

The Group has been particularly affected in the past by sharp increases in the cost of wheat, which have detrimentally affected the Bread division (if the JV Transaction is completed, the Company will retain a 49 per cent. stake in the Bread Business, which comprises the majority of the existing Bread division). In the second half of FY 2012, following the worst UK harvest for 35 years (resulting in adverse wheat quality), wheat prices increased significantly which in turn increased the cost of the Group's wheat supply used for *Hovis* bread. The increased cost of wheat also led to more marginal increases in prices of cereals, pastas, meat and vegetable oils. In addition, in 2011 and 2012 the Group experienced volatile sugar prices due to a significant part of the UK sugar beet crop being unprocessable due to frost damage.

(v) ***The Group is subject to extensive UK and EU legislation and regulation.***

As a manufacturer of products intended for human consumption, the Group is subject to extensive regulation. The Group is subject to laws and regulation in both the UK and the European Union, including with respect to: product composition, manufacturing, storage, handling, packaging, labelling, advertising and the safety of its products; the health, safety and working conditions of its employees; the Group's pensions; and its competitive and marketplace conduct. The Group's operations and properties, past and present, are also subject to a wide variety of UK, EU and local laws and regulations governing: air emissions, waste water discharge, noise levels and energy efficiency; the presence, use, storage, handling, generation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes; and the remediation of contamination to the environment.

Any non-compliance with applicable laws and regulations may subject the Group to civil remedies, including fines, injunctions, product recalls or asset seizures, as well as potential criminal sanctions, any of which may adversely affect the Group's business, operating results, financial condition or prospects. Any failure to comply with such regulations may also adversely affect customers' perception of the Group.

Although the Group is committed to protecting the health and safety of its employees, contractors and visitors, and to conducting its operations in a socially responsible manner, and has in place appropriate systems for identifying and managing potential liabilities, it may not have identified or addressed all sources of health, safety and environmental risks, and there can be no assurance that the Group will not incur health, safety and environment related losses or that any losses incurred will not have a material adverse effect on the Group's results of operations or financial condition. For instance, on 1 May 2013 a fatal accident occurred at a site operated by the Group and the Group continues to assist with relevant enquiries. In addition, if the costs of compliance with health, safety and environmental laws and regulations, including in respect of food safety, continue to increase and it is not possible for the Group to integrate these additional costs into the price of its products, any such changes may reduce the Group's profitability. Changes in applicable laws or regulations, or evolving interpretations thereof, may result in increased compliance costs, capital expenditures and other financial obligations which may impede the production or distribution of the Group's products and materially and adversely affect the Group's business, operating results, financial condition or prospects.

(vi) ***The Group is dependent on the successful development of new products and processes.***

The Group's success is dependent on its timely anticipation of changes in consumer preferences and the subsequent development and effective marketing, promotion and sale of new products. This may include the modification or development of existing products or processes in response to such changes. The Group aims to introduce products or new or improved production processes on a timely basis to enhance its competitive position, mitigate decreases in sales of existing products and to supplement sales of existing products. New product development takes into account changing trends in consumer preferences, such as value, convenience and indulgence. While the Group devotes significant resources to the development of new products (which represented approximately 12.9 per cent. of Group sales for FY 2013) and to the research, development and technology process functions of its business, the launch and success of new products are inherently uncertain, especially as to their appeal to consumers, and there can be no assurance as to the Group's continuing ability to develop and launch successful new products or variants of existing products. The failure to launch a product successfully can give rise to inventory write-offs and other costs and can affect consumer perception of the Group's other existing brands. Market factors and the need to develop and provide modified or alternative products may also increase costs. In addition, launching new products may result in a degree of cannibalisation of sales of the Group's existing products if consumers purchase the new product in place of the Group's existing products. The Group's future results and its ability to maintain or improve its competitive position depend on the Group's capacity to anticipate changes in its key markets and to identify, develop, manufacture, market and sell new or improved products in these changing markets successfully. To the extent that the Group does not sufficiently anticipate changes in its key markets or subsequently develop and effectively market and sell new products, the Group's business, operating results, financial condition or prospects may be materially and adversely affected.

(vii) ***Changes in consumer preferences may materially and adversely affect the results of the Group's operations.***

There are a number of trends in consumer preferences which have an effect on both the Group and the industry in which it operates. These include, among others, dietary concerns and fashions, an increasing preference for fresh and chilled foods, ready prepared foods, snacking formats, indulgence products and organic foods and consumers seeking value products through discounter channels. In addition, concerns as to the health impacts and nutritional value of certain foods may increasingly result in food manufacturers being encouraged or required to produce products with reduced levels of salt, sugar and fat and to eliminate trans-fatty acids and certain other ingredients. Some consumer preferences are also shaped by concern over the environmental impact of products. The Group's competitiveness depends on its ability to predict and quickly adapt to consumer trends, exploiting profitable opportunities for new product development without alienating its existing consumer base or focusing excessive resources or attention on unprofitable or short-lived trends. If, in the future, the Group is unsuccessful in responding to changing consumer trends in an efficient and economical way, or if its competitors respond more effectively, demand for the Group's products may decrease, which may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(viii) ***Increased transportation costs or disruption of transportation services may materially and adversely affect the Group's business and financial results.***

Should the cost of delivering the Group's products increase due to changes in the price or availability of fuel, or if the Group is otherwise unable to deliver its products economically, the results of the Group's operations and financial performance may be adversely affected. For example, during the first half of 2011, oil prices were subject to sudden, significant increases, which considerably increased the Group's transportation costs. If these or similar trends continue and the Group is unable to pass on the price difference to its customers and/or hedge

the cost increases, the Group's results and profits may be affected. The Group also uses third party carriers to make certain of its deliveries, primarily on a short-term contract basis. To the extent that the market price for fuel or freight or the number or availability of carriers fluctuates, the Group's business, operating results, financial condition or prospects may be materially and adversely affected.

In addition, temporary or long-term disruption of transportation services due to weather-related problems, strikes, lockouts or other events may impair the Group's ability to supply products affordably and in a timely manner or at all. Where the Group uses third party carriers, certain of these factors may be controlled by such carriers. These factors may affect the Group's commercial reputation and adversely affect the Group's business, operating results, financial condition or prospects.

1.2 Risks related to the Group's business

(i) ***The Group does not have written contractual agreements with most of its key customers.***

The Group has agreed joint business plans with most of its key customers. However, most of the sales to the Group's key customers, namely the 'Big Four' supermarkets and other large UK major multiple retailers, are made on a daily demand basis. Generally, the Group does not have written contractual commitments to supply such customers on a long-term basis or any written contractual arrangements governing the supply (including price) of its products. In addition, the Group does not have written contractual arrangements with a number of its other customers. The percentage of the Group's total sales generated from the 'Big Four' supermarkets may increase if there is consolidation among the major multiple retailers or if the major multiple retailers grow disproportionately in comparison to their competitors. Most of these relationships or arrangements may be terminated or renegotiated at any time and, in some cases, without reasonable notice. If the Group were to lose any one of its principal customers, the Group's business, operating results, financial condition or prospects may be materially and adversely affected.

Additionally, no assurance can be given that the Group will not come under pressure in the future from its key customers to reduce prices or to increase the level of the Group's promotional sales or that its business relationship with one or more of its key customers will not change. Changes in the Group's customers' strategies, including a reduction in the number of brands or lines of product they carry, shifts in category shelf space or increased emphasis on non-branded products, may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(ii) ***The Group is materially dependent on key suppliers.***

The Group's businesses are dependent on the provision of products from various suppliers that constitute its supply chain base. Although the Group has a large network of suppliers due to the large number of different materials and services it sources, in recent years, the Group has actively worked to reduce its supplier base, and the Group purchases a significant volume of key materials from a relatively small number of suppliers. For example, during 2013, approximately 84 per cent. of the Group's total spend was with its top 250 suppliers (in comparison with 82 per cent. in 2012 and 78 per cent. in 2011). Further, the Group sources certain materials (including printed packaging) from a small number of suppliers, as a result of which it is materially dependent on such suppliers even though they may account for a small percentage of the Group's total costs. Certain of these constraints arise from the Group's marketing strategy, such as promoting *Mr. Kipling* cakes as being made with free range eggs. While the majority of the Group's relationships with suppliers are based on written agreements, a sizeable minority are not. While short-term contracts preserve the Group's flexibility and reduce the likelihood that it will be locked into unfavourable terms or prices for long periods, suppliers are also free to vary their prices or terminate the supply with limited notice or without notice at all. A loss of any of the Group's key suppliers may cause short-term interruptions in its supply chain, adversely affect the ordinary course of the operation of the Group's businesses

and, in certain cases, the promotion of its products. Disruptions in the operations of, or a business failure of, any of the Group's key suppliers may also have a material adverse effect on its businesses and on the Group's operating profit or jeopardise its relationship with these suppliers.

To the extent that the Group's creditworthiness is impaired or general economic conditions decline, certain of its key suppliers may demand onerous payment terms that may materially and adversely affect the Group's financial position, or such suppliers may refuse to continue to supply to the Group. A small number of the Group's suppliers have taken out trade credit insurance on the Group's ability to pay them. To the extent that such trade credit insurance becomes unobtainable due to market conditions, the Group may face adverse changes to payment terms by the Group's key suppliers or they may refuse to continue to supply to the Group, which may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(iii) ***The Group's sales may be influenced by the seasonality of certain of its products and variations in the weather.***

The Group's sales and profitability is traditionally weighted to the fourth quarter of the year and the Christmas trading period. For example, 32.1 per cent. of the Group's Grocery underlying revenue for FY 2013 was generated in the fourth quarter. Demand for the Group's range of products is also generally higher in cold weather than it is in warm weather and as a result sales of certain of the Group's grocery products (for example, soup products) may be affected by seasonal cyclicity or unseasonable weather conditions. For example, unseasonably warm weather in the first half of FY 2011, and particularly warm weather in the summer months of 2013, adversely affected the Group's results in the first half of FY 2011 and the third quarter of FY 2013, respectively. In addition, the demand for certain of the Group's products such as cakes, mince pies, gravy and stock has historically been higher during the pre-Christmas period. If the Group is unable to balance its working capital levels, or if seasonal fluctuations are higher or lower than anticipated, it may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(iv) ***An inability to attract and retain key senior personnel may adversely affect the results of the Group's operations.***

The Group has undergone significant changes in its Senior Management in recent years. Attracting and retaining key members of Senior Management and key operational expertise are vital to the success of the Group's business and operations.

The Group's performance depends significantly on the efforts and expertise of its key senior personnel. The departure of or difficulty in replacing senior managers or key operational expertise may materially and adversely affect key decision-making and the development of the Group's business and operations over both the short and the medium term. The Group has in the past, and may in the future, experience changes in its key senior personnel for a variety of reasons, including restructuring, medical problems, retirement and resignations to pursue other career opportunities. In addition, key personnel could leave the Group and subsequently join a competitor of the Group. The loss of services of the Group's key senior personnel may be disruptive and cause uncertainty. In particular, the Group depends upon the services of Gavin Darby, chief executive officer, Alastair Murray, chief financial officer, and the Senior Managers who have significant experience with the Company and within the food and drink industry, certain of whom would be difficult to replace if unable or unwilling to continue in their present position. For further information, see section 4 of Part X (*Additional Information*). An inability to attract and retain qualified key senior personnel in a timely manner may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(v) ***The Group's category-based strategy may fail or advance at a slower pace than planned.***

The Group has outlined a category-based strategy pursuant to which the Group is focused on achieving branded revenue growth across all the product categories in which the Group

operates. The strategy is designed to enable the Group to leverage its entire portfolio of Grocery brands, by offering customers a broader range of products in a particular category and responding to customers' specific pricing requirements and promotional strategies. Although the Group plans to increase its operating revenues, profit margin and market share through category-led growth in all the Grocery categories in which the Group operates, this initiative may fail to improve the Group's overall performance (or advance the Group's performance at a slower pace than planned) and, consequently, may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (vi) ***The Group's cost saving measures through a simplification of its business and operations may fail or advance at a slower pace than planned.***

The Group is pursuing certain cost saving measures to maintain, and reduce, its cost base through simplifying its business, reducing operational complexity and implementing efficiency initiatives to improve the underlying performance of the business. All or any of these initiatives may fail to improve performance (or advance performance at a slower pace than planned) and, consequently, materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (vii) ***The Group has significant defined benefit pension plans all of which are in deficit.***

The Group has significant obligations in respect of its legacy defined benefit plans (providing retirement benefits for its former and current employees). The accrual of additional benefits ceased under the defined benefit plans from 30 September 2013, and current pension provision for current and future employees is through the Group's defined contribution scheme. The legacy defined benefit plans are the Premier Foods Pension Scheme, the Premier Grocery Products Pension Scheme and the RHM Pension Scheme, collectively referred to as the "**Relevant Pension Schemes**". There are four legacy defined benefit schemes in Eire, although these are not considered to be material (as at 31 December 2013 the total deficit within the Company's accounts for the Irish schemes was £4 million).

The assets of the Relevant Pension Schemes are held in separately administered trusts which are managed independently of the Group's finances by investment managers appointed by the trustees of the respective Relevant Pension Schemes. Following implementation of the Capital Refinancing Plan and pursuant to the terms of the New Framework Agreement and the New Intercreditor Agreement, the Relevant Pension Schemes will share in security *pari passu* with the finance parties by means of first ranking fixed charges over certain real estate and intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company and share security over the shares in each of the material subsidiaries of the Company, up to a maximum aggregate secured amount of £450 million (such amount to amortise after 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds (if any) applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million). Previously, the Relevant Pension Schemes had an aggregate secured amount of £375 million which would have amortised to £300 million pursuant to the terms of the 2012 Pensions Agreement.

The Relevant Pension Schemes have material deficits, the liability for which is provided for within the Company accounts in accordance with International Accounting Standards. The Relevant Pension Schemes had an IAS 19 deficit as at 31 December 2013 of £599.5 million (FY 2012: £452.8 million; FY 2011: £277.3 million) and, including the Irish Pension Schemes, a deficit as at 31 December 2013 of £603.3 million (FY 2012: £466.8 million; FY 2011: £282.4 million).

The cash funding obligations of the Group are set in accordance with UK pension legislation and assessed on a triennial basis and are required to be agreed between the Group and the Pension Trustees. The latest agreement, pursuant to the New Framework Agreement, relates to

the 31 March 2013 valuation for the Premier Grocery Products Pension Scheme, and the 5 April 2013 valuations for the RHM Pension Scheme and Premier Foods Pension Scheme.

The technical provisions deficit in respect of the Relevant Pension Schemes at the 2013 valuations was £1,041.7 million, and including the Irish Pension Schemes, an approximate deficit valuation of £1,062 million. The contributions meet a funding requirement of less than the technical provisions deficit which reflects both a partial allowance for improvements in market conditions for the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme since the valuation date and a future prudent allowance for returns on all the pension schemes' investments. Should a wind-up of any of the Relevant Pension Schemes occur, this would trigger a debt to the schemes. As for all UK occupational pension schemes, this debt is required to be calculated as the shortfall of the Relevant Pension Schemes' assets against the cost of securing the liabilities with an insurer measured at the future date that the event occurs. This debt is typically larger than the deficit for ongoing cash funding purposes. If an insolvency event were to occur in relation to the employer of any Relevant Pension Schemes, this would also trigger a debt calculated in the same manner at the date of insolvency. Each of the Relevant Pension Schemes has the benefit of security in each of the material subsidiaries of the Company up to the security cap. The amount of total security is capped at £450 million reducing to £350 million with contributions to the RHMPs from April 2016 (as described further above). Any debt due above the security cap that applies at the insolvency date would be unsecured.

Pursuant to the terms of the New Framework Agreement in respect of the Relevant Pension Schemes, this funding requirement will be met by contributions to be made by the Group of £33.4 million in 2014, £7 million in 2015, £40 million in 2016, £47.5 million in 2017, £42.5 million in 2018, £40 million in 2019, £50 million in each year from 2020 to 2022 and £60 million in 2023, increasing at 3 per cent. per annum thereafter until the scheduled contributions are expected to end in 2032. When the Irish Pension Scheme contributions of £2 million per annum until 2022 are added to the revised contributions schedule, the Group expects to make cash contributions in aggregate of £35.4 million in 2014, £9 million in 2015, £42 million in 2016, £49.5 million in 2017, £44.5 million in 2018, £42 million in 2019, £52 million in each year from 2020 to 2022 and £60 million in 2023, increasing by 3 per cent. per annum thereafter.

Unsecured guarantees have been given by certain subsidiary companies in respect of each of RHM Pension Scheme, Premier Foods Pension Scheme and Premier Grocery Products Pension Scheme dated 30 March 2009 and in respect of Premier Grocery Products Pension Scheme and Premier Foods Pension Scheme dated 28 March 2012. These guarantees are all based on the UK Pension Protection Fund ("PPF") standard form whereby each guarantor agrees to guarantee the employer's obligations to make payments to the Relevant Pension Schemes when those payments fall due. Each such guarantee terminates when the assets of the Relevant Pension Schemes are sufficient to fund at least 105 per cent. of the Relevant Pension Scheme's benefits, assessed in accordance with the PPF funding measurements.

- (viii) ***Measurement of the cost of the Group's defined benefit pension plans for funding purposes and accounting purposes is dependent on market conditions and actuarial assumptions outside the Group's control.***

The Relevant Pension Schemes undergo valuations on a triennial cycle. Following such periodic valuations, the Group and the Pension Trustees agree the level of deficit contributions that are to be paid to all Relevant Pension Schemes based on advice from the schemes' actuaries. Prolonged periods of low interest rates, such as those seen in the current environment, tend to increase the liabilities of defined benefit pension schemes because liabilities are calculated by discounting future benefits by reference to prevailing interest rates appropriate to the duration of the pension benefit payment. Adverse experience in equity and other investment markets, increases in longevity and mortality rates may also have a negative effect on the funding positions of the Relevant Pension Schemes when these valuations take

place. A material increase in the deficit of the Relevant Pension Schemes would require the total amount of the Group's contributions to the Relevant Pension Schemes to increase and would have an adverse impact on the Group's financial condition and the results of its operations. The next full actuarial valuations for the Relevant Pension Schemes are expected to be carried out at 5 April 2016 or 31 March 2016 (as applicable) and the results are expected in 2017. Pursuant to the New Framework Agreement, the Group and the Pension Trustees have agreed that any additional deficits that may arise at future valuation dates will only result in an increase in contributions paid by the Group on or after 1 January 2020.

For the purposes of its annual accounts, the Group is required to make certain year-end assumptions regarding the Relevant Pension Schemes in accordance with International Accounting Standards. The reported accounting values for pension assets and liabilities can change from one reporting period to the next depending on several factors, including factors outside the Group's control, such as changes in discount rates, interest rates, inflation rates, the market performance of the diversified investments underlying the pension schemes and actuarial data (including mortality rates). For example, as of 31 December 2013, a 0.1 per cent. decrease or increase in bond yields would result in a £65 million increase or a £63 million decrease, respectively, in the pension scheme liabilities for accounting purposes, partially offset by valuation movements in respect of the assets. Each 0.1 per cent. decrease or increase in the assumed inflation rate would result in a £26 million decrease or a £27 million increase, respectively, in the pension scheme liabilities for accounting purposes, partially offset by valuation movements in respect of the assets. These and other sensitivities are not uniform across the Group's Relevant Pension Schemes. Such changes may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (ix) ***The Pensions Regulator in the United Kingdom has power in certain circumstances to issue contribution notices or financial support directions, which, if issued, may result in significant liabilities arising in the Group. The Pensions Regulator also has a review role in relation to scheme funding and has power in certain circumstances to set assumptions and contributions for funding of pension schemes.***

The powers of the Pensions Regulator may also have an impact in respect of any of the Relevant Pension Schemes. For example, the Pensions Regulator has powers (where it considers it reasonable) to issue contribution notices and financial support directions in certain circumstances to the Group (or any associated or connected party) in order to ensure that additional contributions are paid into a pension scheme or that other financial support is put in place to the benefit of a pension scheme.

A person holding alone or together with his or her associates, directly or indirectly, one third or more of the Group's voting power could be the subject of a contribution notice. The terms "associate" and "connected person", which are taken from the Insolvency Act 1986, are widely defined and could cover the Group's significant Shareholders (and their associated entities) and others deemed to be shadow directors.

If the Group and the Pension Trustees are unable to agree the deficit or contributions as part of a triennial funding valuation, the Pensions Regulator's powers allow it to set assumptions and contribution levels (although this has been very uncommon to date). Even when the Group and the Pension Trustees reach agreement on the deficit and contributions, the Pensions Regulator will still review the agreement and may still seek to intervene.

The Group and the Pension Trustees have communicated with the Pensions Regulator about the New Framework Agreement (including the revised contribution schedules) and the intended Capital Refinancing Plan. The next funding valuations are in 2016.

- (x) ***The Group operates with a significant amount of debt which may materially and adversely affect the Group's business, longer-term liquidity, financial condition or prospects.***

The Group currently operates with a significant level of net debt which, over the longer term (that is, more than 12 months from the date of this document), may limit its financial and operational flexibility. As at the 31 December 2013, the net debt of the Group was £830.8 million. The Group will continue to operate with a relatively significant level of debt over the longer term following implementation of the Capital Refinancing Plan, albeit at a considerably reduced level than at present. Pro forma net debt as at 31 December 2013, after taking into account the implementation of the Capital Refinancing Plan, would have been approximately £516 million.

Whereas the Group is able to predict with greater certainty its operational and funding requirements in the short term and considers, taking into account the proceeds of the Capital Refinancing Plan, that it has sufficient working capital for its short-term requirements (that is, for a period of 12 months from the date of the document); over the longer term (that is, more than 12 months from the date of this document), the Group, like other entities with significant levels of debt, is subject to the risk that it may be unable to generate sufficient cash flow to make scheduled payments on its debt or may be unable to obtain sufficient funding to satisfy its obligations to service or refinance its debt. A failure by the Group to make scheduled payments or otherwise satisfy its obligations under its financing arrangements in the longer term could then result in the indebtedness of the Group being accelerated. The Group's ability to generate sufficient cash flow to make scheduled payments on its debt, its ability to refinance its debt when due and its ability to fund any accelerated payments will depend on the Group's future results of operations, which will be affected by a range of economic, financial, regulatory, competitive and business factors, many of which are outside the Group's control.

The Capital Refinancing Plan will extend the maturity profile of the Group's financing arrangements, by replacing and refinancing the Current Facilities and weighting the maturity of the Group's financing arrangements to FY 2018 and beyond (unless there is an earlier default). There is a risk that the Group may not, over the longer term (that is, more than 12 months from the date of this document), be able to refinance its existing or future financial indebtedness or obtain additional debt financing on commercially acceptable terms, or at all. If refinancing or additional debt is not available to the Group on commercially acceptable terms, or at all, this may materially and adversely affect the Group's business, longer-term liquidity, financial condition or prospects.

The Group may be required to dedicate a significant portion of its cash flow to service of the Group's debt obligations, thereby reducing the funds available for operations and future business opportunities. Such levels of indebtedness may increase the Group's vulnerability to general adverse economic conditions, limit the Group's ability to make investments and market its products and so place the Group at a competitive disadvantage to competitors that have less debt. The Group's ability to obtain additional financing for its corporate purposes is restricted as the Group's Current Facilities Agreement contain, and any future financing agreements entered into by the Group are likely to contain (and indeed the New Facility Agreement does contain), various covenants that (among other things) limit the ability of the Group to incur additional indebtedness and to use the assets of the Group as security in other transactions.

- (xi) ***The Group's customers or counterparties may not be creditworthy.***

Credit risk is the risk of suffering financial loss should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group. The credit risk that the Group faces arises mainly in relation to customers (in so far as the Group is not insured for their payments) and hedge contract counterparties. As a continuing consequence of the global financial downturn and the tightening of the credit markets, some of the Group's customers may have experienced a significant decline in profits or reduced liquidity. The failure of customers or counterparties to fulfil their obligations to the Group may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(xii) ***The Group is dependent on the reputation and successful management of its key brands.***

The Group's Power Brands and Support Brands are key assets to its business, and maintaining their reputation is critical to the Group's success. For FY 2013, sales of Power Brands constituted 64.9 per cent. (2012: 62.4 per cent.) and sales of Support Brands constituted 23.4 per cent. (2012: 24.2 per cent.) of the Group's underlying revenue from continuing operations, respectively. The Group's marketing teams must continue to focus on its Power Brands and Support Brands through investment in new product development, packaging, brand relaunches and consumer marketing and promotional activity to deliver revenue growth and maintain or increase market share. If the Group is not successful in its brand management efforts, or if the reputation of any of the Group's Power Brands or Support Brands is adversely affected, such as through a product recall or consumer concerns about the safety of the Group's products (whether justified or not), the Group's business, operating results, financial condition or prospects may be materially and adversely affected.

Certain of the Group's trade marks have been licensed to other companies for use on products over which the Group has limited production or marketing control. Although the brand licences require the licensee to maintain quality and other standards and attempt to control other actions taken by the licensee that may affect the brand, if the licensee fails to observe these standards or takes other actions detrimental to the licensed brand, any of the Group's brands that consumers perceive as being connected to the licensed brands may be materially and adversely affected.

(xiii) ***Product quality and safety issues may adversely affect the reputation of the Group's brands, its business and the results of the Group's operations.***

The Group's products are subject to a number of supply, manufacturing, labelling, packaging and distribution processes. A failure to control the quality of these processes, or the occurrence of some other, perhaps external, event (for example, a third party contamination or tampering incident), may result in the need to take remedial action such as issuing warnings, withdrawing one or more batches of the Group's products, conducting a product recall and destroying inventory to protect the reputation of the Group's brands. Such action could be required for any number of reasons including contamination of the Group's products with a hazardous product, food authenticity (as recently evidenced in the food industry in 2012 and 2013 with the discovery of horse meat in a number of food products) and ethical trading concerns.

The Group has issued product warnings, conducted product recalls and been fined for product safety issues in the past. The Group may also voluntarily withdraw or recall products that it considers below the Group's standards, whether for taste, appearance or otherwise. Certain of the Group's licensors may also require the Group to initiate product recalls under the terms of the Group's licence agreements. These actions may involve substantial and unexpected expenditures which it is difficult to predict or prepare for in advance, require significant management attention and result in lost sales from the unavailability of the product for a period of time. In addition, negative publicity surrounding products the Group has licensed from third parties may adversely affect the reputation of the Group's own brands and the value of its licences. Such occurrences may also harm the Group's relationships both with consumers of its goods and with the Group's customers and may, where the product is branded, damage the reputation of such brand as well as consumer confidence and perceptions of other brands in the Group's portfolio. If such branded product is manufactured under agreement or licence, such a quality control failure may also result in the termination of the relevant agreement or licence. In addition, any such issues may result in substantial claims against the Group. Although the Group carries insurance cover in relation to product liability, it is possible that a particular event may not fall within the scope of such insurance coverage or may exceed the financial limits on that insurance. Even if product liability claims against the Group are not successful, defending these claims may be costly and time-consuming, resulting in a diversion of the Group's resources. Moreover, even if the quality of the Group's products is not compromised, adverse publicity about the Group's industry, ingredients or the health implications of certain

of its products may result in reduced consumer demand for the Group's products. Any of these circumstances may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (xiv) ***Certain of the Group's branded products are produced under licences which may be adversely affected by factors beyond the Group's control and will expire (or may terminate) and may not be renewable on terms acceptable to the Group or at all.***

While the Group owns a majority of the trade marks used in its business, some of the Group's branded products are produced and sold under licences from third parties, including *Loyd Grossman* branded cooking sauces, *Cadbury* branded cakes and, following completion of the JV Transaction, certain products within the Retained Flour Business (including products sold under the *Hovis* and *Granary* brands). The reputation of the Group's licensed brands may be adversely affected if the reputation of its licensors is damaged, either by the actions of a licensor or by other factors outside their, or the Group's, control. Such damage may adversely affect the sales of the licensed brand and the Group's other brands, which may adversely affect the results of the Group's operations. The Group's *Cadbury* branded cakes are sold under a licence which Cadbury UK Limited, a subsidiary of Mondelez International, Inc. may terminate from June 2017 by giving the Group 12 months' notice of such termination; the *Loyd Grossman* licence expires on 10 October 2026. There can be no assurance that the Group's licences to use these brands will continue past these dates or, if either of the licences is terminated, that the Group will be able to negotiate a further licence for the relevant brand on favourable terms or at all, or any other licensed brands as their current licence expires. The licences are also terminable under certain circumstances including a failure of quality control, any material breach of the licences, a failure to meet certain sales volume-related hurdles and other circumstances customary for licences of this nature. In particular, products offered under the *Loyd Grossman* brand operate in a highly competitive market and, whilst the Group has plans to meet its sales volume-related hurdles through a combination of new product innovation, marketing campaigns and brand promotion, there can be no certainty that these plans will be successful going forward. The failure to renew one or more of the Group's licences on acceptable terms as they expire or terminate would mean that the Group is unable to continue selling products under that brand, which may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (xv) ***The Group may incur significant costs in enforcing, or may not be able adequately to enforce, its intellectual property rights.***

The Group owns a substantial number of registered trade marks and unregistered trade mark rights in countries throughout the world for use in connection with the sale and marketing of branded products. The Group's principal trade marks are registered in the United Kingdom, and the Group has trade mark registrations for various products in more than 100 other countries. The Group has also licensed the right to use certain third party trade marks. While the Group intends to enforce its trade mark, patent and licensed rights against infringement by third parties, the Group's actions to establish and protect its intellectual property may not be adequate to prevent imitation of the Group's products by others or to prevent others from seeking to block sales of its products which, in their opinion, violate their trade marks or other intellectual property rights. If a competitor were to infringe intellectual property held by the Group or that the Group licenses, enforcing the Group's rights may be costly and could potentially divert funds and resources that could otherwise be used to operate the Group's business and invest in its brands.

- (xvi) ***The Group may not be able successfully to implement the internal operational projects it is undertaking.***

The Group is currently undertaking a significant number of internal projects intended to improve efficiency, reduce cost and complexity, and streamline its operations. The Group's current projects include the simplification and rationalisation of its product range, the consolidation of its Grocery logistics operations, the ongoing consolidation of its supplier base

and an investment of approximately £20 million in the Group's cake business over the course of three years, commencing in 2014. These projects are subject to various risks including cost overruns, unplanned delays, the benefits of the project not being ultimately realised and the possibility that such projects may not prove to be the most advantageous course of action in the longer term. The large number of projects the Group has undertaken absorbs a considerable amount of management's time and focus and the materialisation of any of these risks may further distract management, disrupt the Group's existing operations, require the commitment of additional funds or otherwise adversely affect the Group's business, operating results, financial condition or prospects.

(xvii) ***Sales may be adversely affected if production at one of the Group's factories were to be disrupted.***

The sale of the Group's products has been and may in the future be adversely affected if production at one of its factories were to be disrupted, for example, by fire, flood, inadequate or failed internal information technology processes and systems or industrial action by the Group's employees.

Furthermore, a number of properties the Group operates from are owned by third parties with whom the Group has lease agreements or other arrangements for the use of the property. To the extent that the Group loses the right to use any of the properties that are material to its business, the Group's production capabilities may suffer.

In addition, the Group may be required to invest significantly in capital equipment over the long term to meet its operational requirements and remain competitive. Without such capital expenditure, continuous maintenance to avoid, for example, service and quality disruption due to equipment failure, could become more difficult and more expensive as plant and infrastructure gets older and therefore it could become increasingly difficult for the Group to remain competitive.

(xviii) ***The Group's insurance may not be adequate.***

Certain of the Group's manufacturing sites are at risk of suffering damage from floods or fire, given the flammable nature of flour and the frying and baking activities carried out at several such sites. The Group is also exposed to losses from inadequate or failed internal information technology processes and systems. The Group maintains types and amounts of insurance coverage that it believes are consistent with customary industry practices in the jurisdictions in which the Group operates. The Group's insurance policies cover, among other things, employee-related accidents and injuries, property damage, machinery breakdowns and liability deriving from the Group's activities. While the Group seeks to maintain appropriate levels of insurance, not all risks are insurable and there can be no assurance that the Group will not experience major incidents of a nature that are not covered by insurance or that exceed the financial limits of its insurance coverage. There can be no assurance that such insurance will continue to be available on acceptable terms or that the amount of any particular claim will not exceed the amount of, or will be covered under, the insurance coverage. There is also a risk that damage to a site caused by floods, fire or failed information technology processes and systems could result in business interruption or a material adverse effect on the day-to-day operation of the Group's business or maintenance of its supply chain, which may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(xix) ***The Group's past and present operations may prove harmful to the environment and any related environmental costs may adversely affect the results of the Group's operations.***

The Group's past and present business operations and ownership and operation of property are subject to a broad range of environmental laws and regulations in the jurisdictions in which the Group operates. These laws and regulations impose increasingly stringent environmental protection standards on the Group with respect to, among other things, air emissions, waste water discharges, the use and handling of hazardous materials, noise levels, waste disposal practices and environmental clean-up. As a result, the Group may be exposed to substantial

environmental costs related to investigation, removal or remediation. Failure to comply with these laws and regulations may result in significant adverse consequences to the Group, including civil and criminal penalties, liability for compliance costs, damages and reputational harm. The Group may also be exposed to environmental liabilities associated with divested assets and past activities. In addition, future developments such as changes in laws or environmental conditions may increase environmental costs and liabilities and may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(xx) ***Currency exchange fluctuations may substantially increase the Group's costs.***

Although the Group's main functional currency and its reporting currency is the pound sterling, the Group sources raw materials from, and exports its products to, various countries. Therefore, the Group's financial position and the results of its operations are subject to currency transaction risk, primarily against the euro and US dollar. While the Group enters into forward currency contracts and uses other derivative instruments to partially hedge some of its exposure to foreign currency exchange rate fluctuations resulting from the purchase of raw materials, sustained movement in exchange rates will increase or decrease the value of the Group's revenue and costs as reported in pounds sterling. There is also counterparty default risk in respect of the hedging contracts the Group has entered into with third parties (for more information, see section 1.2(xi) of these *Risk Factors*). As a result, the Group cannot guarantee that exchange rate fluctuations will not adversely affect the Group's business, operating results, financial condition or prospects. For more information, see section 11.2 of Part IV (*Overview of Business Performance and Operating and Financial Review*).

(xxi) ***The restructuring of the Group's Bread division and/or future restructuring of the Bread Business may not be successful.***

The Group previously announced the completion of the first phase of the restructuring of its Bread division. The first phase of the restructuring included the closure of three bakery sites, two mills and the consolidation of production from those locations into the remaining bread manufacturing sites, the removal of approximately 130 distribution routes, resulting in the closure of three distribution centres, and the restructuring of outsourced logistics operations to optimise the new network. If the JV Transaction proceeds, the restructuring of the Bread Business, in which the Group is expected to retain a 49 per cent. stake, will continue and will involve the further rationalisation and consolidation of the Bread Business, the repositioning of the *Hovis* brand and further product innovation. The restructuring may disrupt the Group's logistics network, be received unfavourably by the Group's customers, fail to improve the profitability and prospects of the Bread Business or adversely affect the Group's continuing operations. The restructuring of the Group's Bread division may, therefore, materially and adversely affect the Group's business, operating results, financial condition or prospects. For more information see Part II (*Risk Factors*) of the Circular.

(xxii) ***The Group's consumer marketing campaigns and promotions may prove ineffective.***

One of the Group's key strategies is based on, and accordingly the Group's sales are to an extent dependent on, the success of its consumer marketing campaigns and promotions, particularly in relation to the Group's Power Brands. The Group uses various marketing platforms, such as television and radio advertising, outdoor media, consumer sampling, other consumer marketing events and in-store promotions. From time to time the Group will need to refresh or reinvent its consumer marketing campaigns and promotions, which will require additional expense. If a consumer marketing campaign or promotion fails, the investments made will turn out to be ineffective and the Group could face a decrease in consumer demand and a resulting decline in sales which, especially if consumer marketing campaigns and/or promotions repeatedly prove ineffective, may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (xxiii) ***The Group depends on a variety of information technology systems, and systems failures may harm the Group's business.***

The Group relies on numerous information technology systems that allow it to efficiently manage its distribution capability, communicate with customers and suppliers, manage and evaluate its employees, and gather all necessary information upon which management makes its business decisions. Certain of the information technology systems which the Group uses are due for, or will shortly be due for, updating or replacement. The Group's business is increasingly dependent on the use of these systems so any potential system failures or disruptions resulting from computer viruses, hackers, hardware or software failures or other areas may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (xxiv) ***Labour disputes may disrupt the Group's operations or lead to higher labour costs.***

The Group is subject to the risk of labour disputes, which may disrupt its operations. As at 31 December 2013, approximately 77 per cent. of the Group's employees were covered by collective bargaining agreements and approximately 61 per cent. were members of trade unions. In the future the Group may experience lengthy consultations with trade unions or strikes, work stoppages or other industrial action. (For example, in 2013, the Group's bakery in Wigan was affected by industrial action. If the JV Transaction proceeds, the Wigan bakery will transfer to the proposed Joint Venture. For more information, see section 3 of Part I (*Letter from the Chairman of Premier Foods plc*) of the Circular.) Strikes and other industrial action, as well as the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt the Group's operations and make it more costly to operate the Group's facilities, which in turn may materially and adversely affect the Group's business, operating results, financial condition or prospects.

- (xxv) ***The Group's business is exposed to interest rate fluctuations. Such fluctuations, to the extent they are unhedged, may materially and adversely affect the Group's business, operating results, financial condition or prospects.***

Although a portion of the New Bonds will bear interest at a fixed rate, the Group is subject to risks arising from interest rate movements in connection with its other indebtedness. Although the Group hedges a significant proportion of its exposure to such interest rate movements, such hedging agreements may not be sufficient to protect the Group from adverse effects of interest rate movements. The Group may also be exposed to market interest rate risk if it cannot, in respect of any future borrowings, hedge its interest rate exposure on commercially acceptable terms, or at all, or if it inaccurately or ineffectively hedges such market interest rate exposure (for more information, see section 1.2(xi) of these *Risk Factors*). To the extent that the Group does not adequately hedge its interest rate exposures, an increase in interest rates could result in an increase in the Group's financing costs, which may materially and adversely affect its business, operating results, financial condition or prospects.

- (xxvi) ***The Group is exposed to potential claims under historic warranties, indemnities or guarantees which may adversely affect the Group's business, operating results, financial condition or prospects.***

As part of the Group's strategy to simplify and restructure its operations, the Group disposed of a number of non-core businesses and property interests in recent years. Pursuant to those disposals, the Group gave certain customary warranties and indemnities to the respective purchasers and may remain contingently liable in respect of any assigned leasehold properties. Although such obligations of the Group are time-limited, there is a risk that, due to the number of relevant disposals, the Group will be subject to one or more claims which, if they were successful, may adversely affect the Group's business, operating results, financial condition or prospects.

2. RISKS RELATING TO THE PLACING, THE RIGHTS ISSUE AND THE ORDINARY SHARES

(i) *The price of the Ordinary Shares has fluctuated and may continue to fluctuate.*

Prospective investors should be aware that the value of an investment in the Ordinary Shares may go down as well as up. The price of the Ordinary Shares may fall in response to market appraisal of the Group's current strategy or if the Group's operating results or prospects, from time to time, are below the prior expectations of market analysts and investors. In addition, stock markets have, from time to time (including recently), experienced significant price and volume fluctuations that affect the market price of the Ordinary Shares. A number of factors outside the control of the Group may affect the price of the Ordinary Shares. The factors that may affect the Company's share price include (but are not limited to):

- the Group's targeted and actual results of operations and the performance of other companies in the markets in which the Group operates;
- speculation about the Group's business, mergers or acquisitions involving the Group or major divestments by the Group in the press, media or investment community;
- legislative and regulatory developments which are relevant to the Group's business;
- the publication of credit ratings by rating agencies or of research reports by analysts; and
- general market conditions.

The Company has no current plans for a subsequent offering of Ordinary Shares within 12 months from the date of this document. However, it is possible that the Company may decide to offer additional Ordinary Shares in the future. An additional offering or a significant sale of Ordinary Shares by any of the Company's major Shareholders may adversely affect the market price of the Ordinary Shares.

(ii) *An active trading market in the Nil Paid Rights may not develop.*

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks as noted in the preceding risk factor. The volatility of the price of Ordinary Shares may also magnify the price volatility of the Nil Paid Rights.

(iii) *The market price for Ordinary Shares may decline below the price at which investors subscribed for or acquired the Placing Shares or the New Ordinary Shares.*

There is no assurance that the public trading market price of the Ordinary Shares will not decline below, as the case may be, the Placing Price or the Rights Issue Price. Should that occur, relevant Shareholders will suffer an immediate unrealised loss as a result. Moreover, there can be no assurance that, following the exercise of rights, Shareholders will be able to sell their Placing Shares or New Ordinary Shares at a price equal to or greater than the acquisition price for those shares.

Shareholders who decide not to exercise their Nil Paid Rights may also sell or transfer them. If the public trading market price of the Ordinary Shares declines below the Placing Price or the Rights Issue Price, investors who have acquired any such Nil Paid Rights in the secondary market will suffer a loss as a result.

(iv) *The admission of the Placing Shares and/or the New Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange may not occur when expected.*

Until the Placing Shares and/or the New Ordinary Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, they will not be fungible with Existing Ordinary Shares currently traded on the London Stock Exchange. There is no assurance that the admission to listing on the Official List and to trading on the London Stock Exchange will take place when anticipated.

- (v) ***Premier Foods has not made a dividend payment since July 2008 and dividend payments may not be made in the future.***

Premier Foods has not made a dividend payment since July 2008. Further, the Current Facilities Agreement does not permit Premier Foods, and the New Facility Agreement and the terms of the New Bonds will impose certain restrictions on Premier Foods's ability, to make dividend payments. Furthermore, pursuant to the terms of the New Framework Agreement in respect of the Relevant Pension Schemes, if Premier Foods makes any return to its shareholders generally (including by way of a payment of a dividend or through a share buy-back) on or before 31 December 2019 (including any dividend which is declared but not paid before 31 December 2019), the Group will be required to make additional cash contributions to the Relevant Pension Schemes on a £1 for £1 basis (with allocation between the Relevant Pension Schemes being as set out in the New Framework Agreement), provided that if Premier Foods makes a return to its shareholders (i) in 2016 or (ii) in 2017, the first £10 million paid to its shareholders in each of those years will be exempt from the operation of the dividend match described above.

Once Premier Foods is permitted to make dividend payments, its ability to do so will depend on (among other things) improved financial performance. In addition, under UK company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a parent company, Premier Foods's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to Premier Foods by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in those subsidiaries. These restrictions could limit Premier Foods's ability to fund other operations or to pay a dividend to Shareholders.

- (vi) ***Shareholders will experience dilution in their ownership of the Company as a result of the Placing.***

Regardless of whether a Qualifying Shareholder takes up his full entitlement under the Rights Issue, his proportionate ownership and voting interests in the Company will be diluted by the issue of the Placing Shares (unless the Qualifying Shareholder participates in the Placing on a *pro rata* basis).

- (vii) ***Qualifying Shareholders who do not (or who are not permitted to) subscribe for New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company.***

The subscription period for the Rights Issue is expected to begin on 24 March 2014 and expire at 11.00 a.m. on 7 April 2014. If Qualifying Shareholders do not (or are not permitted under the terms of the Rights Issue to) take up their entitlements under the Rights Issue, their proportionate ownership and voting interests in the Company will be reduced by 62 per cent. and the percentage that their Ordinary Shares will represent of the total issued share capital of the Company will be reduced accordingly. Even if any such Qualifying Shareholder elects to sell his unexercised Nil Paid Rights or such Nil Paid Rights are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his percentage ownership of the Company's share capital that may be caused as a result of the Rights Issue.

- (viii) ***Shareholders may have limited recourse against the Group's independent auditors.***

The auditors' reports relating to the Financial Statements incorporated by reference herein include language limiting the auditors' scope of responsibility in relation to such reports and the financial statements to which they relate. Such language is intended to disclaim liability to subscribers of the Placing Shares and the New Ordinary Shares, even if such subscribers were members of the Company on the date such auditors' reports were delivered. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the US Securities Act, or in a report filed under the US Exchange Act. If a court in the United States (or any other jurisdiction) were to give effect to such language, investors in the Placing or the Rights Issue may have only limited recourse against the independent auditors based on their reports or the financial statements to which they relate.

- (ix) ***Overseas Shareholders may have only limited ability to bring actions or enforce judgments against the Company or the Directors.***

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. In particular, the circumstances under which shareholders may bring derivative actions under English law are subject to significant limitations; and, in general terms, only a company may be the claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for an Overseas Shareholder to effect service of process outside the United Kingdom or to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-UK securities laws, including US appraisal rights afforded to dissenting Overseas Shareholders, US disclosure liability laws and other US federal securities laws.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers of the Company. The majority of the Directors are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors or executive officers of the Company judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. An Overseas Shareholder may not be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers of the Company who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on non-UK securities laws brought against the Company or its Directors or executive officers in a court of competent jurisdiction in England or other jurisdictions.

- (x) ***Overseas Shareholders may not be able to exercise future pre-emptive rights.***

As part of the Placing and the Rights Issue, the share capital of the Company will be increased and Placing Shares and New Ordinary Shares will be issued. In addition, further share capital increases and share issues may be proposed in the future. Shareholders are entitled to pre-emptive rights in respect of new issues of shares for cash unless those rights are waived by a Shareholders' resolution.

Overseas Shareholders may not be able to exercise their pre-emptive rights as part of a future issue of shares for cash (even if pre-emption rights were not waived), unless the Company decides to comply with applicable local laws and regulations. This is because securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in any future issue of shares. In particular, Overseas Shareholders who are located in the United States may not be able to exercise their rights on a future issue of shares, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Placing Shares and the New Ordinary Shares will not be registered under the US Securities Act and the Company may not file any such registration statements for future share issues, and an exemption from the registration requirements of the US Securities Act may not be available in any case. In such an event, Overseas Shareholders with a registered address, or who are located, in the United States would be unable to participate in such an issue.

3. RISKS RELATED TO THE INTER-CONDITIONALITY OF THE CAPITAL REFINANCING PLAN

The Group's financial position may be adversely affected if the Capital Refinancing Resolution is not passed and the Capital Refinancing Plan does not proceed.

If Shareholders do not approve the Capital Refinancing Resolution, the Capital Refinancing Plan (including the Placing and the Rights Issue, the issue of the New Bonds, the advance of the New Revolving Facility, and the revised schedules of pension contributions, modified funding arrangements and associated matters

pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes) cannot be implemented. The release of funds with respect to the issue of the New Bonds (which will be backstopped so that, if it is not otherwise possible to procure sufficient investment from high yield bond investors in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds), the advance of the New Revolving Facility, and the revised schedules of pension contributions, modified funding arrangements and associated matters in relation to the Relevant Pension Schemes pursuant to the New Framework Agreement are conditional on the completion of the Placing and the Rights Issue pursuant to the terms set out in Part I (*Information on the Placing and the Rights Issue and Joint Venture*) of this document. In order for the Placing and the Rights Issue to proceed, Shareholders must approve the Capital Refinancing Resolution at the General Meeting, and the Placing and the Rights Issue are themselves conditional on the fulfilment, by Admission, of all conditions precedent in relation to the issue of the New Bonds and the availability of the New Revolving Facility (other than any steps which are purely procedural in nature or which relate specifically to the inter-conditionality described above). Due to the inter-conditionality of the respective elements of the Capital Refinancing Plan described above, if the Capital Refinancing Resolution is not passed, and the Placing and the Rights Issue do not occur, no funds will be available to be drawn by, or released to, the Group under the New Revolving Facility or the New Bonds, and the revised schedules of pension contributions, modified funding arrangements and associated matters pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes will not become effective. This may materially and adversely affect the Group's business, operating results, financial condition or prospects.

The historical financial information for the Group has been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The going concern statement in the auditor's report for FY 2013 relies on the successful implementation of the Capital Refinancing Plan. If the Placing and the Rights Issue do not occur, the revised schedules of pension contributions, modified funding arrangements and associated matters pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes do not become effective, and the proceeds from the New Bonds and the New Revolving Facility do not become available, this may have a detrimental effect on the Group's ability to continue as a going concern. If this were to be the case, although the Group's Current Facilities do not expire within the next 12 months, the Group expects that it would be unable to comply with certain of its financial covenants under the Current Facilities on or after 31 December 2014. In this scenario, the Group would need to obtain certain consents or waivers from the Group's lenders in respect of such financial covenants under the Current Facilities. If the Group were unable to maintain compliance with such financial covenants or were unable to obtain such consents or waivers, this would lead to a default under the Group's existing financing arrangements, unless the Group were able to renegotiate or refinance the Current Facilities. While the Board would seek to renegotiate or refinance the Current Facilities in such circumstances, there can be no certainty that the Group would be able to do so either on acceptable terms or at all. In the event that the Group were unable to renegotiate or refinance the Current Facilities in these circumstances, the Group's lenders would be able to demand repayment of all borrowings, which would have a material adverse effect on the Group's business, financial condition, operating results and/or prospects and be likely to result in the Company becoming insolvent and having to cease trading.

IMPORTANT INFORMATION

1. Notice to investors

Neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for, purchase or acquire the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares to any Shareholder with a registered address in or located in the United States. Notwithstanding the foregoing, the Company reserves the right to offer the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares in the United States in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

Shareholders in the United States, subject to certain exceptions, may not exercise their Nil Paid Rights or Fully Paid Rights or subscribe for or acquire any Placing Shares or New Ordinary Shares in connection with the Placing and the Rights Issue.

2. Note regarding forward-looking statements

This document contains “forward-looking statements” that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as “targets”, “aims”, “aspires”, “assumes”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “hopes”, “may”, “outlook”, “would”, “should”, “could”, “will”, “plans”, “potential”, “predicts” and “projects”, as well as the negatives of these terms and other words of similar meaning. These statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those otherwise expressed.

Forward-looking statements appear in a number of places in this document, including in Part I (*Information on the Placing and the Rights Issue and Joint Venture*), Part II (*Information on the Premier Foods Group*) and Part IV (*Overview of Business Performance and Operating and Financial Review*). These may include, among other things, statements relating to:

- the intentions, beliefs or current expectations of the Group and/or the Directors concerning the Group’s plans or objectives for future management operations, products, financial condition and results of operations;
- the Group’s ability to introduce and expand products to meet consumer demand;
- general economic conditions in the markets in which the Group operates, including the impact of an economic downturn or growth in these areas;
- the competitive environment and trends in the industry and markets in which the Group operates and changes in consumer behaviour;
- the Group’s exposure to environmental costs and liabilities;
- the Group’s dependence on third party suppliers for raw materials and other inputs;
- the ability of the Group to service its indebtedness and secure long-term debt financing;
- the ability of the Group to fund its pensions liabilities and funding deficits;
- the ability of the Group to successfully implement cost saving and other restructuring programmes;
- the ability of the Group to successfully implement the business plan to rationalise and re-scale the Bread Business through the proposed Joint Venture;
- the ability of the Group’s operations and businesses to improve the Group’s overall EBITDA; and
- the Group’s liquidity, capital resources, working capital, cash flows and capital commitments.

The forward-looking statements in this document are made based upon the Company's estimates, expectations and beliefs concerning future events affecting the Group and are subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. The Company cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements.

Important factors that could cause the Group's actual results to differ materially from those expressed or implied by the forward-looking statements in this document are (among other things) the risks set out in "Risk Factors". Undue reliance should not be placed on any forward-looking statements. Actual results may differ materially from those described in the forward-looking statements.

New factors will emerge in the future, and it is not possible to predict which factors they will be. In addition, the impact of each factor on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statement or statements cannot be assessed, and no assurance can, therefore, be provided that assumptions will prove correct or that expectations and beliefs will be achieved.

Any forward-looking statements contained in this document apply only as at the date of this document and are not intended to give any assurance as to future results. The Company will update this document as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement after the date on which the forward-looking statement was made, whether as a result of new information, future developments or otherwise.

The contents of these sections relating to forward-looking statements in no way seek to qualify or negate the statement relating to the Group's working capital set out in section 23 of Part X (*Additional Information*) of this document.

3. Presentation of financial and other information

Introduction

Unless otherwise indicated herein, the financial information included in this document is based on IFRS as adopted by the European Union and those parts of the Companies Act 2006 which are applicable to the companies reporting under IFRS. IFRS differs in certain aspects from IFRS as issued by the International Accounting Standards Board.

The preparation of financial information in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group's financial year runs from 1 January to 31 December. The financial information incorporated by reference into this document is not intended to comply with the applicable accounting requirements of the US Securities Act and the related rules and regulations that would apply if the Placing Shares or the New Ordinary Shares were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this document and the presentation of certain information which is not included in this document.

The financial information included and incorporated by reference into this document was not prepared in accordance with US GAAP or PCAOB Standards. No opinion or any other assurance with regard to any financial information was expressed under US GAAP, US GAAS or PCAOB Standards and the financial information is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to US GAAP is provided.

Restated Financial Statements

The Company restated its consolidated financial statements for the year ended 31 December 2012, as described in the 2013 Financial Statements, for the reclassification of the Bread Business as a discontinued operation and to reflect the adoption of IAS 19 (Revised). As such, the financial information for the year ended 31 December 2012 (FY 2012 (restated)) has been extracted from the 2012 comparatives presented in the 2013 Financial Statements. The balance sheet as of 31 December 2012 was unaffected by the reclassification.

The Company restated its consolidated financial statements for the year ended 31 December 2011, as described in the 2012 Financial Statements, for the reclassification of certain costs amounting to £8.9 million to align categorisation with the income statement for the year ended 31 December 2012. As such, the financial information for the year ended 31 December 2011 (FY 2011 (restated)) has been extracted from 2011 comparatives presented in the 2012 Financial Statements. The balance sheet as of 31 December 2011 was unaffected by the reclassification.

Consequently, the Group's results of operations as presented in the 2013 Financial Statements (FY 2013 and FY 2012 (restated)) are not comparable to the Group's our results of operations as presented in the 2012 Financial Statements (FY 2012 and FY 2011 (restated)). For example:

- the Bread Business is treated as a discontinued operation in FY 2013 and FY 2012 (restated) but as a continuing operation in FY 2012 and FY 2011 (restated); and
- Canning Operations were treated as a discontinued operation in FY 2012 and FY 2011 (restated) but as a continuing operation in FY 2011 (restated).

Continuing, Underlying and Retained Financial Measures

The income statement for each of the years ended 31 December 2011, 2012 and 2013 present the results of operations of the Group's continuing operations as well as the results of operations of certain businesses that were sold during the respective periods until the date of disposal (other than those businesses that were classified as discontinued operations during such periods as described above).

For the purpose of the discussion of the Group's business performance and results of operations, this document includes financial information relating to the Group's underlying business performance and a discussion of "Total Underlying Group" financial measures (including, Total Underlying Group revenue, trading profit, EBITDA and EBITDA Margin), which are non-IFRS measures. The Group's underlying financial measures are derived from the Group's continuing operations and include the operating results of the Bread Business, but exclude the results of businesses disposed of in FY 2011 (restated), FY 2012 (restated) and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and, with respect to Total Underlying Group revenue, Milling revenue. The Group presents the "Total Underlying Group" financial measures as it believes this basis better reflects the Group's underlying business performance resulting from its Grocery division and Bread division.

In addition to the "Total Underlying Group" financial measures, this document also includes financial information relating to the Grocery division's underlying business performance and a discussion of "Retained Grocery" financial measures (including, Retained Grocery revenue, trading profit, EBITDA and EBITDA margin), which are non-IFRS measures. The "Retained Grocery" financial measures are derived from the Group's continuing operations (which excludes the Bread Business and includes the results of operations of the Charnwood Foods Business and the Retained Flour Business), but exclude the results of businesses disposed of in FY 2011 (restated), FY 2012 (restated) and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and, with respect to FY 2011 (restated), certain intersegmental reclassifications. Following the completion of the Bread JV Transaction, the results of the Charnwood Foods Business and Retained Flour Business will be reported within the results of the Grocery division. As a result, the Group presents the "Retained Grocery" financial measures as it believes the this basis better reflects the Group's underlying business performance resulting from its Grocery division.

Non-IFRS financial measures

In addition to the “Total Underlying Group” and the “Retained Grocery” financial measures, this document contains information regarding trading profit, EBITDA, EBITDA margin, net debt, total cash interest expense, divisional contribution, which are non-IFRS measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures and the criteria upon which they are based can vary from company to company. Such measures, by themselves, do not provide sufficient basis to compare the Group’s performance or liquidity with that of other companies and should not be considered in isolation, or as a substitute for, operating profit, profit before tax or as an alternative to any other measure of performance under IFRS, or cash flow from operating, investing or financing activities, or as an alternative to any other measure of liquidity under IFRS.

The financial information included in this document is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification or exclusion of certain financial measures, including non-IFRS measures, such as trading profit, EBITDA, EBITDA margin, net debt, total cash interest expense, divisional contribution, and leverage and coverage ratios, as well as “Total Underlying Group” and “Retained Grocery” financial measures.

The Group defines (or, as necessary, presents or calculates):

- trading profit as operating profit before exceptional items, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39—Financial Instruments: Recognition and Measurement and pension administration costs and net interest on the defined pension liabilities;
- EBITDA as trading profit before depreciation;
- EBITDA margin as EBITDA divided by revenue;
- net debt as gross borrowings, less cash and cash equivalents and less capitalised debt issuance costs;
- total cash interest expense as net finance cost after excluding non-cash items including write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest costs;
- divisional contribution as the gross profit of a division after marketing, distribution costs and certain other costs and expenses;
- each continuing operations measure as described above;
- each “Total Underlying Group” financial measure as described above; and
- each “Retained Grocery” financial measure as described above.

The non-IFRS financial measures are included in this document as a supplemental disclosure, because the Group believes that these measures provide useful comparative information to an investor, help investors evaluate the performance of the underlying business or are measures commonly used by certain investors and securities analysts for evaluating performance. In addition, the Group uses certain of the non-IFRS measures to assess the financial performance of its businesses. In particular, Group uses the retained Grocery business measures as a reflection of the performance of the core business of the Group on the basis that the Joint Venture in respect of the Bread Business will proceed.

However, the Group’s definition, presentation or calculation of each of the non-IFRS financial measures may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited. Investors should therefore exercise caution in comparing non-IFRS financial measures reported by the Group to similar measures of other companies.

Reconciliations of non-IFRS measures

This document contains a reconciliation to certain non-IFRS measures used from the most directly comparable measure, calculated and presented in accordance with IFRS, and discusses each such measure’s limitations. For a reconciliation to these non-IFRS measures and a description of the reason for their

inclusion and the limitation on their uses, see section 2 of Part IV (*Overview of Business Performance and Operating and Financial Review*) of this document.

Rounding adjustments

Certain numerical figures and percentages set out in this document, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments for ease of presentation. Accordingly, a sum of numbers may not, in certain cases, conform to the total figure given (including where such numbers are presented in tabular format).

4. Basis of preparation and principal assumptions

The Company confirms that the guidance described in Part 1 (*Information on the Placing and the Rights Issue and Joint Venture*) (the “**Guidance**”) has been properly compiled on the basis of the assumptions stated below and using accounting policies which are in accordance with IFRS and consistent with those adopted by the Group in the preparation of its consolidated financial statements as of and for the years ended 31 December 2013, 31 December 2012 and 31 December 2011 incorporated by reference in this Prospectus.

The Guidance is based upon the historical audited consolidated results of the Group for the year ended 31 December 2013, 2012 and 2011. In order to prepare the Guidance, management has reviewed the historical volumes, prices, input costs and gross margin per brand to assess the basis of future growth.

If the Bread JV Transaction is not completed, the annual reported results of the Group for its next full financial year will include the trading of Bread Business, which will be treated as a discontinued operation.

The Guidance does not include any costs related to the Bread JV Transactions.

The Guidance has been prepared based on a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by the Company when taken as a whole, inherently are subject to significant business, economic, competitive, regulatory and operational uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond the control of Premier. The Guidance is necessarily speculative in nature because unanticipated events and circumstances are likely to occur and, as a result, it can be expected that one or more of the assumptions underlying the Guidance may prove not to be valid. Actual results may vary from the financial forecasts and those variations may be material.

Assumptions within the control or influence of the Directors

The main assumptions within the control or influence of the Directors are:

- there will be no material acquisitions or disposals during the financial year ending 31 December 2014 other than those already reported, including in relation to the Bread Joint Venture;
- investments in existing and new product lines will drive Group revenue growth; and
- the Group will be able to reduce costs in line with expectations.

Assumptions outside the control or influence of the Directors

The main assumptions outside the control or influence of the Directors include, among others:

- there will be no material changes to the general trading and economic conditions in each of the markets or jurisdictions in which the relevant businesses of the Group operate from that which is currently prevailing and/or anticipated by the Directors which would cause a material change in levels of demand;
- there will be no material litigation or customer dispute that may arise in the period other than those that are currently prevailing and/or anticipated by the Company;

- there will be no change to legislation or regulatory environments in which the relevant businesses of the Group operate that would materially impact on the operations or accounting policies of the relevant business;
- there will be no major disruption to the relevant businesses of the Group, their suppliers or customers due to natural disasters, terrorism, extreme weather conditions, industrial disruption, civil disturbance or government action;
- there will be no material changes in interest, inflation or exchange rates;
- there will be no material change in the present management or control of the businesses of the Group or their existing operational strategy, other than as already reported; and
- each businesses of the Group will continue to enjoy the goodwill and confidence of present and potential customers, and of its strategic partners.

5. Important notices

Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners by FSMA or the regulatory regime established thereunder or otherwise under law, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners do not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Placing Shares, Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with Premier Foods, the Placing, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

The Underwriters and the Joint Sponsors may, in accordance with applicable legal and regulatory provisions and subject to certain restrictions in the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Ordinary Shares or otherwise. Moreover, subject to the terms of the Underwriting Agreement, the Underwriters, the Joint Sponsors or any affiliate thereof acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Placing Shares, Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters and/or New Ordinary Shares and/or related investments for its or their own account(s) and in that capacity may offer or sell such securities and/or other investments other than in connection with the Rights Issue. Accordingly, references in this document to Placing Shares or New Ordinary Shares being offered or placed should include any offering or placement of Placing Shares or New Ordinary Shares to each of the Underwriters or the Joint Sponsors or any of their affiliates acting in such capacity. In addition, in the event that the Underwriters subscribe for New Ordinary Shares which are not taken up by Qualifying Shareholders or Placees the Underwriters may co-ordinate disposals of such shares. Except as required by applicable law or regulation, the Underwriters and the Joint Sponsors and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

The Underwriters and their respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, Premier Foods or its affiliates, and certain of the Underwriters and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, Premier Foods or its affiliates for which they will receive customary fees.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Premier Foods or by any of Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays, Investec, Shore Capital and Ondra Partners. Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Premier Foods since the date of this document or that the information in this document is correct as at any time after its date.

6. Service of process and enforcement of judgments

The Company is a public limited company incorporated under the laws of England and Wales. All of the Directors and executive officers of the Company are citizens or residents of countries other than the United States. All or a substantial portion of the assets of such persons and of the Company are located outside the United States. It may not be possible for holders of Placing Shares or New Ordinary Shares in the United States: (i) to effect service of process upon Premier Foods's Directors or executive officers; or (ii) to enforce in the courts of a foreign jurisdiction judgments of US courts, including judgments against any such persons predicated upon the civil liability of such persons under US federal or state securities laws. There is doubt as to the direct enforceability in England and Wales against any of these persons, in an original action or in an action for the enforcement of judgments of US courts, of civil liabilities predicated solely upon US federal or state securities laws.

7. Available information

If and for so long as any of the New Ordinary Shares are outstanding and are "restricted securities" within the meaning of Rule 144(a) (3) under the US Securities Act, the Company will, during any period in which it is not subject to sections 13 or 15(d) of the US Exchange Act nor exempt from reporting under that Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a New Ordinary Share, or to any prospective purchaser of a New Ordinary Share designated by such holder or beneficial owner, upon request of such holder, beneficial owner or prospective purchaser, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

8. Incorporation by reference

Certain information in relation to the Group is incorporated by reference. You should refer to Part XI (*Information Incorporated by Reference*) for further details.

WHERE TO FIND HELP

If you have any questions relating to the procedure for acceptance and payment under the Placing or the Rights Issue, please telephone the Shareholder Helpline on the numbers set out below. This helpline is available from Monday to Friday (except UK public holidays) between 8.30 a.m. and 5.30 p.m. London time and will remain open until 29 April 2014.

Shareholder Helpline telephone numbers:

**0871 384 2909 (from inside the United Kingdom) or
+44 121 415 0196 (from outside the United Kingdom)**

Calls to 0871 384 2909 from inside the United Kingdom cost eight pence per minute (excluding VAT) plus network charges. Other service providers' charges may vary. Calls to +44 121 415 0196 from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Placing or the Rights Issue or provide financial, tax, investment or legal advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes to this timetable set out below.

Announcement of the JV Transaction	27 January 2014
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 18 March 2014
General Meeting	10.00 a.m. on 20 March 2014
Conditional allotment of Placing Shares	20 March 2014
Record Date for entitlement under the Rights Issue for Qualifying Shareholders	after the conditional allotment of Placing Shares on 20 March 2014
Provisional Allotment Letters personalised and despatched (to Qualifying Non-CREST Shareholders only)	21 March 2014
Allotment of Placing Shares becomes unconditional and issue and settlement of Placing Shares	8.00 a.m. on 24 March 2014
Placing Admission and dealings in Placing Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 24 March 2014
Admission and dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange and Ordinary Shares marked “ex-rights”	8.00 a.m. on 24 March 2014
Nil Paid Rights credited to stock accounts in CREST (of Qualifying CREST Shareholders and of Placees)	as soon as possible after 8.00 a.m. on 24 March 2014
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as possible after 8.00 a.m. on 24 March 2014
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 1 April 2014
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 2 April 2014
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 3 April 2014
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11.00 a.m. on 7 April 2014
Announcement of results of the Rights Issue	by 8.00 a.m. on 8 April 2014
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	by 8.00 a.m. on 8 April 2014
New Ordinary Shares credited to CREST stock accounts	as soon as possible after 8.00 a.m. on 8 April 2014
Expected Completion Date of Capital Refinancing Plan	14 April 2014
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	not later than 15 April 2014
Expected date of completion of the JV Transaction	26 April 2014

Notes:

1. The ability to participate in the Placing and the Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in Part V (*Terms and Conditions of the Rights Issue*) of this document.
2. These times and dates and those mentioned throughout this document and the Provisional Allotment Letter may be adjusted by Premier Foods in consultation with the Joint Sponsors and the Joint Bookrunners, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders and Places.
3. References to times in this timetable are to London time.

PLACING AND RIGHTS ISSUE STATISTICS

Shares in issue as at the Reference Date	239,842,255 Ordinary Shares
Number of Placing Shares to be issued	76,923,077
Placing Price	130 pence
Estimated gross proceeds of the Placing	£100 million
Number of New Ordinary Shares to be issued pursuant to the Rights Issue ¹	506,824,531
Basis of Rights Issue	8 New Ordinary Shares for every 5 Ordinary Shares
Rights Issue Price	50 pence
Estimated gross proceeds of the Rights Issue ²	£253 million
Aggregate number of Placing Shares and New Ordinary Shares to be issued ²	583,747,608
Estimated gross proceeds of the Placing and the Rights Issue ²	£353 million
Estimated net proceeds receivable by the Company, after deduction of commissions, fees and expenses in respect of the Placing and the Rights Issue ³	£344 million
Placing Shares and New Ordinary Shares as a percentage of the Company's enlarged issued share capital immediately after the Placing and the Rights Issue ²	71 per cent.
Shares in issue immediately after the Placing and the Rights Issue ²	823,589,863 Ordinary Shares

Notes:

1. As at the Reference Date an additional 9,632,923 Ordinary Shares would be required to be issued to satisfy all outstanding awards under the Share Plans which the Company intends to satisfy with newly issued Ordinary Shares. If all such awards were to vest or be exercised (as the case may be) between the Reference Date and the Record Date, an additional 15,412,676 New Ordinary Shares would be issued pursuant to the Rights Issue.
2. Calculation assumes no Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Share Plans between the Reference Date and the Record Date. If all awards which the Company intends to satisfy with newly issued Ordinary Shares were to vest or be exercised (as the case may be) between the Reference Date and the Record Date, an additional 15,412,676 New Ordinary Shares would need to be issued pursuant to the Rights Issue and the estimated gross proceeds from the Placing and the Rights Issue would be approximately £361 million.
3. (a) Calculation of estimated net proceeds assumes no Ordinary Shares are issued as a result of the exercise of any awards under the Share Plans between the Reference Date and the Record Date. If all awards which the Company intends to satisfy with newly issued Ordinary Shares were to vest or be exercised (as the case may be) between the Reference Date and the Record Date, an additional 15,412,676 New Ordinary Shares would need to be issued pursuant to the Rights Issue and the estimated net proceeds from the Placing and the Rights Issue would be £352 million. (b) Aggregate expenses for the Placing and the Rights Issue are expected to be approximately £9 million (exclusive of VAT).

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	David Beever (<i>Non-Executive Chairman</i>) Gavin Darby (<i>Group Chief Executive Officer</i>) Alastair Murray (<i>Group Chief Financial Officer</i>) Ian Krieger (<i>Non-Executive Director</i>) Jennifer Laing (<i>Non-Executive Director</i>) Charles Miller Smith (<i>Non-Executive Director</i>) Pam Powell (<i>Non-Executive Director</i>) David Wild (<i>Senior Independent Non-Executive Director</i>)
General Counsel and Company Secretary	Andrew McDonald
Registered Office	Premier Foods House Centrium Business Park Griffiths Way St Albans Hertfordshire AL1 2RE
Joint Sponsors and Joint Corporate Brokers	Credit Suisse Jefferies
Joint Bookrunners	BNP Paribas Credit Suisse HSBC Jefferies
Co-Lead Managers	Barclays Investec
Co-Manager	Shore Capital
Financial Adviser	Ondra Partners
Legal Advisers to the Company as to English law	Slaughter and May One Bunhill Row London EC1Y 8YY
Legal Advisers to the Company as to US law	Cravath, Swaine & Moore LLP CityPoint One Ropemaker Street London EC2Y 9HR
Legal Advisers to the Joint Sponsors, the Joint Bookrunners, the Co-Lead Managers and the Co-Manager as to English law and US law	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Auditors and Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar and Receiving Agent	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I

INFORMATION ON THE PLACING AND THE RIGHTS ISSUE AND JOINT VENTURE

1. Background to and reasons for the Joint Venture

Sections 1 and 4 of Part I (*Letter from the Chairman of Premier Foods plc*) of the Circular set out the background to and reasons for the proposed Joint Venture. Section 6 of Part I (*Letter from the Chairman of Premier Foods plc*) and Part III (*Principal Terms of the Joint Venture*) of the Circular detail the principal terms of the proposed Joint Venture and JV Transaction. The financial impact of the proposed JV Transaction on the Group can be seen in more detail in Part VII (*Unaudited Pro Forma Financial Information for the Group*) of this document.

2. Background to and reasons for the Placing and the Rights Issue

2.1 Background

Premier Foods is one of the United Kingdom's largest food producers with total underlying revenue of £1,282.5 million in FY 2013, including the Bread Business (excluding Milling revenue; £1,504.4 million including Milling revenue). The Group manufactures, distributes and sells a wide range of branded and non-branded foods, employs approximately 8,100 people and operates across 37 sites throughout the United Kingdom. (If the JV Transaction proceeds, approximately 3,800 current employees and 20 current sites will transfer to the Joint Venture.)

The Group has recently implemented a number of measures focused on improving operating performance, stabilising the Group's balance sheet, improving liquidity and improving profitability over the medium term. Although these measures are beginning to take effect, the Group's profitability and financial flexibility remains constrained by a number of factors. In particular, the Board considers that the Group is over-leveraged as a result of past acquisitions (among other things) and that this has an adverse effect on the Group's businesses and operations, exacerbated at times by concerns as to the financial strength of the Group.

A number of measures have been pursued by the Group to improve its performance and financial position. These measures have targeted stabilisation of the balance sheet improvements to liquidity, a reduction in net borrowings and improved profitability over the medium term, and have included the following:

- during 2012 and 2013, the Group completed a major disposal programme exceeding its lender agreed disposal target of £330 million by nearly £40 million. The net proceeds of £369.5 million were used to reduce the Group's net debt;
- in January 2012, the Group announced an initiative to deliver £40 million of overhead cost savings by the end of 2013 from an original SG&A cost base of £147 million in FY 2011 (restated) and the Group significantly exceeded this target by delivering savings of £48 million in FY 2012 and a further £16.1 million in FY 2013 (in total, people-related costs in FY 2013 reduced by over £20 million, but this reduction was partly offset by other non-people related charges in the SG&A cost base);
- the Company has sought to generate growth momentum behind its Power Brands by increasing marketing investment and through initiating more collaborative partnerships with its key retail customers. As a result, underlying revenue for the Group increased 3.2 per cent. to £1,353.8 million with Grocery Power Brands up 4.0 per cent. in FY 2012 and a further 2.0 per cent. to £543.5 million in FY 2013;
- during 2013, the Group completed a major restructuring of its Bread division which included the closure of three bakery sites and two mills, the consolidation of production from those

locations into the remaining bread manufacturing sites, the removal of approximately 130 distribution routes, the closure of three distribution centres, and the restructuring of outsourced logistics operations to optimise the new network; and

- following the initial restructuring of its Bread division and in line with the Group's strategy, Premier Foods announced on 27 January 2014 that it had entered into an agreement with Gores, subject to certain conditions, to sell 51 per cent. of the Bread Business, which comprises the majority of the Group's Bread division, for an aggregate consideration of £30 million, of which £15 million will be deferred and contingent on future performance of the Bread Business (the "**Joint Venture**"). In addition to allowing Premier Foods to realise significant value in the short term, the Board believes the proposed Joint Venture will further assist the ongoing implementation of the restructuring of the Bread Business, by securing additional investment from Gores to support the capital expenditure required to implement the growth strategy of the Bread Business (further details of which are set out in section 2 of Part II (*Information on the Premier Foods Group*)) and allowing Premier Foods to focus its attention and resources on growing its Grocery division.

Against a challenging operating environment, the measures outlined above have enabled the Group to reduce the overall level of net debt by £119.9 million from £950.7 million as at 31 December 2012 to £830.8 million as at 31 December 2013 and to progress the implementation of its category-based strategy (see section 2 of Part II (*Information on the Premier Foods Group*) for further information), which aims to drive category growth by focusing on the Group's brands, consumers, customers, costs, employees and sustainability.

The Board believes that the plans to implement this strategy are robust and that this strategy provides a credible and sustainable route to improve performance and liquidity, drive profitable growth and achieve sustainable long-term value for Shareholders and other stakeholders. However, the current significant level of indebtedness, and the terms and maturity profile of its existing financing arrangements, place a significant constraint on the Group's ability to implement its strategy. The Board believes that additional steps are required to accelerate deleveraging of the Group's balance sheet and to develop a long-term and sustainable capital structure, appropriate to the size of the Group and its strategy going forward.

Accordingly, the Board has, following engagement with a group of its core lending banks, the Pension Trustees and certain other stakeholders, developed a capital refinancing plan aimed at strengthening its capital base and financial position. The Capital Refinancing Plan (described below) will accelerate the deleveraging of the Group's balance sheet, extend the maturity profile of the Group's financing arrangements and further strengthen the Group's capital structure, thereby increasing the financial flexibility and stability of the Group and improving the credit perception of Premier Foods with suppliers and trading counterparties. The Board believes that this will, in turn, enable the Group to pursue more effectively its category-based strategy and enhance long-term shareholder value.

2.2 ***The Capital Refinancing Plan***

Overview

Premier Foods is proposing to implement a capital refinancing plan (the "**Capital Refinancing Plan**") comprising the following three components:

- the raising of gross proceeds of approximately £353 million by way of the Placing and the Rights Issue (£344 million after deduction of estimated expenses, including underwriting commissions but excluding VAT, of approximately £9 million);
- the raising of gross proceeds of approximately £475 million by way of the issue of the New Bonds, comprising floating rate notes expected to mature in 2020 and fixed rate notes expected to mature in 2021 (£443 million after deduction of estimated expenses, including certain fees (including backstop commitment fees) but excluding VAT, of £32.2 million), with the issue of the New Bonds being backstopped so that, if it is not otherwise possible to procure sufficient

investment from high yield bond investors in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds; and

- the £300 million New Revolving Facility, maturing in March 2019.

As part of the Capital Refinancing Plan, Premier Foods is also proposing to implement the revised schedules of pension contributions, associated funding arrangements and other matters in respect of the Relevant Pension Schemes pursuant to the New Framework Agreement. Under the terms of the New Framework Agreement, the Group will agree to pay fixed contributions to the Relevant Pension Schemes in accordance with agreed schedules of contributions resulting from the 2013 actuarial valuations. Pursuant to the New Framework Agreement, the Group and the Pension Trustees have agreed that any additional deficits that may arise at future valuation dates will only result in an increase in contributions paid by the Group on or after 1 January 2020.

In aggregate, the estimated expenses of implementing the Capital Refinancing Plan (including underwriting commissions, arrangement and commitment fees, backstop fees in respect of the New Bonds, and professional adviser costs, but excluding VAT) are £63.3 million.

As a result of the Capital Refinancing Plan being implemented, the Current Facilities will be replaced and cancelled and, to the extent drawn down, prepaid in full.

Further details relating to: (i) the Placing and the Rights Issue may be found in section 4 of this Part I and Part V (*Terms and Conditions of the Rights Issue*); (ii) the New Bonds may be found in section 5 of this Part I and section 21.3 of Part X (*Additional Information*) of this document and (iii) the New Revolving Facility may be found in section 5 of this Part I and section 21.2 of Part X (*Additional Information*) of this document. Further information on the New Framework Agreement may be found in section 21.15 of Part X (*Additional Information*) of this document.

Assessment of the Capital Refinancing Plan

If implemented, the Capital Refinancing Plan will deliver the Group's key objectives of:

- accelerating the deleveraging of the Group's balance sheet; and
- extending the maturity profile of Premier Foods's existing financing arrangements, by replacing and refinancing the Current Facilities and weighting the maturity of the Group's financing arrangements to FY 2018 and beyond. In this context, the Capital Refinancing Plan is expected to provide the Group with greater long-term certainty, flexibility and balance sheet strength, together with improved liquidity and covenant headroom.

The Capital Refinancing Plan will also facilitate, and allow the Group to focus its efforts on, the implementation of its category-based strategy. The Board considers that successful delivery of the Group's category-based strategy, in combination with the implementation of the Capital Refinancing Plan, will enable Premier Foods to grow its businesses and generate increased surplus cash flow with a view to further deleveraging the Group, while providing a platform for the Group to resume dividend payments in the future. The Board also believes that the delivery of a strengthened capital base and financial position will improve the credit perception of Premier Foods with suppliers and trading counterparties.

The Board, having carefully considered the available alternatives, believes that the Capital Refinancing Plan is the optimal solution available at present to address the Group's objectives.

Use of proceeds

If the Capital Refinancing Plan is implemented, the Current Facilities will be cancelled and replaced and, to the extent drawn down, repaid in full.

Premier Foods therefore intends to use the net proceeds from the Placing and the Rights Issue, and the issue of the New Bonds, and from the drawings under the New Revolving Facility (£116 million)

in aggregate to prepay in full the amounts drawn down under the Current Facilities (as at the Reference Date, £886 was outstanding under the Current Facilities) with any remaining net proceeds being used for general corporate purposes, including to provide additional working capital but not for the payment of dividends or for share buy-backs.

Following the implementation of the Capital Refinancing Plan, although the blended interest rate is likely to be higher, the balance sheet of the Group will be stronger, with a significantly reduced level of net indebtedness by virtue of having raised additional equity, as well as an extended maturity profile on its debt.

Inter-conditionality of the Capital Refinancing Plan

The Placing and the Rights Issue are conditional upon Placing Admission and Admission becoming effective by not later than 8.00 a.m. on 24 March 2014 (or such later date as the Company and the Joint Bookrunners may agree). In addition, the Placing and Rights Issue are conditional upon (i) the Shareholders passing the Capital Refinancing Resolution at the General Meeting and (ii) the fulfilment, by Admission, of all conditions precedent in relation to the issue of the New Bonds and release of the proceeds of the issue of the New Bonds from escrow and the availability of the New Revolving Facility (other than any steps which are purely procedural in nature or which relate specifically to the inter-conditionality of the Capital Refinancing Plan described in this section). Further details on the New Bonds and escrow arrangements are set out in section 21.3 of Part X (*Additional Information*) of this document.

The release of proceeds from the issue of the New Bonds from escrow (the issue of which will be backstopped so that, if it is not otherwise possible to procure sufficient investment from high yield bond investors in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds), the availability of the New Revolving Facility, and the revised schedules of pension contributions, modified funding arrangements and associated matters in relation to the Relevant Pension Schemes pursuant to the New Framework Agreement are conditional on the completion of the Placing and the Rights Issue pursuant to the terms set out in this Part I.

The New Revolving Facility will be available following (among other things) receipt by the facility agent of evidence that: (i) the Company has received gross proceeds from the Placing and the Rights Issue and Placing and the issue of the New Bonds (including where the New Bonds have been acquired by the Backstop Banks pursuant to the backstop commitment) such that, together with the New Revolving Facility, there will be an aggregate amount of £1,128 million in gross proceeds from the various elements of the Capital Refinancing Plan available to the Group; and (ii) the amount of those proceeds will be utilised in prepayment and cancellation of the Current Facilities in full.

The revised funding arrangements with the Pension Trustees in respect of the Relevant Pension Schemes pursuant to the terms of the New Framework Agreement are conditional upon successful implementation of the Capital Refinancing Plan.

Further details of the principal terms of the Placing and the Rights Issue, and the conditionality of the Capital Refinancing Plan, are set out in sections 4 and 5 of this Part I.

3. Current trends, trading and outlook

The Group reported a strong underlying trading profit performance of approximately 18 per cent. growth in 2013, and significant underlying earnings progression. Through its category-based strategy, the Group delivered Grocery Power Brands sales growth of approximately 2.0 per cent. in 2013, strong market share performances and progressively stronger customer partnerships. The Group continues to reduce business complexity through a disciplined approach to its cost base and has successfully reduced net debt by £120 million during the year.

The simplification of the Group through the Joint Venture and the Capital Refinancing Plan announced today represent significant steps forward for Premier Foods. Completion of these projects will allow Management

to focus its full attention on the Grocery business, which the Board believes is well positioned to deal with the challenges of 2014.

The Group expects Grocery Power Brand sales to be slightly negative in Q1 2014 compared to Q1 2013, reflecting the colder weather in the prior period which supported strong sales, the move of Easter from Q1 2013 to Q2 2014 and subdued consumer spending in the grocery market. Grocery Power Brand sales are expected to improve in Q2 2014 and into the second half of 2014, reflecting planned new product introductions, increased consumer marketing, and assuming a return to more typical average summer temperatures. For the full year 2014, the Board is targeting Grocery Power Brand sales growth in the range of 2 to 3 per cent.. Support brands are expected to grow modestly in 2014 as a result of targeted marketing activity while non-branded sales will decline reflecting the Group's focus on higher margin branded sales. The Group continues to manage costs tightly and remains confident in its expectations for the full year 2014.

Total cash interest expense for 2014 is expected to be in the range of £45 to £50 million¹, which is dependent upon the pricing of the New Bonds and drawings under the New Revolving Facility, and pension deficit contributions are expected to be approximately £35 million under the New Framework Agreement. The Group did not pay any corporation tax in 2013 as a result of utilising a portion of the brought forward losses available to it and does not expect to pay corporation tax in the medium-term due to additional brought forward losses. In 2014, depreciation is expected to be in the range of £18 to £20 million, and the Group expects a working capital cash outflow of approximately £30 million and a double-digit percentage increase in consumer marketing expenditure from 2013 levels. Capital expenditure for 2014 is expected to be in the range of £35 to 40 million, approximately half of which is attributable to a major investment in a new cake slices snack-pack line at the Group's cake factory in Carlton, Barnsley. Over the medium-term, ongoing capital expenditure is expected to be broadly in line with depreciation.

Over the medium term, the Group is targeting Grocery Power Brand revenue growth of between 2 per cent. and 3 per cent. per annum and total branded revenue growth of one to two per cent.. The Group continues to work on reducing complexity in the business through SKU reductions and rationalising its supplier base and this, together with mix benefits, means that it is targeting gross margin to grow faster than revenues. The Group is targeting double-digit percentage increase in marketing investment funded through continued reductions in costs. The Group is targeting a progressive deleveraging towards 2.5 times net debt to EBITDA in the medium-term.

The Group has decided to change its financial year end from 31 December to 31 March and will therefore prepare its next annual financial statements for the 15 months ended 31 March 2015. It plans to report on the Group's trading performance by way of an Interim Management Statement for the 12 months ended 31 December 2014 in early 2015.

4. Structure and principal terms and conditions of the Placing and the Rights Issue

4.1 *Structure of the Placing and the Rights Issue*

Introduction

The Company proposes to raise gross proceeds of approximately £353 million by way of the Placing and the Rights Issue. The Board has considered the best way to structure the proposed equity capital raising in light of the Capital Refinancing Plan. The decision to structure the equity capital raising by way of a combination of a Placing and a Rights Issue takes into account a number of factors, including the total net proceeds to be raised. The Board believes that the Placing, as part of the Capital Refinancing Plan, enables the Company to satisfy demand from potential new investors as well as current Shareholders wishing to increase their positions. While recognising the importance of pre-emption rights, and after consultation with certain major Shareholders, the Board believes that to attract new investors the equity capital raising structure needs to include a firm allocation of Ordinary Shares under the Placing to Placees combined with the ability for Placees to participate in the Rights Issue. The Board has sought to restrict the size of the Placing in order to minimise the dilution to

¹ This range assumes: (i) completion of the Capital Refinancing Plan; (ii) in relation to Q1 2014, the interest rate in respect of the Current Facilities; (iii) in relation to the remainder of 2014, the interest rate in respect of the New Bonds and the interest rate in respect of the New Revolving Facility (as applicable on a proportionate basis); (iv) no close-out of any interest rate swap arrangements and (v) securitisation funding under the new facility agreed in December 2013.

existing Shareholders who do not participate in the Placing and is also seeking the approval of Shareholders to the proposed equity capital raising structure, including this non-pre-emptive element, by way of a special resolution.

Pricing

The Placing Price represents a 7.1 per cent. discount to the Closing Price of 140 pence on 3 March 2014 (being the last Business Day before the announcement of the Placing and the Rights Issue). The Placing Price (including the size of the Placing discount) has been determined, following discussions with both existing Shareholders and Placees, to be at the level which the Board considers necessary to ensure the success of the Placing and the Rights Issue, taking into account the aggregate proceeds to be raised. The Board believes that the Placing Price and the discount which it represents are appropriate. The Rights Issue Price represents a 64.3 per cent. discount to the Closing Price of 140 pence on 3 March 2014.

Dilution

The Placing will: (i) result in 76,923,077 Placing Shares being issued and the number of Ordinary Shares being increased from a total of 239,842,255 Ordinary Shares (as at the Reference Date) to a total of 316,765,332 Ordinary Shares, representing an increase of 32.1 per cent.; and (ii) reduce the proportional ownership and voting interest in the Ordinary Shares of the Shareholders (as at the Reference Date) by 24.3 per cent. The Rights Issue will result in 506,824,531 New Ordinary Shares being issued and the number of Ordinary Shares being increased from a total of: (i) 239,842,255 Ordinary Shares to a total of 746,666,786 Ordinary Shares (disregarding the issue of the Placing Shares), representing an increase of 211.3 per cent.; or (ii) 316,765,332 Ordinary Shares (taking into account the issue of the Placing Shares) to a total of 823,589,863 Ordinary Shares, representing an increase of 160.0 per cent. If a Qualifying Shareholder does not take up any New Ordinary Shares under the Rights Issue and does not participate in the Placing, such Qualifying Shareholder's shareholding in the Company will be diluted by up to 71 per cent. as a result of the Placing and the Rights Issue. Furthermore, Qualifying Shareholders who take up their entitlements in full in respect of the Rights Issue and do not participate in the Placing will be diluted by up to 24.3 per cent. as a result of the Placing.

For the purposes of the foregoing, the vesting or exercise of any awards under the Share Plans which may occur between the Reference Date and the Record Date has been disregarded in calculating: (i) the number of New Ordinary Shares to be issued pursuant to the Rights Issue; (ii) the specified increases to the Company's issued share capital resulting from the Placing and the Rights Issue; and (iii) the specified dilutive effect of the Placing and the Rights Issue.

4.2 The Placing

Under the Placing, the Joint Bookrunners have agreed to procure Placees for an aggregate of 76,923,077 Placing Shares at a Placing Price of 130 pence per Placing Share. The Placing is expected to raise gross proceeds of £100 million.

The Placing is fully underwritten by the Joint Bookrunners on the terms and conditions of the Underwriting Agreement, details of which are set out in section 21.19 of Part X (*Additional Information*) of this document.

The Placing is conditional upon (among other things): (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Placing Admission and Admission); and (ii) Placing Admission and Admission becoming effective by not later than 8.00 a.m. on 24 March 2014 (or such later date as the Company and the Joint Bookrunners may agree).

An application will be made to the UK Listing Authority for the Placing Shares to be admitted to listing on the premium segment of the Official List and an application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Placing Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 24 March 2014 (being the second Business Day after the General Meeting). Placing Admission and Admission will take place simultaneously.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with, and will carry the same voting and dividend rights as, the Existing Ordinary Shares. In connection with the Placing, each Placee has committed to take up its rights to New Ordinary Shares by virtue of the allotment to such Placee of the relevant Placing Shares.

4.3 ***The Rights Issue***

The Company proposes to offer 506,824,531 New Ordinary Shares by way of rights to (i) Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with a registered address, or located or resident (as applicable), in the United States or any of the other Excluded Territories) and (ii) Placees, at a Rights Issue Price of 50 pence per New Ordinary Share, payable in full on acceptance no later than 11.00 a.m. on 7 April 2014. The Rights Issue is expected to raise gross proceeds of approximately £253 million. The Rights Issue Price represents:

- a 38 per cent. discount to the theoretical ex-rights price calculated by reference to the Placing Price of 81 pence on 3 March 2014 (being the last Business Day before the announcement of the Placing and the Rights Issue; and
- a 64.3 per cent. discount to the Closing Price of 140 pence on 3 March 2014 (being the last Business Day before the announcement of the Placing and the Rights Issue).

If all awards under the Share Plans that the Company intends to satisfy with newly issued Ordinary Shares vest or are exercised (as the case may be) between the Reference Date and the Record Date an additional 15,412,676 New Ordinary Shares will be issued pursuant to the Rights Issue and the resulting gross proceeds from the Placing and the Rights Issue would be expected to be approximately £361 million.

Subject to, among other things, the conditions described in Part V (*Terms and Conditions of the Rights Issue*) of this document, the offer of the New Ordinary Shares under the Rights Issue will be made on the following basis:

8 New Ordinary Shares at 50 pence for every 5 Existing Ordinary Shares

held by (i) Qualifying Shareholders on the Record Date and so in proportion to any other number of Ordinary Shares each Qualifying Shareholder then holds and (ii) Placees as a result of the Placing and so in proportion to any number of Ordinary Shares such Placees would have held on the Record Date if the Placing had occurred immediately prior to the Record Date.

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders or Placees. Such fractions will be aggregated and, if possible, placed in the market. The net proceeds of such placing will be paid to the Company. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement, details of which are set out in section 21.19 of Part X (*Additional Information*) of this document.

The Rights Issue is conditional upon (among other things) (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Placing Admission and Admission) and (ii) Placing Admission and Admission becoming effective by not later than 8.00 a.m. on 24 March 2014 (or such later date as the Company and the Joint Sponsors and the Joint Bookrunners may agree).

An application will be made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to listing on the premium segment of the Official List and application will be made to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in New Ordinary Shares, nil paid, will commence at 8.00 a.m. on 24 March 2014. It is expected that dealings in New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 8 April 2014. Admission and Placing Admission will take place simultaneously.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with, and will carry the same voting and dividend rights as, the Existing Ordinary Shares.

Further details of the terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part V (*Terms and Conditions of the Rights Issue*) of this document and, where relevant, will also be set out in the Provisional Allotment Letter.

Overseas Shareholders should refer to section 7 of Part V (*Terms and Conditions of the Rights Issue*) of this document for further information regarding their ability to participate in the Rights Issue.

5. The New Facility Agreement and the New Bonds

As part of the Capital Refinancing Plan, the Company has entered into the New Facility Agreement with a syndicate of lenders. Utilisations under the New Facility Agreement, together with the proceeds of the Placing and the Rights Issue and the issue of New Bonds, will be applied to refinance the Current Facilities.

The New Facility Agreement will make available a £300 million New Revolving Facility (with the ability to increase the New Revolving Facility by up to £50 million pursuant to an accordion facility). The New Revolving Facility will be available following (among other things) receipt by the facility agent of evidence that: (i) the Company has received gross proceeds from the Rights Issue and Placing and the issue of the New Bonds (including where the New Bonds have been acquired by the Backstop Banks issued pursuant to the backstop commitment) such that together with the New Revolving Facility there will be an aggregate amount of £1,128 million in gross proceeds from the various elements of the Capital Refinancing Plan available to the Group and (ii) the necessary amount of those proceeds will be utilised in prepayment and cancellation of the Current Facilities in full.

The Group will seek to raise £475 million (£443 million net of estimated expenses) through the offer and issue of the New Bonds. The New Bonds will be backstopped so that, if it is not otherwise possible to procure sufficient investment from the relevant high yield bond markets in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds.

The New Revolving Facility and the New Bonds will be guaranteed by the Company and certain material subsidiaries of the Company (in the case of the New Bonds, from the date on which the proceeds of the New Bonds are released from escrow). The New Revolving Facility under the New Facility Agreement and the New Bonds will be secured on a *pari passu* basis by first ranking fixed charges over certain real estate and certain intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company, and share security over the shares in each of the material subsidiaries of the Company for the avoidance of doubt, this security will not apply in relation to the New Bonds until the date on which the proceeds of the New Bonds are released from escrow. This security will be shared with certain hedging banks, the Pension Trustees up to a maximum aggregate secured amount of £450 million (such amount to amortise after 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds (if any) applied to the Premier Foods Pension Scheme and the Premier

Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million), and lenders and related finance parties in respect of certain permitted refinancing indebtedness utilised to refinance existing secured indebtedness.

Further details of the New Facility Agreement and the New Bonds are set out in sections 21.2 and 21.3 of Part X (*Additional Information*).

6. Revised funding arrangements with Relevant Pension Schemes

As part of the Capital Refinancing Plan, Premier Foods has agreed with the Pension Trustees revised schedules of contributions, associated funding arrangements and other matters pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes. The New Framework Agreement is in respect of the 2013 triennial valuations and will become effective upon the successful implementation of the Capital Refinancing Plan.

The agreement provides certainty on pension contributions over the medium term in that they will not be altered until the end of 2019. The agreed contributions are deficit payments totalling £33.4 million in 2014, £7 million in 2015, £40 million in 2016, £47.5 million in 2017, £42.5 million in 2018, £40 million in 2019, £50 million in each year from 2020 to 2022 and £60 million per annum from 2023, increasing at 3 per cent. per annum until the scheduled contributions are expected to end in 2032. When the Irish Pension Schemes' contributions of £2 million per annum until 2022 are added to the revised contributions schedule, the Group expects to make cash contributions in aggregate of £35.4 million in 2014, £9 million in 2015, £42 million in 2016, £49.5 million in 2017, £44.5 million in 2018, £42 million in 2019, £52 million in each year from 2020 to 2022 and £60 million in 2023, increasing by 3 per cent. per annum until the scheduled contributions are expected to end in 2032. Premier Foods will pay administration costs and Pension Protection Fund levies in addition. A breakdown of the agreed contributions under the revised funding arrangement between the Relevant Pension Schemes is set out below:

Year	Total contributions agreed under 2012 Pensions Agreement	Total contributions under revised funding arrangement	Contributions under revised funding arrangement		
			RHM Pension Scheme (£ millions)	Premier Foods Pension Scheme	Premier Foods Grocery Products Pension Scheme
2014	81.33	33.44	20.63	11.91	0.90
2015	78.40	7.00	—	6.30	0.70
2016	77.17	40.00	—	36.00	4.00
2017	44.79	47.50	—	42.75	4.75
2018	44.79	42.50	—	38.25	4.25
2019	44.79	40.00	12.00	25.20	2.80
2020	44.79	50.00	20.00	27.00	3.00
2021	44.79	50.00	20.00	27.00	3.00
2022	11.20	50.00	20.00	27.00	3.00
2023	—	60.00*	24.00*	32.40*	3.60*

* Contributions increase after 2023 at 3 per cent. until the scheduled contributions are expected to end in 2032.

The technical provisions deficit in respect of the Relevant Pension Schemes at the 2013 valuations was £1,041.7 million and, including the Irish Pension Schemes, an approximate deficit valuation of £1,061 million. The contributions meet a funding requirement of less than the technical provisions deficit which reflects both a partial allowance for improvements in market conditions for the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme since the valuation date and a future prudent allowance for returns on all the pension schemes' investments.

The Relevant Pension Schemes will also receive cash contributions from the Group on a £1 for £1 basis (with allocation between the Relevant Pension Schemes being as set out in the New Framework Agreement) in respect of dividends paid before 31 December 2019, save for the first £10 million of any dividends paid in each of 2016 and 2017, which will be exempt from the dividend match described above.

Pursuant to the New Framework Agreement, the Relevant Pension Schemes will be granted security up to a maximum aggregate secured amount of £450 million (such amount to amortise after 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds (if any) applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million). The security will be shared on a *pari passu* basis by, among others, the holders of the New Bonds, the finance parties under the New Facility Agreement, certain hedging banks and lenders and related finance parties in respect of certain permitted refinancing indebtedness utilised to refinance existing secured indebtedness.

7. Dividend policy

No dividends have been paid by Premier Foods since July 2008. Further, the Current Facilities Agreement does not permit Premier Foods, and the New Facility Agreement and the New Bonds will impose certain restrictions on Premier Foods's ability, to make dividend payments. Under the indenture for the New Bonds, the Company will, from the date on which the proceeds of the New Bonds are released from escrow, be restricted in certain circumstances from making dividend payments and certain other restricted payments (although the restrictions are subject to exceptions, baskets and thresholds). Under the New Facility Agreement, a dividend would be permitted once the leverage ratio of the Group is equal to or less than 3.0:1, provided that no default has occurred and is continuing under the New Facility Agreement or would result from the payment of the dividend, and the payment of a dividend would be permitted under the New Bonds.

The Board understands the importance of optimising value for Shareholders and believes that implementation of the Capital Refinancing Plan will provide a platform for reinstating the payment of dividends in the future, which the Board will do when it becomes appropriate and permissible to do so.

Pursuant to the terms of the New Framework Agreement, if Premier Foods makes any return to Shareholders generally (including by way of a payment of a dividend or share buy-back) on or before 31 December 2019 (including for this purpose any dividend which is declared but not paid before 31 December 2019), the Group will be required to make additional cash contributions to the Relevant Pension Schemes on a £1 for £1 basis (with allocation between the Relevant Pension Schemes being as set out in the New Framework Agreement), provided that, if Premier Foods makes a return to Shareholders (i) in 2016 or (ii) in 2017, the first £10 million paid to Shareholders in each of those years will be exempt from the operation of the dividend match described above.

8. Directors' intentions

Each of the Directors who is (or expects to be, at the relevant record date) a Shareholder has confirmed his/her intention to (i) vote in favour of the Resolutions to be proposed at the General Meeting to approve the Placing and the Rights Issue and the Joint Venture, and (ii) take up in full his or her entitlement to subscribe for New Ordinary Shares under the Rights Issue, comprising 1,148,273 Existing Ordinary Shares in aggregate, representing in aggregate 0.5 per cent. of the issued share capital of the Company as at the Reference Date.

9. Irrevocable undertakings and related party transactions

Major shareholders

Warburg Pincus has confirmed to the Company its intention to subscribe for 13,333,755 Placing Shares at the Placing Price and to fully take up its entitlements under the Rights Issue (including in respect of such Placing Shares). In addition, Warburg Pincus has signed an irrevocable undertaking to vote in favour of the Resolutions at the General Meeting.

Warburg Pincus is a related party of the Company for the purposes of the Listing Rules as it is a substantial shareholder of the Company which is entitled to exercise, or control the exercise of, 17.3 per cent. of the votes able to be cast at general meetings of the Company. The aggregate value of Placing Shares to be issued to Warburg Pincus at the Placing Price is approximately £17.3 million. Accordingly, the issue of such Placing Shares to Warburg Pincus is a transaction of sufficient size to require Shareholder approval under the Listing Rules which will be sought at the General Meeting.

Warburg Pincus and the Company have agreed that the terms of their existing relationship agreement (the “**Relationship Agreement**”) shall cease to have effect from the date of this document and shall terminate automatically upon completion of the Capital Refinancing Plan. Warburg Pincus and the Company have also agreed that the Relationship Agreement shall continue to have full force and effect if the Capital Refinancing Plan does not complete.

Charles Miller Smith, a Director, was appointed to the Board by Warburg Pincus pursuant to its rights under the Relationship Agreement. On termination of the Relationship Agreement, Charles Miller Smith will cease to be a nominee of Warburg Pincus. However, the Board has asked him to remain as a Director, independent of Warburg Pincus, on account of his beneficial knowledge and experience (in which case, he would stand for re-election at the next annual general meeting of the Company).

Each of Paulson and Cazenove has signed an irrevocable undertaking to vote in favour of the Resolutions at the General Meeting. In addition:

- Paulson has confirmed to the Company its intention to subscribe for 7,697,366 Placing Shares at the Placing Price and to take up its entitlements under the Rights Issue in respect of 50,661,434 New Ordinary Shares; and
- Cazenove has confirmed to the Company its intention to subscribe for 7,664,759 Placing Shares at the Placing Price and to fully take up its entitlements under the Rights Issue (including in respect of such Placing Shares).

Paulson is a related party of the Company for the purposes of the Listing Rules as it is a substantial shareholder of the Company which is entitled to exercise, or control the exercise of, 10 per cent. or more of the votes able to be cast at general meetings of the Company. The aggregate value of Placing Shares to be issued to Paulson is approximately £10 million, which is not of sufficient size to require Shareholder approval under the Listing Rules.

Directors

All of the Directors have confirmed their intention to participate in the Placing and to acquire Placing Shares at the Placing Price, as follows:

<i>Director</i>	<i>Number of Placing Shares</i>	<i>Aggregate value of Placing Shares at the Placing Price</i>
Alastair Murray	119,047	154,761
Gavin Darby	240,769	313,000
David Beever	11,538	14,999
Jennifer Laing	5,000	6,500
Ian Krieger	20,000	26,000
Pam Powell	33,076	42,999
Charles Miller Smith	76,923	100,000
David Wild	25,000	32,500

Each of the Directors is a related party of the Company due to his or her directorship in the Company. None of these related party transactions is of sufficient size to require Shareholder approval under the Listing Rules.

PART II

INFORMATION ON THE PREMIER FOODS GROUP

1. Background and history

Premier Foods is one of the United Kingdom's largest food producers with total underlying revenue of £1,282.5 million in FY 2013, including the Bread Business (excluding Milling revenue; £1,504.4 million including Milling revenue).

The Grocery division

The Group manufactures, distributes and sells a wide range of branded and non-branded food products, many of which are market leaders in their product categories. The Group has a “category-based strategy” (as described in paragraph 2 below), a key objective of which is to grow sales in the five product categories in which the Group currently operates: Ambient Cakes, Ambient Desserts, Cooking Sauces & Accompaniments, Easy Eating, and Flavourings & Seasonings.

Within these five product categories, the Group focuses on growing its seven Power Brands, which are the brands the Group considers to have the highest growth potential and most attractive gross margins. The Group's Power Brands are *Ambrosia*, *Batchelors*, *Bisto*, *Loyd Grossman*, *Mr. Kipling*, *Oxo* and *Sharwood's*. In addition, the Group has a portfolio of many other branded food products (“**Support Brands**”) and a non-branded food business, which manufactures food products in conjunction with many of the UK's leading food retailers. For FY 2013, the total revenue for the Grocery division that was derived from sales of branded products was approximately £739.7 million (unaudited) and from sales of non-branded products was approximately £97.7 million (unaudited).

The Bread division

The Group also manufactures and distributes a variety of bread and flour products. For FY 2013, the total underlying revenue for the Bread division was £445.1 million (£667.0 million including Milling).

The Group intends to sell its Bread Business as part of the JV Transaction, as described in the Circular. If the JV Transaction proceeds, the Group will comprise its current Grocery division. However, Premier Foods will continue to be one of the United Kingdom's largest food producers by revenue and will, through its 49 per cent. interest in the Joint Venture, continue to participate in, and contribute to the growth of, the Bread Business and the *Hovis* brand.

Overview

As of 31 December 2013, the Group employed approximately 8,100 people and operated across 37 sites in the United Kingdom (although approximately 3,800 current employees and 20 current sites will transfer to the Joint Venture following completion of the JV Transaction).

For FY 2013, the Group's revenue from continuing operations was £856.2 million and the Group's EBITDA from continuing operations was £156.8 million (excluding the Bread Business which is classified as a discontinued operation in FY 2013, reflecting its status as an asset held for sale at the balance sheet date of 31 December 2013).

The Group's business was part of Hilldown Holdings plc until August 1999, when Hilldown Holdings plc was acquired and taken private by affiliates of Hicks, Muse, Tate & Furst Incorporated and certain other private equity co-investors. Under private equity ownership, the business was renamed Premier Foods and undertook a strategy to acquire British brands. In July 2004, Premier Foods was floated on the London Stock Exchange. The table below includes significant acquisitions, disposals and capital transactions in the Group's recent history.

<i>Year</i>	<i>Event</i>
2002	Acquired Nestlé's UK ambient food business for £132 million including <i>Branston</i> , <i>Crosse & Blackwell</i> , <i>Sarson's</i> and <i>Sun Pat</i> brands.
2003	Acquired <i>Ambrosia</i> and <i>Brown & Polson</i> from Unilever Bestfoods UK Ltd. for £105 million.
2005	Acquired <i>Bird's</i> custard and <i>Angel Delight</i> from Kraft Foods for £70 million. Acquired <i>Quorn</i> from Montagu Private Equity for £172 million. Sold <i>Typhoo Tea</i> to Apeejay International Tea Limited for £80 million. Sold <i>Jonker Fris</i> to NPM Capital B.V. for £17 million. Acquired Cauldron Foods Ltd, a leading manufacturer of branded, chilled meat-free products including the <i>Cauldron</i> brand, from Rayner & Co. (Investments) Limited for £27 million.
2006	Acquired Campbell's United Kingdom and Irish business for £460 million including <i>Oxo</i> , <i>Batchelors</i> , <i>Homepride</i> and <i>Fray Bentos</i> brands. Raised £458 million by way of a rights issue in connection with the Campbell's acquisition.
2007	Acquired RHM for £1,338 million including <i>Hovis</i> , <i>Sharwood's</i> , <i>Cadbury</i> cakes, <i>Bisto</i> , <i>Paxo</i> , <i>Robertson's</i> and <i>Mr. Kipling</i> brands. Sold fresh produce supplier MBMG to Abbanoy Produce Holdings Ltd. for £17.6 million.
2009	Raised £404 million in a placing and open offer and firm placing including the firm placing to Warburg Pincus of 15.7 per cent. of the Group's Ordinary Shares. Sold <i>Martine Spécialités</i> to Financière Martine SAS for £45 million. Sold <i>Le Pain Croustillant</i> and <i>Sofrapain</i> to NutriXo SAS for £8 million.
2011	Sold the Meat-Free Business, including <i>Quorn</i> and <i>Cauldron</i> brands, to Exponent Private Equity and Intermediate Capital Group for £205 million. Sold the Canned Grocery Operations including <i>Crosse & Blackwell</i> , <i>Farrows</i> , <i>Fray Bentos</i> and <i>Smedley's</i> brands to Princes Limited for £182.2 million. Sold the Non-branded Chilled Business to 2 Sisters Foods Group for £30.3 million.
2012	Sold four Irish Brands (<i>Chivers</i> , <i>Gateaux</i> , <i>McDonnells</i> and the <i>Erin</i> licence) to The Boyne Valley Group for £34.7 million. Sold the Elephant Atta Ethnic Flour Business to Westmill Foods (a subsidiary of Associated British Foods) for £34 million. Sold the Vinegar and Sour Pickles Business including <i>Sarson's</i> , <i>Haywards</i> and <i>Dufrais</i> brands to the Mizkan Group for £41 million. Sold the Sweet Spreads and Jellies Business, including <i>Hartley's</i> , <i>Robertsons</i> , <i>Frank Cooper</i> , <i>Keiller</i> , <i>Gales</i> and <i>Sun-Pat</i> brands, to the Hain Celestial Group for £202 million.
2013	Sold the Sweet Pickles and Table Sauces Business, including <i>Branston</i> , <i>Rothwells</i> and <i>Waistline</i> brands, to Mizkan Group for £92.5 million.
2014	Agreed, subject to certain conditions, to sell 51 per cent. of the Bread Business, including the <i>Hovis</i> , <i>Mother's Pride</i> and <i>Ormo</i> brands, to Gores for initial and contingent deferred consideration of £30 million in aggregate (subject to certain adjustments).

2. The Group's strategy and key strengths

Certain industry, market and economic data contained in this section have been obtained from reports, surveys and other publications prepared by Kantar Worldpanel and IRI Infoscan. Further details on sources of information are set out in section 25 of Part X (*Additional Information*) of this document.

2.1 Strategy

The Group's category-based strategy

As announced in July 2013, the Group's overarching strategy has progressed from a brand-centric strategy, under which the Group predominantly focused on sales of its Power Brands products, to a "category-based strategy". The Group's category-based strategy entails the Group configuring its operations, management, marketing and sales so as to be functionally aligned with its respective product categories. Under the Group's category-based strategy, the Group is now focused on achieving an increase in revenue from sales of branded food products (including products under both the Power Brands and the Support Brands) across each of the five product categories in which it currently operates.

There are five key objectives which underpin the Group's category-based strategy:

(I) *Drive category growth through increasing investment in, and expanding the number of products offered under, its various brands*

The Group aims to drive sales growth within each of the product categories in which it operates by increasing its investment in, and expanding the number of products offered under, its various brands. As part of this strategy, the Group has developed detailed plans covering the development of new products and consumer marketing investment for each product category in which the Group operates and, in turn, each major brand (including both Power Brands and Support Brands) within each such product category. Through the implementation of these plans, the Group aims to:

- operate in enlarged product categories in respect of certain of the Group's products through selective diversification of its product range beyond the Group's pre-existing product categories. For example, the Group has extended its previous "Gravy and Stocks" category into the larger "Flavourings & Seasonings" category, and seeks to extend its "Ambient Cakes" category (particularly *Mr. Kipling*) into the larger "Sweet Treats" category; and
- increase its product portfolio within each of its categories, by introducing new branded products (typically under existing brands) and by focusing on product innovation of existing products, recent examples of which include *Ambrosia* "Devon Dream", *Oxo* "Shake and Flavour" and the new *Mr. Kipling* "snack-pack" formats.

In addition, the Group intends to strengthen its brands and its product offerings by improving marketing effectiveness through more coordinated customer marketing initiatives, and innovative in-store execution of new product launches and brand promotions (as illustrated by the recent launch of the *Batchelors* "Deli Box" and *Sharwood's* "Chinese New Year" branding exercises). The Group uses its consumer marketing investment to fund advertising (including production costs), brand PR costs, consumer research, packaging design and consumer sampling, which provide it with in-depth UK-focused consumer insight.

The Group is also focused on leveraging its portfolio of Support Brands to complement the product offering under its Power Brands, and believes that its increased investment in the Support Brands will enable it to supply customers with a wider range of the Group's brands and products across each product category. The Group believes that such offering will enable it to maximise sales opportunities across its portfolio of products within each product category, and to respond to customers' different pricing requirements and retail strategies. For example, certain customers (such as discounters and convenience stores) typically wish to offer consumers a range of lower priced "value for money" branded products as well as premium branded products, thereby driving demand for a variety products under both the Support Brands and the Power Brands. To illustrate this point, in the Ambient Desserts category, it would be typical for the Group to seek to supply its customers with *Bird's* products (a Support Brand) alongside its range of *Ambrosia* products (a Power Brand).

(II) *Continue to use the Group's UK-focused consumer insight to drive innovation*

The Group's principal market is the UK, which accounted for 95.9 per cent. of the Group's revenue from continuing operations for FY 2013. As a result of its historical focus on the UK food and grocery market and its consumer marketing investment, the Group has a significant level of insight with respect to consumers in the UK. The Group plans to continue to leverage this insight to identify consumer trends and changing consumer habits, and to drive product innovation in growth areas. For example, the Group has recently focused investment on capturing opportunities in: (i) the growing Easy Eating category, including through the introduction of *Batchelors* "Deli Box"; (ii) the growing consumer trend for snacking product formats, including through investment in the new *Mr. Kipling* "snack-pack"; and (iii) the

growing discounters, online and convenience channels, including through greater product differentiation across the Group's portfolio of Power Brands and Support Brands to meet a broader range of consumer needs.

Although the Group's principal market and operations are primarily focused in the UK, the Group also intends to continue to explore international expansion opportunities via export or licensing arrangements (both of which benefit from the ability to sell products in other geographical markets with relatively modest cost implications for the Group). For example, in 2013, the Group agreed a ten year partnership agreement with Swire Foods Holdings Ltd to distribute *Ambrosia* rice pudding pots in China.

(III) *To be the preferred partner for the Group's key customers in all of the Group's product categories and across all customer channels*

The Group's key customers include the 'Big Four' supermarkets (i.e. Tesco, Asda, Sainsbury's and Morrisons), other major multiple retailers (e.g. Waitrose and The Co-operative Group), discounters (e.g. Iceland and Poundland) and convenience stores. Since 2012, the Group has focused on building stronger and more strategic partnerships with its key customers in order to become their preferred partner (which is referred to by the Group as "category captain" status) across all of the product categories in which the Group operates. Achieving such status enables the Group to develop a closer working relationship with such customers, which the Group believes provides it with the opportunity to influence the strategic development of the product categories in which the Group and such customers operate. In order to achieve "category captain" status across all of the product categories in which the Group operates, the Group works with each key customer to understand its strategic objectives across all of its channels, leveraging the Group's consumer insights and category management expertise with the aim of maximising the opportunities for product category growth. As part of this process, the Group has developed structured "joint business plans" with key customers, which help to ensure that promotional plans, new product launches, in-store marketing and customer service targets are aligned between the Group and the relevant customer.

In addition, the Group believes that its category-based strategy is aligned with the retail strategies and organisation of its customers, who also typically organise their procurement on a product category basis and focus on growing categories through the offering of additional products in such categories. The Group considers that this alignment, in turn, allows it to build stronger customer partnerships and to drive category growth.

The Group also seeks to enhance its relationships with customers across sales channels. For instance, in 2012, the Group: (i) developed standard pricing and promotional architecture for its customers in the discounter and wholesale business channels to ensure that the pricing and promotion of the Group's products in these channels was consistent with its value proposition in other channels; and (ii) in recognition of the recent growth of the discounters channel, started to launch branded products tailored to discounters, including new products under some of the Group's well known Support Brands, such as *Paxo* gravy, *Marvel* hot chocolate and *Bird's* rice pudding.

(IV) *Continue to improve the Group's cost base through greater operational simplicity and a more efficient manufacturing footprint*

The Group intends to continue to improve the efficiency of its operations, and to reduce its cost base through promoting flexibility and simplicity across its manufacturing and logistics processes, in accordance with its "manufacturing controllable cost" programme. Pursuant to this programme, the Group seeks to reduce controllable costs across its supply chain, both in manufacturing and logistics, by between 2 per cent. and 3 per cent. per annum over the medium term.

In order to improve operational efficiency and achieve cost reductions, the Group began reducing organisational complexity in 2013 by decreasing the number of Stock Keeping Units (“SKUs”) in its Grocery division from approximately 1,700 as at 31 December 2012 to approximately 1,250 as at 31 December 2013. As the eliminated SKUs generated relatively low revenue, such reductions supported margin growth in FY 2013 and further reductions are expected to continue to do so going forward. The Group believes that the reduction of SKUs enables it to drive greater efficiencies through the potential facilitation of longer manufacturing production runs, which help to support the Group’s objective of reducing manufacturing controllable costs. The Group seeks to reduce the number of SKUs further to 1,000 by 31 December 2014, in particular by reducing the number of SKUs which generate the lowest levels of turnover and divisional contribution. In addition, the Group intends to continue to reduce its supplier base, which was reduced from a total number of suppliers of over 8,900 as at 31 December 2008 to 2,461 as at 31 December 2013, to approximately 1,660 suppliers by 31 December 2014. Such reductions have enabled the Group to achieve efficiencies of scale and encouraged suppliers to make a greater investment in their relationship with Premier Foods (including through the negotiation of lower unit costs by virtue of increased volumes of goods and services) than would otherwise have been the case, which has helped to achieve further cost reductions.

Furthermore, following the disposal of its non-core businesses in 2011, 2012 and 2013, the Group has successfully reduced its SG&A cost base from continuing operations by approximately 44 per cent. from approximately £147 million in FY 2011 (restated) to £83 million in FY 2013, which equates to a cost base of 5.5 per cent. of the Group’s total sales in 2013. Going forward, the Group intends to broadly to maintain the SG&A cost base at this level, with cost inflation being absorbed by cost savings.

(V) *Invest in the Group’s employees and to build and maintain a strong, winning team culture*

The Group is committed to investing in its employees and fostering a strong, winning team culture. The Group has structured leadership management training programmes to build on management’s past consumer-sector experience, and to create value by improving management’s commercial skills and expertise.

The 2014 budget includes a provision for the payment of discretionary bonuses to management, which the Board considers will enhance retention and motivation.

Reinvigoration of the Bread Business

Since 2013, the Group has taken significant steps to restructure its Bread division in order to reduce the complexity of its logistics and distribution network. If the JV Transaction proceeds, the proposed Joint Venture will further invest in, and reinvigorate, the Bread Business, which constitutes the Group’s existing Bread division. The Joint Venture intends to reposition the *Hovis* brand by pursuing a brand differentiation strategy in order to capitalise on the strength of the well known and trusted *Hovis* brand, which currently holds the No.1 sales position in packaged “bread with bits” and No. 2 position in packaged brown bread, through increased consumer marketing expenditure, product innovation and “premiumisation” (i.e. offering a range of premium products which are intended to yield a greater gross margin).

The Group believes that the additional investment in the Bread Business, as envisaged by the proposed Joint Venture, will also support the continued rationalisation and rescaling of the Bread Business, the upgrading of the capabilities and efficiency of its manufacturing facilities, and the simplification of its logistics and distribution operations. As a result, the Group expects the JV Transaction to provide for a more stable platform for the Bread Business’ future growth, from which the Group will benefit as a result of its 49 per cent. stake in the Joint Venture.

Sustainability

Capital structure

The Group believes that implementation of the Capital Refinancing Plan will provide a more stable, sustainable capital structure through deleveraging of the Group's balance sheet and, thereby, provide a platform for a more stable, sustainable business enabling management to refocus on delivering profitable results and stakeholder value.

Health and nutrition

The Group is committed to removing trans fats (to the extent possible), lowering salt levels and reducing calories across its wide range of food products. The Group also plans to phase in front of pack "traffic light" nutrition labelling. The Group's approach aims to address consumers' concerns in relation to health and nutrition issues, raw material sourcing and food quality concerns in order to maintain long-term, sustainable consumer and customer confidence in its products.

Skills and development

As mentioned above, the Group is committed to investing in its employees through training and development programmes, and wishes to increase that level of investment in the future.

The Group is a supporter of the National Centre of Excellence for Food Engineering and intends to support other programmes that improve the attractiveness of the food industry as a career, through apprenticeships and other initiatives that encourage knowledge and development.

Environment

The Group is committed to high environmental and ethical standards. The Group has successfully made year-on-year reductions in energy, water and waste since 2011. The Group also carefully monitors the certification, standards and traceability of its raw material sourcing and supply chain in order to ensure high standards are maintained throughout the Group's supply chain.

2.2 Key strengths

The Group considers that there are eight key strengths which will contribute to the successful implementation of its strategy:

(I) ***Leading market position with a broad range of leading brands driving category growth in attractive segments***

The Group currently holds the No.1 sales position in each of the five product categories in the ambient grocery segment in which it operates, as set out in the table below:

<i>Category</i>	<i>Premier Foods Brands</i>	<i>UK market size in 2013 (£ million)</i>	<i>Premier Foods's market share (%)</i>
Ambient Cakes	<i>Mr. Kipling, Cadbury and Lyons</i>	£954	25.2
Ambient Desserts	<i>Ambrosia, Angel Delight and Bird's</i>	£318	39.2
Easy Eating	<i>Batchelors and Smash</i>	£363	34.8
Flavouring & Seasonings	<i>Bisto, Oxo and Paxo</i>	£407	41.6
Cooking Sauces & Accompaniments	<i>Sharwood's, Loyd Grossman and Hompride</i>	£1,155	15.9

Source: IRI Infoscan, 52 weeks ending 28 December 2013 and 52 weeks ending 29 December 2012.

Each of the product categories in which the Group operates are within the largest and fastest growing segments of the grocery market according to IRI Infoscan. For instance, the ambient grocery segment, which accounted for approximately 57 per cent. of the overall UK grocery

market by retail sales value in the 52 weeks ended 9 November 2013, grew by approximately 2.3 per cent. over the same period, outperforming growth in both the chilled and frozen segments (which grew by approximately 1.7 and 0.7 per cent., respectively). Furthermore, the Group currently operates in several product categories with growth in excess of the ambient grocery segment, including the 'savoury meal making' segment (with approximately £6.1 billion of UK retail sales in FY 2013, of which approximately £2.7 billion was from categories in which the Group operates) and the 'sweet foods' segment (with approximately £12.4 billion of UK retail sales in FY 2013, of which approximately £1.9 billion was from categories in which the Group operates), which grew by 4.4 per cent. and 3.2 per cent., respectively, in the 104 weeks ended 9 December 2013).

The Group has been able to leverage its leading brands in order to outperform market growth in several product categories in 2012 and 2013. For example, the Group's growth in the growing Ambient Desserts and Flavourings & Seasonings categories outperformed market growth for the 104 weeks ended 28 December 2013, during which period the Group's Ambient Desserts brands experienced approximately 7.1 per cent. revenue growth compared with approximately 3.4 per cent. market growth and the Group's Flavourings & Seasonings brands experienced approximately 5.8 per cent. revenue growth compared with approximately 4.6 per cent. market growth.

One of the key factors enabling the Group to outperform the market in certain categories relates to the Group's ability to leverage its category-leading brands through all forms of distribution channels. For example, the Group believes that larger supermarkets, which typically stock a variety of brands in a given category, are more likely to retain the Group's category-leading brands as opposed to non-market leading brands, which may from time to time be de-listed. Convenience stores, which tend to offer only one brand in a given product category, typically only offer the leading brand in a given product category, which further supports the Group's product offering. Discounters typically request lower value products and the Group is able to offer its Support Brands to satisfy such demand. As a result, the Group's extensive product portfolio of category-leading Power Brands and Support Brands enables it to take advantage of opportunities for growth across all distribution channels.

(II) *Strong innovation capabilities driven by UK-specific consumer insight*

According to Kantar Worldpanel, approximately 97 per cent. (or approximately 96 per cent. excluding the Bread Business) of households in the United Kingdom annually purchase at least one of the Group's branded products (52 weeks ending 8 December 2013). Such coverage of UK households has been supported by the breadth of product categories supplied by the Group along with its focus on the UK market, and provides the Group with deep and broad insight into the shopping and consumption habits of British consumers across numerous product categories. The Group also aims to gain further UK-focused consumer insight through its consumer marketing investment, which funds advertising (including production costs), brand PR costs, consumer research, packaging design and consumer sampling. As a result of such insight, the Group believes it is better able to identify and respond to consumer trends effectively and on a timely basis. The Group believes that such ability, when combined with the Group's product innovation capabilities and product quality processes, has contributed to an improvement in market share and growth in existing markets by increasing the frequency of purchase and leveraging brand equity through brand rejuvenation. The positive effects of brand rejuvenation have been recently illustrated by the successful launches of *Oxo* "Shake & Flavour", *Bisto* "Stock Melts", *Batchelors* "Deli Box" and *Ambrosia* "Devon Dream".

(III) *Strong and established relationships with a wide array of major customers*

The Group supplies its branded and non-branded products across a number of distribution channels in the United Kingdom, including the 'Big Four' supermarkets, other major multiple retailers, discounters, wholesalers and foodservice providers. The Group's principal customers include the UK's largest grocery retailers, such as the 'Big Four' supermarkets, Waitrose and

The Co-operative Group, where the Group believes it maintains strong customer partnerships. The Group aims to sustain its long-term relationships with its major customers by working collaboratively with them and by leveraging the Group's category management expertise, knowledge of consumer trends and innovation capabilities, all of which help to maximise opportunities for product category growth. For example, the Group has developed "joint business plans" with each of its key customers in order to ensure that promotional plans, new product launches, in-store marketing and customer service targets are aligned between the Group and the relevant customer. The Group believes that the breadth of its customer base provides it with a stable source of revenue and acts as a natural mitigant against shifts in consumer preferences relating to distribution channels.

(IV) *Diverse manufacturing processes provide wide scope to innovate*

The Group's Grocery division has 17 sites across the UK and the Bread division has 20 sites across the UK, including both manufacturing sites (eight of which relate to the Grocery division) and logistics hubs. The Group's considerable scale in its manufacturing facilities enables it to operate efficiently and to leverage its manufacturing processes to offer multiple packaging formats to its customers.

In particular, the Group's manufacturing capabilities allow it to offer products in a variety of formats and sizes, including cans, pots, tetra paks, twin pots snack-packs, flow wrap, pouches, PET cartons drums, packets, sachets and jars. This flexibility allows the Group to provide innovative products and to better serve its customers' and consumers' evolving demands.

(V) *Strong capabilities to serve the Group's customers in a multi-format retail environment*

The Group believes its manufacturing flexibility (as described above) and UK-based distribution network provides it with an advantage by enabling the Group to respond promptly to its customers' varying demands in a multi-format retail environment. The Group has developed strategies to seek to grow sales through all sales channels, whether through supermarkets, convenience stores, discounters or online. For example, many of the Group's customers (including the 'Big Four' supermarkets) currently operate out of an increasingly diverse range of retail outlets, from large "out-of-town" stores, to traditional large supermarkets, to smaller convenience stores. The requests for products by the Group's customers may therefore vary depending on the nature of the retail outlet in which they are expected to be stored and sold. For example, the 'Big Four' supermarkets may request smaller shipments or palette sizes, or different sized products for their smaller retail channels, such as Tesco Express or Sainsbury's Local, and the Group is better able to respond to such requests in a timely and efficient manner due to the fact that its distribution network is based in the UK. In addition, the Group's brands over-index in both convenience store and online sales. The Group's strong relationships with UK supermarkets and retailers, broad stable of brands across various market segments (from premium to value) and manufacturing flexibility mean that it is well placed to serve its customers in all relevant sales channels, whether through supermarkets, discounters, convenience stores or online, thereby enabling it to exploit the growth opportunities in each of these sales channels.

(VI) *Track record of cost savings, enabling investment in marketing and brands*

The Group has a strong track record of cutting costs and reshaping its business to drive manufacturing and distribution efficiency. For example, in 2013 the Group restructured its Bread division, resulting in the removal of approximately 130 distribution routes, the closure of three distribution centres and the restructuring of outsourced logistics operations to optimise the new network. This restructuring plan is ongoing and is expected to yield further benefits following the additional investment in the Bread Business as a result of the Joint Venture.

The Group's scale enables it to reduce input costs and working capital through increased purchasing power. The Group is also focused on reducing its input costs and working capital

through the purchasing power afforded by its scale and also intends to further reduce its SG&A cost base, which it reduced by £16 million in FY 2013 and approximately £48 million in FY 2012. In addition, between FY 2011 (restated) and the end of FY 2013, the Group reduced SG&A by approximately 44 per cent. In addition, the Group reduced manufacturing controllable costs by approximately 5 per cent. per annum over the same period.

These cost savings have enabled the Group to invest further in targeted marketing initiatives, particularly in relation to its Power Brands, where marketing expenditure as a percentage of revenue from Grocery Power Brands increased by approximately 4.7 per cent. in FY 2013 (approximately 5.8 per cent. in FY 2012 and approximately 2.5 per cent. in FY 2011 (restated)). The Group also intends to undertake a major investment of approximately £20 million in capital expenditure in its cake business over the course of three years, commencing in 2014. Such investment is expected to involve upgrades to the existing *Mr. Kipling* and *Cadbury* lines, and also the commissioning of an entirely new slice line to significantly increase capacity.

(VII) *Attractive Grocery margins leading to strong operating cash flow generation*

The Group's category-based strategy, lean overhead base, disciplined capital expenditure and relatively flat management structure provide a strong platform from which the Group aims to drive branded revenue growth and to maintain strong margins. The Group's EBITDA margins are strong, with underlying EBITDA (including the Bread division) of £178 million in FY 2013 (£159 million in FY 2012 and £147 million in FY 2011 (restated)).

In addition, the Group believes that its Grocery division is resilient in relation to consumer preferences and has strong operational cash flow. For instance, the Group generated cash from operating activities for FY 2013 of £87.5 million and increased the percentage of EBITDA converted to cash flow to 73 per cent. in FY 2013 (69 per cent. in FY 2012 and 58 per cent. in FY 2011). The Group intends to continue to focus on delivering strong and sustainable operating cash generation from across the business.

(VIII) *Experienced management team with strong leadership and a track record of value creation*

The Group's Senior Management team has more than 200 years' experience in the food and drink industry, and also has extensive manufacturing, operational and marketing experience, including knowledge of UK market conditions and dynamics. The Group's Senior Management team is led by Gavin Darby, who joined the Group in February 2013 as chief executive officer, and Alastair Murray, who was appointed chief financial officer in September 2013.

The Group's Senior Management team has a wide range of experience accumulated over several years. Before joining the Group, members of the Senior Management team held senior positions at other food and drink companies, including (among others) Associated British Foods plc, Coca-Cola Enterprises Limited, Dairy Crest Group plc, Mondelēz International, Inc., The Sara Lee Corporation, 2 Sisters Food Group Limited, Unilever plc and United Biscuits Group Limited. The Grocery and Bread divisions each have dedicated and specialised management teams with extensive knowledge and expertise in the relevant FMCG categories. The Group believes that its Senior Management team's collective experience constitutes a competitive advantage in executing the Group's strategy.

3. Nature of operations and principal activities

3.1 Divisions

The Group is currently organised into two divisions: Grocery and Bread. If the JV Transaction proceeds, the Bread division will be transferred to the Joint Venture.

Grocery

The Grocery division produces a wide variety of branded and non-branded products in the ambient grocery sector, including cakes, soups, stocks, gravies, ambient desserts, home baking, cooking sauces and accompaniments. Power Brands in the Grocery division include *Ambrosia* custard and rice pudding, *Batchelors* soups, pasta, rice and noodles, *Bisto* gravies and stocks, *Loyd Grossman* cooking sauces, *Mr. Kipling* cakes, *Oxo* stocks and *Sharwood's* cooking sauces and Asian foods. Other well known brands in the Grocery division include *Angel Delight* whipped dessert, *Atora* suet, *Be-Ro* flour, *Bird's* custard, *Homepride* cooking sauces, *Lyons* cakes, *Marvel* powdered milk creamer, *McDougalls* home baking, *Paxo* stuffing mixes, *Saxa* salt and *Smash* instant potato. The Group also has a long-standing licence to produce *Cadbury* branded cake products, which also allows the Group to produce ambient dessert products under the *Cadbury* brand.

For FY 2013, the Grocery division reported:

- underlying revenue of £837.4 million, comprising 65.3 per cent. of the Group's total underlying revenue (excluding Milling), of which £739.7 million (88.3 per cent.) represented revenue from branded sales; and
- divisional contribution of £196.7 million.

The Group completed the sale of the Sweet Pickles and Table Sauces Business, which previously subsisted within the Grocery division, in February 2013.

The Grocery division's recent brand development activities include:

- in 2011, launching *Mr. Kipling* "snack pack" formats – lemon slices, angel slices and sponge puddings;
- in 2012, launching *Sharwood's* "wrap kits", *Batchelors* "Deli Box" and *Bisto* "Stock Melts"; and
- in 2013, launching *Oxo* "Shake & Flavour" flavourings and *Ambrosia* "Devon Dream".

As at 31 December 2013, the Grocery division employed approximately 4,300 employees and operated across 17 sites.

Bread

The Bread division operates principally in the wrapped bread market supplying *Hovis*, *Mother's Pride* and *Ormo*, as well as non-branded wrapped bread. In addition, it manufactures morning goods, a wide range of bulk and branded flours and a variety of non-branded bread and other bakery products. Key brands in the Bread division are *Hovis*, *Mother's Pride* and *Ormo*. *Hovis* is the largest brand by sales value of all of the Group's brands.

If the JV Transaction proceeds, the Group will sell a 51 per cent. interest in the Bread Business (which comprises its Bread division) and the Group will retain a 49 per cent. interest in the resulting Joint Venture. The Bread Business does not include the Group's Charnwood Foods Business, which manufactures and sells pizza base products, or the Group's Retained Flour Business, which produces flour and related products primarily for consumers and foodservice customers, each of which is considered part of the Grocery division and will be wholly retained by the Group.

For FY 2013, the Bread division (excluding Milling revenue) reported:

- underlying revenue of £445.1 million, comprising 34.7 per cent. of the Group's total underlying revenue (excluding Milling), of which £346.6 million (77.9 per cent.) represented revenue from branded sales; and
- divisional contribution of £31.4 million.

As of 31 December 2013, the Bread division employed approximately 3,800 employees and operated through ten bakeries, six mills, three depots/regional distribution centres and a head office and laboratory, which is situated in High Wycombe, Buckinghamshire. If the JV Transaction proceeds, 3,800 employees, ten bakeries, six mills (including a mixing site) and three depots/regional distribution centres will be transferred to the Joint Venture, in which Premier Foods will hold a 49 per cent. stake. If the JV Transaction proceeds, the Charnwood Foods Business and the Retained Flour Business will be retained by the Group and has been transferred to the Grocery division.

The Group effected the first phase of a major restructuring of the Bread division during the course of 2013. The restructuring resulted in the closure of three bakery sites, the consolidation of production from those locations into the remaining bread manufacturing sites, the closure of two mills, the removal of approximately 130 distribution routes, the closure of three distribution centres, and the restructuring of outsourced logistics operations to optimise the new network.

The proposed Joint Venture is intended to enable the ongoing implementation of the restructuring of the Bread Business with a view to better realising the potential of its core brands and to building beyond those core brands in certain high growth sectors. The Joint Venture represents an opportunity to obtain additional investment to support the capital expenditure required to implement the growth strategy of the Bread Business. The Group will continue to share in future value generation of the Bread Business through the retention of a 49 per cent. interest in the Joint Venture.

The JV Transaction is intended to secure the external investment and financial support required to enable the continuing implementation of the business plan for the Bread Business and help drive value generation. The Group and Gores have agreed to invest up to £45 million in the Bread Business, of which £32 million will be invested at Completion. It is also expected that Hovis Limited will have committed facilities of up to £65 million at Completion (and, in the event that it does not, the Group has agreed to provide up to £10 million of further funding, subject to certain conditions). These facilities, together with Gores' and the Group's investments (and cash expected to be generated by the Bread Business), are expected to be used to fund the Joint Venture's plan to invest up to £200 million in the next five years to improve the operational infrastructure of the Bread Business and reinvigorate the *Hovis* brand.

3.2 *Categories and Brands*

Premier Foods has a strong portfolio of brands that operate in a number of categories. Many of the Group's brands have leading market positions and strong brand recognition. To maximise future growth, the Group's business is now focused on categories and brands that are regarded by the Group as having the greatest growth potential.

For FY 2013:

- branded revenue from continuing operations was £744.2 million, representing 86.9 per cent. of revenue from continuing operations; and
- branded revenue from the underlying business was £1,086.3 million, representing 84.7 per cent. of revenue from the underlying business.

Branded sales typically attract higher margins than non-branded sales, reflecting, among other factors, brand recognition and consumer loyalty.

Within the Grocery division, the Group's strategy is category-based, a key part of which includes growing the seven Power Brands, which the Group considers to be the brands with the highest growth potential: *Ambrosia*, *Batchelors*, *Bisto*, *Loyd Grossman*, *Mr. Kipling*, *Oxo* and *Sharwood's*. The Power Brands each operate in large categories and/or hold the number one or number two positions in their respective categories. The Group considers these brands to have the best potential for growth either through new product development or through driving overall category growth.

The Support Brands are a key component of the Group's category-based strategy (for example, see section 2.1(I) above) and, in addition to playing an important category role in strengthening the Group's customer partnerships, they also help the Group to benefit from economies of scale, maximising utilisation of the Group's existing asset base. The largest Support Brands by sales are *Cadbury* cakes, *Homepride* cooking sauces and *McDougalls* flour.

The following table sets out the Group's Power Brands by category for FY 2013.

<i>Category</i>	<i>Category size (£ million)</i>	<i>Group's share of category (% of market value by revenue)</i>	<i>Category growth (% by revenue)⁽³⁾</i>	<i>Power Brands</i>
Cooking Sauces & Accompaniments	1,155	15.9	1.6	<i>Sharwood's;</i> <i>Loyd Grossman</i>
Ambient Cakes	954	25.2	0.9	<i>Mr. Kipling⁽¹⁾</i>
Ambient Desserts	318	39.2	3.1 ⁽⁴⁾	<i>Ambrosia⁽²⁾</i>
Easy Eating	263	34.8	5.6	<i>Batchelors</i>
Flavourings & Seasonings	407	41.6	4.6	<i>Bisto, Oxo</i>

Source: IRI Infoscan, 52 weeks ending 28 December 2013 and 52 weeks ending 29 December 2012.

Note: table based on principal categorisation in respect of each Power Brand.

- (1) Mr. Kipling has a 16.4 per cent. share of the Ambient Cake category.
- (2) Ambrosia has a 31.4 per cent. share in the Ambient Desserts category. Ambrosia generated sales of approximately £100 million in FY 2013, a 10.7 per cent. increase compared to FY 2012, and was purchased at least once by 53 per cent. of households in the UK in FY 2013, a 5.5 per cent. increase compared to FY 2012.
- (3) 2 years ended 28 December 2013.
- (4) Other dessert segments grew (or declined) as follows in the same period:
Chilled Desserts – 3.2 per cent.
Frozen Desserts – (2.3) per cent.
Tinned Fruit – 5.9 per cent.
Ice Cream – 6.1 per cent.

3.3 *Non-branded products*

The Group's non-branded products comprise products manufactured by the Group on behalf of retailers, with such products carrying the brand or logo of the relevant retailer, as well as products sold to food producers or manufacturers for use by such producers or manufacturers (such as flour) and known as "business-to-business". While non-branded sales typically attract lower margins than branded sales, such sales help the Group's category-based approach particularly through building relationships with customers as well as respect to capacity utilisation and the enhancement of buying scale. Non-branded sales in any one period may be more volatile than branded sales given periodic contract gains and losses as the Group balances profit and non-branded sales volumes. Given that non-branded sales typically attract lower margins and that non-branded sales can often be more volatile, the Group is strategically cautious about non-branded products but it will continue to look for and exploit value opportunities if and when they arise (for example, non-branded mince pies).

For FY 2013:

- non-branded revenue from continuing operations was £112.0 million, representing 13.1 per cent. of revenue from continuing operations;
- non-branded revenue from the underlying business was £196.2 million, representing 15.3 per cent. of revenue from the underlying business; and
- in the Grocery division, non-branded revenue from underlying business was £97.7 million, representing 11.7 per cent. of the Group's Grocery underlying revenue.

3.4 *Principal Markets and Customers*

Overview

The Group's principal market is the United Kingdom, accounting for 94.1 per cent., 96.7 per cent., 95.2 per cent. and 95.9 per cent. of revenue from continuing operations for FY 2011 (restated), FY 2012, FY 2012 (restated), and FY 2013, respectively. The Group also supplies its products to major retailers in: Europe (such sales accounting for 4.4 per cent., 2.1 per cent., 2.8 per cent. and 2.5 per cent. of revenue from continuing operations for the FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013, respectively); and other jurisdictions, including Australia and the US (such sales accounting for 1.6 per cent., 1.3 per cent., 2.1 per cent. and 1.5 per cent. of revenue from continuing operations for FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013, respectively).

United Kingdom

In 2013, the total UK food and drink market was worth approximately £76.6 billion, of which the ambient grocery sector comprised approximately £29 billion (source: Kantar Worldpanel). In 2013, the Group was the fourth largest manufacturer in the UK ambient grocery sector with a 4.7 per cent. share of the market. Other participants in the sector include Mondelēz International, Inc., Nestlé UK, Associated British Foods, Coca-Cola Enterprises and Mars, Inc., which in 2013 respectively held 5.3 per cent., 4.9 per cent., 3.4 per cent., 3.3 per cent. and 3.2 per cent. of the UK ambient grocery sector (source: Kantar Worldpanel, 52 weeks ending 5 January 2014).

The Group's focus on the UK across a selected range of categories enables it to monitor and respond to consumer trends in its principal market and across its principal product categories. The Group has a dedicated consumer insight department which is responsible for providing analytical support of consumer trends, competitor activity and movements in market and category shares. The Group's consumer marketing activities (including television and print advertising and other consumer promotions) in the UK are aimed at increasing consumer awareness, building consumer loyalty and increasing the usage and purchasing frequency of the Group's products, particularly its branded products. The Group's category focus enables it to concentrate resources in support of innovation and in response to consumer trends in its growth categories. During 2012, the Group increased marketing expenditure on its Grocery brands by 96 per cent., including TV advertising campaigns for each Power Brand.

Customers

The majority of the Group's sales come from the major UK retailers, such as Tesco, Asda, Sainsbury's, WM Morrison, Waitrose and The Co-operative Group, each of which stocks the Group's brands and their own non-branded products, some of which are produced by the Group. The Group also makes sales to discounters (for example, Iceland and Poundland), wholesalers, smaller convenience stores, professional kitchens (through the Group's food service sub-division), food producers (which use the Group's products, such as flour, in their manufacturing processes) and other UK retailers. The UK food retail market is highly competitive, demanding consistent product quality, reliable customer service, competitive pricing and innovative new products. The major retailers in the UK, the Group's principal customers, have consolidated over several years and their increased purchasing power has strengthened their negotiating position with suppliers. The Group's scale and market-leading position across selected product categories helps its negotiating position with such retailers. In addition, the Group's scale enables it to reduce costs through effective procurement, which enables the Group to provide products at lower prices.

Most of the Group's sales to major UK retailers are made on a daily demand basis. The Group does not have written contractual commitments to supply such customers on a long-term basis or any written contractual arrangements governing the terms of supply (including price) of the Group's products. As a result, the Group has a degree of pricing flexibility where, for example, input costs increase. However, the lack of such contracts also subject the Group to the risk that its customer could stop stocking the Group's products on short notice. See "*Risk Factors—Risks relating to the Group's business—The Group does not have written contractual agreements with most of its key customers*".

4. Manufacturing and distribution

Sourcing

The Group's central procurement team spent approximately £1,300 million in 2013, comprising: (i) raw materials of approximately £640 million; (ii) non-production goods and services of approximately £430 million; (iii) packaging of approximately £155 million; and (iv) outsourced production of approximately £78 million.

The Group's existing central procurement team includes a specialist wheat procurement team, which forms part of the Bread Business and which is responsible for the purchase of approximately 1 million tonnes of wheat per annum which cost approximately £249 million in 2013. If the JV Transaction proceeds, the specialist wheat procurement team will transfer to the Joint Venture.

The Group procures items from Europe, Asia, Africa and the Americas, sourced strategically after taking into account cost, quality, safety, the nature and reliability of the source, environmental impacts and workplace practices. The Group has historically sought to reduce its total number of suppliers and grow its total spend through the top 250 strategic and preferred suppliers, with a view to enabling the Group to leverage its increased purchasing power to obtain more favourable terms from suppliers. The Group has reduced its total number of suppliers from 9,472 in 2008 to 2,460 in 2013 and its spend with its top 250 suppliers was in excess of 80 per cent. of its total spend in FY 2013. The Group intends to continue to reduce its total number of suppliers in 2014.

The Group's input costs can fluctuate due to various factors including exchange rates (primarily against the US dollar and euro), commodity prices, changes in crop sizes, government sponsored agricultural programmes, demand by other purchasers, natural disasters, weather conditions during growing and harvesting seasons, general growing conditions and the effect of insects, plant diseases and fungi. The Group purchases a wide variety of commodities for use in production and distribution which can experience significant price volatility, such as dairy, sugars, starches, egg, cocoa, oils, fats and wheat. The Group manages the price risk on commodities it requires, such as tinplate, diesel, energy and wheat, by adopting appropriate forward purchase strategies or by using derivative instruments where they are available. The Group generally expects the effects of input cost changes and resulting pricing changes to even out over the long term. However, there can be a delay between input costs changing and the Group's ability to reflect these changes in the pricing of the Group's product. This can lead to volatility in results within any financial year. In recent years the Group has been subject to sharp fluctuations in commodity costs in relation to wheat, paper products and sugar. For more information on the risks relating to sourcing, see section 1.1(iv) of *Risk Factors*.

Manufacturing

As of 31 December 2013, the Grocery division operated nine manufacturing sites and the Bread division operated ten bakeries and six mills. While the Group manufactures most of the products that it sells, the Group outsources the production process for certain products, in whole or in part, to third parties where it is efficient to do so (for example, where product sales are low or uncertain). This helps to minimise the risk of over-investment in manufacturing capacity, especially with respect to new products.

Distribution

Post-manufacture, the Group's Grocery products are typically stored for a short period at distribution centres owned or leased by the Group before being transported to customers' regional distribution centres by in-house or contracted delivery drivers. Major retailer customers then distribute the Group's products, along with the retailers' other products, from regional distribution centres to individual supermarket outlets, all within the retailers' supply chain. The Group's Bread division products use a combination of the above approach and a direct to store delivery process, which varies by customer.

The majority of the deliveries in the Grocery division are outsourced to third parties. The majority of the deliveries in the Bread division are made by the Group's internal logistics network on a daily basis. The Group currently operates seven depots/regional distribution centres, four of which are operated on a leasehold basis or part leasehold with the other three being owned/operated by third parties.

During 2013, the Group completed the first phase of a restructuring of the Bread division following the termination of a high cost and low margin contract in April 2013. This restructuring resulted in the closure of three bakeries, two mills and a major reconfiguration of the logistics network, including the removal of approximately 130 distribution routes. The JV Transaction is intended to enable the ongoing implementation of the restructuring of the Bread Business by securing additional investment to support the capital expenditure required to implement the growth strategy of the Bread Business.

5. Information Technology

The Group's administration functions, namely procurement, finance, information services, technical and human resources, are managed on a Group-wide basis. The Group currently operates the SAP enterprise software platform for certain administration functions.

6. Competition

Due to the breadth of product categories covered by the Group, it has no principal branded products competitor operating across all of the same categories.

Grocery division

The competitors that the Grocery division faces range from multinational food companies to smaller family or private equity-owned businesses. Competitors who have significant branded shares in the product categories in which the Group operates include Unilever plc (Cooking Sauces & Accompaniments, Flavourings & Seasonings), Masterfoods (part of Mars, Inc.) (Cooking Sauces & Accompaniments, Flavourings & Seasonings), United Biscuits Group Limited (Ambient Cakes), The Hain Celestial Group (Ambient Desserts) and Symington's Ltd (Flavourings & Seasonings).

Bread division

The Bread division's principal competitors in the pre-packaged bread and morning goods markets are Warburtons Ltd and Associated British Foods plc. The Group's principal competitor in the bulk flour market is ADM Milling Ltd.

7. Trade Marks and Patents

The Group owns a substantial number of registered trade marks and unregistered trade mark rights in countries throughout the world for use in connection with the sale and marketing of branded products. The principal trade marks are registered in the United Kingdom and Ireland, and the Group has trade mark registrations for various products in other countries. The current registrations of these trade marks are effective for varying periods of time and may be renewed periodically, provided the Group complies with all applicable laws.

The Group's borrowings together with certain hedging liabilities and certain pension fund obligations are currently secured by certain assets of the Group, including certain intellectual property rights.

The Group has the benefit of several licences, including:

- an exclusive, worldwide licence to use the *Loyd Grossman* name on sauces, oils and dressings, accompaniments, toppings and marinades for a term lasting until 2026; and
- an exclusive licence from Cadbury UK Limited, a subsidiary of Mondelez International, Inc., to use certain trade marks in relation to the *Cadbury* brand in connection with certain ambient packaged cakes and ambient desserts in the United Kingdom, Ireland, the Channel Islands and the Isle of Man, and certain other countries in the Caribbean, the Middle East and Northern and Southern Europe. The licence may not be terminated by Cadbury UK Limited earlier than June 2017 and Cadbury UK Limited is required to give the Group 12 months' notice of any termination subsequent to such date.

The *Loyd Grossman* and *Cadbury* licensing agreements both include standard termination provisions (including certain quality control and sales volume-related hurdles). The *Cadbury* licensing agreement also

includes a change of control provision, which could result in the agreement being terminated or renegotiated if Premier Foods were to undergo a change of control that resulted in the Group being operated by a branded chocolate manufacturer operating in the UK and Ireland.

From time to time, the Group also enters into royalty agreements with various licensors for television and film tie-in products.

The Group occasionally grants licences to other manufacturers or co-packagers to use the Group's brands in connection with various products for a period of time, for example, the Group recently granted a licence for the *Hovis* Breakfast Biscuit to the 2 Sisters Food Group Limited.

8. Research and Development

The Group undertakes research and development work to create new and improved products, to apply new technology to reduce unit and operating cost and to improve customer service. For FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013, the continuing Group's research and development costs were £8.4 million, £7.0 million, £5.7 million and £4.2 million, respectively.

The Group owns a dedicated technical facility, Premier Foods Analytical Services ("PAS"), which provides the majority of the Group's analytical testing requirements. PAS also generates revenues through the provision of analytical testing services to other operators in the food industry, including with respect to safety, authentication and composition. These services can be routine, ad hoc, research-based or of an emergency nature.

9. Employees

The average monthly number of employees (excluding executive and non-executive directors) is set out below:

<i>Category</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Management	1,769	1,417	1,236
Administration	1,116	894	712
Production, distribution and other	10,916	7,476	6,431
Total	13,801	9,787	8,379

Within the employee numbers above, 4,096 (2013) and 5,058 (2012) relate to discontinued operations.

The number of employees of the Group as at 31 December 2013 was approximately 8,100, of which approximately 3,800 relate to the Bread Business. The number of employees has decreased since 2011 as a result of re-focusing the Group, including the disposals of non-core businesses and subsequent right-sizing. All of the Group's employees are located in the United Kingdom.

The Group believes that it has a good track record of industrial relations and continues to work with employees and their representatives to mitigate the risk of any industrial action. As of 31 December 2013, approximately 77 per cent. of the Group's employees were covered by collective bargaining agreements and approximately 61 per cent. were members of trade unions.

Usually, all UK employees are annually invited to participate in the Sharesave Plan under which participating employees may subscribe for awards in the form of options to acquire Ordinary Shares. Such awards are equity-settled, usually have a maximum vesting period of three years and generally vest only if employees remain in employment within the group at the vesting date. Further details of the Sharesave Plan are set out in section 12.4 of Part X (*Additional Information*).

10. Pensions

The Group operates a number of defined benefit pension schemes in the UK and Ireland, the most notable of which are Premier Foods Pension Scheme, Premier Grocery Products Pension Scheme and the RHM Pension Scheme (collectively, the Relevant Pension Schemes). The Relevant Pension Schemes were closed

to all future accrual from 30 September 2013. Prior to that, the Relevant Pension Schemes were closed to future accrual on a final salary basis from 30 June 2011. From 30 June 2011, the then existing members of the Relevant Pension Schemes switched to pension accrual on a career average basis. The Relevant Pension Schemes were closed to new employees, who are entitled to join the Group's new defined contribution scheme, known as the Group Personal Pension Plan. From 30 September 2013, all accrual of pension under the Relevant Pension Schemes ended and members were able to join the Group's defined contribution scheme for future pension provision.

Further details on such arrangements can be found in section 11 of Part X (*Additional Information*).

11. Corporate Social Responsibility

The Group has a Group-wide health and safety and environment (HS&E) management system in place to ensure that a common approach is adopted across all businesses and divisions within the Group. Line managers take responsibility at a business operation level. They are supported by HS&E advisers from within their division or within the central HS&E operational excellence function.

The Group has recently won a number of awards in the area of sustainability and corporate responsibility. In 2013, the Group won the 'Initiative of the Year' award at the 2013 UK National Recycling Awards. In 2012, the Group was presented with the 2012 'Food, Drink and Tobacco Manufacturing Industry RoSPA Sector Award' for workplace health and safety and also received the 'RoSPA Gold Award for managing occupational risk'. At the 2012 European Strategic Manufacturing Awards, the Group was awarded the 'Green and Sustainable Manufacturing Award'. The Group is also listed on both the FTSE4Good and the Ethibel Sustainability Index and has been awarded a 'Good Egg Award' by Compassion in World Farming.

The Group has developed an internal Five Star Environmental Award Programme which is compatible with the environmental management standard ISO 14001 and focuses on areas such as energy use, waste management, water use and conservation, transport management and packaging reduction. Since 2008, the Group has made strong progress in several areas of sustainability, including a reduction in water use of over 70 per cent., a reduction in waste to landfill of over 90 per cent. and a reduction in energy use of over 45 per cent.

12. Insurance

The Group maintains types and amounts of insurance coverage that it considers to be consistent with customary industry practices in the jurisdictions in which it operates. The Group's insurance policies cover, among other things, employee-related accidents and injuries, property damage, customer, credit, machinery breakdowns and liability deriving from the Group's activities. The Group's product liability insurance covers liability arising from damages in respect of injury, property damage, nuisance, trespass, or interference with any easement right of air, light, water or way. The Group also maintains directors' and officers' liability and indemnity insurance, which covers the directors and officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of Premier Foods and in respect of damages resulting from the unsuccessful defence of any proceedings.

PART III

INDUSTRY OVERVIEW AND REGULATORY FRAMEWORK

1. Industry overview and competitive environment

Certain industry, market and economic data contained in this section have been obtained from reports, surveys and other publications prepared by Kantar Worldpanel and IRI Infoscan. Further details on sources of information are set out in section 25 of Part X (*Additional Information*) of this document.

Overview

The UK grocery retail market, which comprises all food, drink and non-food products (such as health and beauty, pet care, tobacco and clothing) sold through retail outlets that predominantly sell food, is the fourth largest in western Europe behind France and Germany and the ninth largest globally according to Kantar Worldpanel. In 2013, the total UK food and drink market, which comprises all food and drink products sold excluding alcohol grew by 4.0 per cent. to £76.6 billion according to Kantar Worldpanel.

In 2013, the ambient grocery sector comprised 37 per cent. of the UK food and drink (excluding alcohol) market, and grew by 3.9 per cent., the chilled food sector comprised 31 per cent. of the market, and grew by 0.7 per cent., and the frozen food sector comprised 12 per cent. of the market, and grew by 1.7 per cent. Branded sales outpaced non-branded sales in 2013 with value growth of 4.1 per cent., compared to 3.6 per cent. for non-branded sales.

Ambient Grocery Sector

Overview

The Group operates primarily in the ambient grocery sector which was worth £28.9 billion in 2013 and grew by 3.9 per cent. from 2012 according to Kantar Worldpanel. Since 1994, the ambient grocery sector has maintained a 37 per cent. to 39 per cent. share of the total UK food and drink market (excluding alcohol).

Market structure

The UK ambient grocery sector is largely serviced by:

- major multinational manufacturers, such as Associated British Foods plc, Heinz Co., Kellogg Co., Mondelēz International, Inc., Mars, Inc., Nestlé S.A., PepsiCo, Inc., and Unilever plc, who pursue a global brand strategy and focus on categories where their global focus can be achieved; and
- smaller UK manufacturers, such as Dairy Crest Group plc, 2 Sisters Food Group Limited, Greencore Group plc and Cranswick plc, who generally focus on a blend of branded and non-branded products. As these businesses have a lower proportion of branded products in their respective portfolios, they tend to generate lower profit margins than the major multinationals.

The Group is pursuing a different strategy from those manufacturers with its focus on its branded portfolio and on the UK market. The Group does not have any principal competitors who operate across all of the same categories as the Group.

The Group has a leading position among the manufacturers servicing the UK ambient grocery sector with a 4.7 per cent. market share of total sales in FY 2013. The chart below sets out the market shares by value of the top five UK ambient grocery manufacturers.

<i>Manufacturer</i>	<i>2013 (per cent.)</i>
Mondelēz	5.3
Nestle	4.9
Premier Foods	4.7
Associated British Foods	3.4
Coca-Cola Enterprises	3.3

Source: Kantar Worldpanel 52 weeks ending 5 January 2014.

Categories

The following table sets out information on the key categories within the ambient grocery sector in the UK in which the Group holds significant positions.

<i>Category</i>	<i>2013 Category Sales size (£ million)</i>	<i>2011 vs. 2013 CAGR (%)</i>	<i>Other Key Branded Manufacturers</i>
Cooking Sauces & Accompaniments	1,155	1.6	Heinz, Unilever, Mars, Associated British Foods, Princes, General Mills, McCormicks
Ambient Cakes ⁽¹⁾	954.0	0.9	United Biscuits
Easy Eating	363	5.6	Unilever, Symingtons, Masterfoods
Ambient Desserts	318	3.1	Hain Celestial, Nestlé
Flavourings & Seasonings ⁽²⁾	407	4.6	Unilever, McCormicks

(1) As a comparison, the larger “Sweet Treats” category had UK retail sales of approximately £7.4 billion in 2013 and 18 per cent. growth (CAGR) since 2009.

(2) As a comparison, the smaller “Gravy and Stocks” category had UK retail sales of approximately £260 million in 2013 and CAGR of 7.6 per cent. since 2011.

Source: IRI Infoscan, 52 weeks ending 28 December 2013 and 52 weeks ending 29 December 2012.

Other categories in the ambient grocery sector in which the Group does not have a leading position include in-store bakery, tea, coffee, soft drinks, confectionery, biscuits, savoury snacks and breakfast cereals.

Non-branded

Non-branded products are products offered by a retailer under its own name. Production of non-branded products in the ambient grocery market is typically outsourced to non-retailer food manufacturers. While most retailers do not typically maintain their own manufacturing facilities, there is one exception to this among the ‘Big Four’ supermarkets. In 2013, the non-branded products accounted for 31.5 per cent. of sales in the ambient grocery market. Retailers adopt different strategies in the non-branded products they offer. For example, Marks & Spencer has historically offered a very high proportion of products in store that are non-branded products (including premium non-branded products); however, in recent years, they have started to stock branded products in certain categories. However, most retailers offer a combination of branded and non-branded products in the categories that they offer in store. This provides the consumer with a choice of product in each category according to taste and budget. In many non-branded categories, ranges can be further sub-divided into value, mainstream and premium segmentations, which afford a further level of choice for the consumer.

Distribution

The main retail channels within the UK Grocery market are the major multiple retailers, discounters and convenience stores. Other distribution channels include local authorities (schools and hospitals), staff canteens, restaurants and pub chains. These channels are largely accessed through intermediate wholesalers.

The following chart sets out the market shares of the largest major multiple retailers and discounters of total grocery retail market sales.

<i>Retailer</i>	<i>Market Share % (12 weeks to 2 February 2014)</i>	<i>Market Share % (12 weeks to 3 February 2013)</i>
Tesco	29.2	30.0
Asda	17.3	17.7
Sainsbury	17.1	17.0
Morrisons	11.3	11.8
The Co-operative Group	6.1	6.2
Waitrose	4.9	4.8
Aldi	4.1	3.2
Lidl	3.2	2.8
Iceland	2.3	2.2

Source: Kantar Worldpanel 12 weeks ending 10 November 2013.

The following chart sets out the principal sales channels in the UK Grocery market:

<i>Sales channel</i>	<i>Value (retail sales revenue) FY 2013⁽¹⁾</i>	<i>Growth during FY 2013 (%)</i>
Supermarkets	£74.6 billion	1.5
Online	£5.2 billion	18.9 ⁽²⁾
Hard discounter	£6 billion	22.0
High street discounter	£4.7 billion	11.1
Convenience	£4.4 billion	0.9
Other	£8.9 billion	0.0
Total market	£103.8 billion	3.6

(1) rounded to nearest whole billion

(2) Latest data from Kantar Worldpanel shows 21.8 per cent. of UK population purchased products within the Grocery market online in 52 weeks ending 9 June 2013

Source: Kantar Worldpanel 52 weeks ending 5 January 2014 vs. previous year.

Key Factors Affecting Sector

The Group believes that the following factors affect and will continue to affect the ambient grocery sector:

- *Balance between branded sales and non-branded sales*

The value of non-branded sales has generally grown over the past year and is affected by general economic conditions, the level of promotional activity in connection with branded products and the effectiveness of consumer marketing strategies. Promotional activity continues to remain at elevated levels compared to historical trends;

- *New product innovation*

The introduction of new or improved products can influence the growth profile of the relevant category of such products. For example, the stocks category was in decline until a new form of gel-based stock was introduced to the market, which returned the category to growth;

- *Changing consumer life styles*

A greater emphasis on convenience has led to changes in demand for certain types of products, sizes and formats. For example, the research conducted by the Group has indicated many consumers preferred the convenience of single portion size cakes, which led to the introduction of the “snack pack” packaging format under the *Mr. Kipling* brand;

- *Sustainability*
Consumer concerns about sustainability, freshness, authenticity, origin, perceived healthiness and environmental impact of products. For example, the Group's research indicates that promoting that a product uses free-range eggs can affect consumers' perceptions of the product;
- *Retailer developments*
Retailers are introducing alternative store formats including smaller stores, as the quantity of 'top up' shops by consumers has increased. In addition, online retailer grocery channels increased by over 18 per cent. in the 52 weeks ending 5 January 2014; and
- *Growing discounter channel*
The discounter channel has demonstrated strong growth recently. In the 52 weeks ended 05 January 2014, the discounters channel, which is worth over £10 billion in the UK, grew by 17.6 per cent. Consumers in the UK continue to look for value in their weekly shop and the formats within this channel provide a range of products which deliver such value.

Baking and Milling

Overview

The total UK Bakery market was worth £3.97 billion in 2013 and is one of the largest segments within the UK ambient grocery sector. According to IRI Infoscan, Kantar Worldpanel and management estimates, between 2011 and 2013, volume sales of bread decreased by an estimated 1.1 per cent., with value sales increasing by 2.6 per cent., reflecting a long-term trend of decreased consumer consumption, particularly at breakfast.

There are varying levels of premiumisation in the pre-packaged bread market such as "economy" budget loaves normally sold under retailer brands, "standard wrapped" traditional sliced loaves, "premium wrapped" using higher quality grains or high-protein flours that give a finer texture and better flavour and "super premium" breads which have added value over premium products such as crusty loaves.

Market structure

The UK bread production industry can be divided into four main categories:

- pre-packaged bread;
- in-store bakery;
- sandwich alternatives; and
- other bakery.

The following table sets out the market share of UK bread production by value of each of these categories. The total market value at 31 August 2013 was £3,973 million.

<i>Segment</i>	<i>Market Share % (52 weeks ending 31 August 2013)</i>
Pre-packaged bread	50.0
In-store bakery	17.0
Sandwich alternatives	17.0
Other bakery	16.0

Source: IRI Infoscan, Kantar Worldpanel.

The Group's Bread division, of which the Bread Business forms the majority, is one of three main plant bread producers in the UK with the other two being Warburtons Ltd and Associated British Foods plc. The following chart sets out the branded market shares by value of these large plant bread producers in the UK.

<i>Manufacturer</i>	<i>Market Share % (4 weeks to 16 November 2013)</i>	<i>Market Share % (4 weeks to 17 November 2012)</i>
Warburtons	35.0	35.2
Kingsmill	22.6	18.3
Hovis	20.5	24.5
Own label	11.9	12.3
Others	10.0	9.8

Source: IRI Infoscan, Grocery Outlets, 4 weeks ending 16 November 2013.

Milling

The UK milling industry produced over 5 million tonnes of flour for the 12 months ended 31 August 2012 of which 4.0 million tonnes was used for food production. The value of flour for food production is approximately £1.5 billion. Demand for flour has been stable for the last 10 years and relatively little flour is traded by producers or consumers in the UK to or from producers or consumers in Europe. Approximately 25 per cent. of the supply in the UK is vertically integrated with bakeries and other manufacturing.

Hovis is the third largest vertically integrated miller and bakery in the UK by sales and the Group's mills produced approximately 825,000 tonnes of flour in 2013 (of which approximately 795,000 tonnes was produced by the Bread Business and approximately 30,000 tonnes was produced by the Retained Flour Business).

Key Factors Affecting Sector

The Group believes that the following factors affect and will continue to affect the UK bakery and milling markets:

- *Rising commodity prices*
In recent years, there have been periods of wheat price inflation as a result of poor growing conditions in wheat growing areas of the world and sustained levels of demand. In some instances, this has resulted in higher production costs to ensure the requisite level of quality is maintained, which in turn has meant higher prices have been passed on to customers to reflect these cost pressures;
- *Consumer perceptions of healthiness and eating habits*
Changes in consumers' eating habits, particularly at breakfast, and dietary habits, including increasing awareness of calories eaten has affected the level and mix of products sold in the UK bakery market. An increased snacking trend has also had a significant impact on the market;
- *New product innovation*
Innovations include specialist products offering greater choice to consumers with intolerances and allergies, as well as a greater range of loaf sizes to meet the needs of diverse household sizes; and
- *Consumer attitudes and motivations such as preferences for price, freshness and premium products*
Frequency of bread consumption has declined as breakfast choices have increased and cereal has been seen by consumers as more convenient. Freshness is considered an important purchase consideration that conveys a sense of superior quality. Volumes of white plant bread have experienced long-term declines over recent years, whereas wholemeal, "half and half" and "bread with bits" have experienced either flat or growing volumes during the same period.

2. Regulatory overview

The Group is subject to extensive food safety regulations and is subject to government food processing controls in each of the countries in which it operates. European Commission Regulation EC/178/2002 provides the framework for a unified approach to food safety in the European Union and all Member States have implemented it into national law. Among the major requirements of Regulation EC/178/2002 are Article 17, which imposes on food business operators a general obligation to ensure that the operations under their control satisfy the relevant food law requirements and an obligation to verify that such requirements are met and Article 18, which imposes a mandatory traceability requirement along the food chain. The traceability requirement applies to all food, animal feed, food-producing animals and all types of food chain operators including in the farming, processing, transportation, storage, distribution and retail sectors. Information including the name, address of the producer, nature of the products and date of transaction must be systematically registered by each operator's traceability system. This information must be kept for five years and upon request, must be made immediately available to the competent authorities. In addition to the general requirements of Regulation EC/178/2002, the Group is subject to the specific food hygiene legislation, HACCP, which has been implemented in all of its operating divisions and production facilities. The Group is also regularly inspected by various national and local regulatory authorities.

The Group has various internal due diligence procedures in place to ensure continuous compliance with all relevant regulatory and food safety standards:

- The Group embeds Hazard Analysis Critical Control Point (HACCP) principles across all of its production sites in accordance with food hygiene regulations.
- All of the Group's production sites are externally audited annually by independent compliance companies to the British Retail Consortium Global Standard for Food Safety Issue 6.
- The Group conducts internal audits (including unannounced audits) covering all production sites as part of its internal audit programme. These audits are carried out in accordance with Premier Foods Corporate Technical Standard which has been designed to meet or exceed industry best practice and encourage continuous improvement.
- The Group has a supplier approval, review and audit programme in place. This includes the approval of new suppliers by a dedicated technical team, and an ongoing risk-based audit programme carried out by a specialist third party provider.
- The Group has a risk-based microbiological and contaminant screening programme covering raw materials, finished products and co-manufactured products to further verify the raw materials and product specifications and controls in place.
- The Group prepares monthly regulatory updates which are circulated to the Group's technical community. Quarterly technical network meetings are held to update and review any issues.

Below are examples of recent EU regulations affecting the Group:

- Regulation 1924/2006 on nutrition and health claims made on foods. This regulation provides that nutrition and health claims may only be used in the labelling, presentation and advertising of foods placed on the market in the EU if they comply with the provisions of this regulation. The Group's nutrition claims are currently fully compliant with the regulation. The Group's health claims have been assessed by the European Food Safety Authority and most have been accepted. The Group promptly phases out any claims that are not accepted.
- Regulations 1331/2008, 1332/2008, 1333/2008 and 1334/2008. These regulations are referred to as the "Food Improvement Agents Package" and set the rules for use of food additives, enzymes and flavourings in food. The Group believes that it is currently in compliance with the requirements of these regulations and does not expect them to cause any major disturbance in the Group's business.
- Regulation 1107/2009 on plant protection products. This regulation places further restrictions on the list of pesticides and fungicides which may be used within the European Union. Although its full impact will not be felt until 2015, it is predicted to affect UK and EU crop yields, and therefore may lead to cost increases for major raw materials such as wheat, potatoes, peas and carrots.

The following EU regulation may have a material impact on the Group in the next few years:

- Regulation EU 1169/2011 (EU Food Information Regulation) on food information for consumers. This regulation, which was entered into force on 12 December 2011, introduces a new set of food labelling rules. Most of the new provisions will apply from 13 December 2014, with the most notable exception being the requirement to provide a mandatory nutrition declaration which will apply from 16 December 2016. The UK Government recently held a public consultation on the proposed Food Information Regulations 2013 which will revoke the existing Food Labelling Regulations 1996 and enable the new regulation to be enforced in the UK. The consultation closed on 30 January 2013.

As a result of the EU Food Information Regulation, all labels within the Premier Foods portfolio will require updating for full compliance by 13 December 2014. The Regulation sets the rules on:

- mandatory information for food labels;
- presentation, style and positioning of this mandatory information;
- advertisements and distance selling; and
- legal responsibility for compliance.

Certain nutrition information will need to be uniformly presented on the packaging of most processed foods. A minimum font size will be introduced for all mandatory food labelling information. Allergens will need to be highlighted in the ingredients list by font or style and the type of vegetable oil must be stated. Most of the Group's packs will need to be substantially redesigned to comply with this new regulation. The Group will endeavour to incorporate this into general redesigns to minimise the cost impact.

- Regulation EC 1935/2004 (on materials and articles intended to come into contact with food) contains general provisions restricting contact between food and certain non-food materials and articles. There are also national laws in certain EU Member States in which the Group carries on business which are more restrictive than the EU legislation. There are currently few articles covered; however, in the next few years this will extend significantly, for example to paper, board, inks and adhesives.

PART IV

OVERVIEW OF BUSINESS PERFORMANCE AND OPERATING AND FINANCIAL REVIEW

The following discussion of the Group's business performance and results of operations should be read in conjunction with the other information in this document, including the Financial Statements and the Circular.

The audited consolidated financial statements of Premier Foods as of and for FY 2013, FY 2012 and FY 2011 under IFRS are included in the Financial Statements for each such financial year, which have been incorporated by reference into this document as referred to in Part XI (Information Incorporated by Reference) of this document.

The Company restated its financial statements for the year ended 31 December 2011, as described in footnote 1 to the Consolidated Income Statement to the 2012 Financial Statements, following an £8.9 million reclassification of certain costs to align categorisation across the Group. As such, the financial information for the year ended 31 December 2011 (FY 2011 (restated)) has been extracted from 2011 comparatives included in the 2012 Financial Statements.

The Company restated its financial statements for the year ended 31 December 2012, as described in the 2013 Financial Statements, following the reclassification of the Bread Business as a discontinued operation and to reflect the adoption of IAS 19 (Revised). As such, the financial information for the year ended 31 December 2012 (FY 2012 (restated)) referred to in the following discussion of the Group's business performance and results of operations has been extracted from 2012 comparatives included in the 2013 Financial Statements. The FY 2012 balance sheet and cash flow statement were not restated in the FY 2013 Financial Statements.

The 2013 Financial Statements do not include the performance and results of the Bread Business within continuing operations which, following the announcement of the proposed Joint Venture, has been classified as a discontinued operation for the purposes of financial statements for FY 2013 and FY 2012 (restated). See Part V (Financial Information on the Bread Business) of the Circular (which has been incorporated by reference into this document as referred to in Part XI (Information Incorporated by Reference) of this document) and Part VII (Unaudited Pro Forma Financial Information for the Group) of this document for further information on the proposed Joint Venture.

The audited financial statements of the Group are reported on a continuing operations basis for certain measures of performance. "Continuing operations" includes the results of businesses disposed during the respective periods until the date of disposal, save for those businesses that have been classified as discontinued operations, such as the Bread business in FY 2013. For example, the Vinegar and Sour Pickles Business disposal completed on 28 July 2012; therefore, the results of the continuing operations for the year ended 31 December 2012 include seven months results of the Vinegar and Sour Pickles Business.

The following discussion of the Group's business performance and results of operations include financial information relating to the Group's underlying business performance and a discussion of "total underlying Group revenue", "total underlying Group trading profit" and "total underlying Group EBITDA", which are non-IFRS measures. The Group's underlying financial measures are derived from the Group's continuing operations and include the operating results of the Bread Business, but exclude the results of businesses disposed of in FY 2011 (restated), FY 2012 (restated) and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and, with respect to Total Underlying Group revenue, Milling revenue. The Group presents the "total underlying Group" financial measures as it believes this basis better reflects the Group's underlying business performance resulting from its Grocery division and Bread division. For further information on such financial measures, see "Presentation of financial and other information" in the Important Information section.

The following discussion of the Group's business performance and results of operations also include financial information relating to the Grocery division's underlying business performance and a discussion

of “retained Grocery revenue”, “retained Grocery trading profit” and “retained Grocery EBITDA”, which are non-IFRS measures. The “retained Grocery” financial measures are derived from the Group’s continuing operations (which excludes the Bread Business and includes the results of operations of the Charnwood Foods Business and the Retained Flour Business), but exclude the results of businesses disposed of in FY 2011, FY 2012 and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and, with respect to FY 2011 (Restated), certain intersegmental reclassifications. Following the completion of the Bread JV Transaction, the results of the Charnwood Foods Business and Retained Flour Business will be reported within the results of the Grocery division. As a result, the Group presents the “retained Grocery” financial measures as it believes the this basis better reflects the Group’s underlying business performance resulting from its Grocery division. For further information on such financial measures, see “Presentation of financial and other information” in the Important Information section.

Some of the information contained in the following discussion, including information with respect to the Group’s plans and strategies for its business and expected sources of financing, contains forward-looking statements that involve risk, uncertainties and assumptions. See “Important Notice – Note regarding forward-looking statements”. The Group’s actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set out in “Risk Factors”.

1. Introduction

General

Premier Foods is one of the United Kingdom’s largest food producers with total underlying revenue of £1,282.5 million in FY 2013, including the Bread Business (excluding Milling revenue; £1,504.4 million including Milling revenue). The Group’s strategy is category-based, a key part of which includes growing its seven Power Brands, which the Group considers to be the brands with the highest growth potential: *Ambrosia*, *Batchelors*, *Bisto*, *Loyd Grossman*, *Mr. Kipling*, *Oxo* and *Sharwood’s*. In addition, the Group has a portfolio of many other British food brands and also an extensive non-branded food business which manufactures food in partnership with many of the UK’s leading food retailers. If the proposed JV Transaction proceeds, Premier Foods will continue to be one of the United Kingdom’s largest food producers and will, through its 49 per cent. interest in the Joint Venture, continue to participate in, and focus on the growth of, the Bread Business and the *Hovis* brand. The Bread Business comprises Baking and Milling.

Branded sales represented 84.7 per cent. of the Group’s underlying revenue for FY 2013; the remaining 15.3 per cent. was represented by non-branded sales. Branded sales typically attract higher margins than non-branded sales, reflecting, among other factors, perceived product quality, brand recognition and consumer loyalty. As non-branded sales ordinarily attract lower margins, the Group is strategically cautious about non-branded products and has adopted a disciplined approach to ensure its non-branded operations meet or exceed internal economic hurdles so as not to dilute gross margin, although the Group will continue to look for and exploit non-branded value opportunities, if and when they arise, to utilise the Group’s capacity (for example, non-branded mince pies).

As of 31 December 2013, the Group employed approximately 8,100 employees in its continuing operations and operated over 37 sites across the United Kingdom (approximately 3,800 current employees and 20 sites will transfer to the Joint Venture if the JV Transaction completes).

In FY 2013, the Group’s:

- revenue from continuing operations was £856.2 million (total underlying revenue was £1,282.5 million, excluding Milling);
- trading profit from continuing operations was £139.5 million (total underlying trading profit was £145.2 million); and
- underlying EBITDA was £178.1 million.

Divisions: general

The Group is currently organised into two divisions: Grocery and Bread. The Grocery division produces a wide variety of products in the ambient grocery sector, including cakes, soups, stocks, gravies, desserts, home baking, cooking sauces and accompaniments. The Group proposes to sell a 51 per cent. interest in its Bread Business, (which comprises the Bread division) and the Group will retain a 49 per cent. interest in the resulting Joint Venture. As such, the Bread Business has been classified as a discontinued operation for the purposes of the 2013 Financial Statements. The Bread Business does not include the Group's Charnwood Foods Business, which manufactures and sells pizza base products, or the Group's Retained Flour Business, which produces flour and related products primarily for consumers and foodservice customers, each of which has been classified as part of the Grocery division in the 2013 Financial Statements and will be wholly retained by the Group. As such, the Grocery division accounted for 100 per cent. of the Group's total revenue from continuing operations in FY 2013 (65.3 per cent. of the Group's total underlying revenue in FY 2013, including discontinued operations).

Continuing operations: Grocery

The Grocery division produces a wide variety of branded and non-branded products in the ambient grocery sector, including cakes, soups, stocks, gravies, ambient desserts, home baking, cooking sauces and accompaniments. Power Brands in the Grocery division include *Ambrosia* custard and rice pudding, *Batchelors* soups, pasta, rice and noodles, *Bisto* gravies and stocks, *Loyd Grossman* cooking sauces, *Mr. Kipling* cakes, *Oxo* stocks and *Sharwood's* cooking sauces and accompaniments. Other well-known Support brands in the Grocery division include *Angel Delight* whipped dessert, *Atora* suet, *Be-Ro* flour, *Bird's* custard, *Homepride* cooking sauces, *Lyons* cakes, *Marvel* powdered milk creamer, *McDougalls* home baking, *Paxo* stuffing mixes, *Saxa* salt and *Smash* instant potato. The Group also has a long-standing licence to produce *Cadbury* branded cake products, which also allows the Group to produce ambient dessert products under the *Cadbury* brand. For FY 2013, the Grocery division generated 100 per cent. of the Group's total revenue from continuing operations and 66.3 per cent. of the Group's total underlying revenue, including discontinued operations and excluding Milling revenue.

Discontinued operations: Bread

The Bread Business, which comprises the majority of the Bread division, operates principally in the wrapped bread market supplying *Hovis*, *Mother's Pride* and *Ormo*, as well as non-branded wrapped bread. In addition, it manufactures morning goods, a wide range of bulk and branded flours and a variety of non-branded bread and other bakery products. For FY 2013, the Bread Business generated revenue of £654.6 million. The Bread Business does not include the Group's Charnwood Foods Business, which manufactures and sells pizza base products, or the Group's Retained Flour Business, which produces flour and related products primarily for consumers and foodservice customers, each of which will be wholly retained by the Group and form part of the Grocery division. See Part V (*Financial Information on the Bread Business*) of the Circular (which has been incorporated by reference into this document as referred to in Part XI (*Information Incorporated by Reference*) of this document) and Part VII (*Unaudited Pro Forma Financial Information for the Group*) of this document for further information on the proposed Joint Venture.

2. Financial information

2.1 Summary financial information

Group statement of comprehensive income information

The following tables set out certain summary financial information in respect of the Group in FY 2013, FY 2012 (restated), FY 2012 and FY 2011 (restated):

Consolidated Income Statement

	<i>FY 2013</i>	<i>FY 2012 (restated)⁽¹⁾</i>	<i>FY 2012⁽²⁾</i>	<i>FY 2011 (restated)⁽³⁾</i>
	<i>(£ millions)</i>			
Continuing operations				
Revenue	856.2	1,070.9	1,756.2	1,999.5
Cost of sales	(556.1)	(721.6)	(1,261.2)	(1,445.0)
Gross profit	300.1	349.3	495.0	554.5
Selling, marketing and distribution costs	(111.9)	(141.6)	(262.5)	(263.3)
Administrative costs	(133.5)	(123.5)	(132.2)	(466.8)
Net other operating income/(expenses)	(2.1)	(0.5)	(4.0)	(0.7)
Operating profit/(loss)	52.6	83.7	96.3	(176.3)
Operating profit/(loss) before impairment and profit/(loss) on disposal of operations	55.0	50.6	68.8	116.9
Impairment of intangible and tangible assets ⁽⁴⁾	–	–	(36.2)	(282.0)
Profit/(loss) on disposal of operations ⁽⁵⁾	(2.4)	33.1	63.7	(11.2)
Finance cost	(62.2)	(86.1)	(86.3)	(126.9)
Finance income	2.4	4.1	4.1	7.2
Net movement on fair valuation of interest rate financial instruments	11.6	(9.7)	(9.7)	36.9
Profit/(loss) before taxation from continuing operations	4.4	(8.0)	4.4	(259.1)
Taxation credit/(charge)	(51.1)	18.0	21.9	29.1
(Loss)/profit after taxation from continuing operations	(46.7)	10.0	26.3	(230.0)
Loss from discontinued operations	(199.2)	(27.6)	(13.5)	(109.0)
(Loss)/profit for the year attributable to owners of Premier Foods	(245.9)	(17.9)	12.8	(339.0)

Notes:

- (1) Restated to reflect the treatment of the Bread Business as a discontinued operation and to reflect the adoption of IAS 19 (Revised). For further details, please refer to the 2013 Financial Statements.
- (2) The Bread Business is included as a continuing operation. As such, the income statement for FY 2013 and FY 2012 (restated) is not directly comparable to FY 2012 and FY 2011 (restated). For further details, please refer to the 2012 and 2013 Financial Statements.
- (3) Restated to reflect the classification of certain costs amounting to £8.9 million as per the FY 2012 consolidated income statement. For further details, please refer to the 2012 Financial Statements.
- (4) Impairment charges in FY 2012 included £23.7 million recognised against intangible assets allocated to the Bread division, related to adverse trading conditions experienced during the year, along with £12.5 million recognised against tangible fixed assets. Impairment charges in FY 2011 (restated) included £282.0 million recognised against the goodwill and intangible assets allocated to the Bread division, along with £80.4 million recognised against the assets allocated to the Non-branded Chilled business which was recorded within discontinued operations.

- (5) Loss on disposal of operations for FY 2013 relates to the disposal of the Sweet Pickles and Table Sauces Business. Profit/(loss) on disposal of operations for FY 2012 includes the disposals of the four Irish Brands (*Chivers*, *Gateaux*, *McDonnells* and the *Erin* Licence), the *Elephant Atta* Ethnic Flour Business, the Vinegar and Sour Pickles Business and the Sweet Spreads and Jellies Business. Profit/(loss) on disposal of operations for FY 2011 (restated) includes the disposals of the Meat-Free Business, the Canned Grocery Operations and the Brookes Avana business.

Consolidated Balance Sheet Information

	<i>FY 2013</i>	<i>FY 2012⁽⁶⁾⁽⁷⁾</i>	<i>FY 2011</i> (restated)
		(£ millions)	
Cash and cash equivalents	157.0	53.2	45.8
Total current assets	501.5	550.0	514.8
Property, plant and equipment	196.3	374.2	417.3
Total assets	2,059.9	2,387.0	2,611.0
Total current liabilities	(532.4)	(691.6)	(757.2)
Total liabilities	(2,042.0)	(1,982.1)	(2,038.3)
Net debt ⁽⁸⁾	(830.8)	(950.7)	(1,257.0)
Total equity	17.9	404.9	572.7

- (6) The FY 2012 balance sheet was not restated in the FY 2013 Financial Statements and therefore no FY 2012 (restated) balance sheet is presented.
- (7) The Bread Business assets and liabilities to be sold were classified as held for sale in the 2013 Financial Statements.
- (8) Net debt represents gross borrowings, less cash and cash equivalents and less capitalised debt issuance costs. FY 2011 (restated) is restated to reflect the inclusion in net debt of the securitised debtors programme and additional term debt due to the crystallisation of long-dated interest rate swap liabilities.

Consolidated Cash Flow Statement Information

	<i>FY 2013</i>	<i>FY 2012⁽⁹⁾</i>	<i>FY 2011</i> (restated)
		(£ millions)	
Cash inflow/(outflow) from operating activities	87.5	4.2	(29.1)
Cash (outflow)/inflow from investing activities:			
– capital expenditures	(40.4)	(66.6)	(78.9)
– other	105.6	312.4	400.2
Cash inflow/(outflow) from financing activities	(5.5)	(262.3)	(241.1)
Net increase/(decrease) in cash and cash equivalents	147.2	(12.3)	51.1

- (9) The FY 2012 cash flow statement was not restated in the FY 2013 Financial Statements and therefore no FY 2012 (restated) cash flow information is presented.

Summary Financial Information

	<i>FY 2013</i>	<i>FY 2012</i> (restated)	<i>FY 2012</i>	<i>FY 2011</i> (restated)
		(£ millions other than percentages)		
<u>Continuing operations⁽¹⁰⁾</u>				
Revenue	856.2	1,070.9	1,756.2	1,999.5
Trading profit ⁽¹¹⁾	139.5	159.1	154.7	188.3
EBITDA ⁽¹²⁾	156.8	182.5	194.3	230.1
EBITDA margin ⁽¹³⁾	18.3%	17.0%	11.1%	11.5%
Net regular interest ⁽¹⁴⁾	(58.4)	(69.5)	(69.5)	(115.7)
<u>Group underlying⁽¹⁵⁾</u>				
Revenue	1,282.5	1,297.4	1,353.8	1,311.7
Trading Profit	145.2	123.4	123.4	111.6
EBITDA	178.1	158.6	158.6	147.3
EBITDA Margin	13.9%	12.2%	11.7%	11.2%

	<i>FY 2013</i>	<i>FY 2012</i> <i>(restated)</i>	<i>FY 2012</i>	<i>FY 2011</i> <i>(restated)</i>
	<i>(£ millions other than percentages)</i>			
<i>Retained Grocery</i> ⁽¹⁶⁾				
Revenue	849.8	866.0	868.7	827.5
Trading Profit	138.9	131.1	131.1	118.7
EBITDA	156.2	150.1	150.1	137.3
EBITDA Margin	18.4%	17.3%	17.3%	16.6%

(10) The Bread Business is not included as a continuing operation in FY 2013 and FY 2012 (restated). The Bread division is included as continuing operations in FY 2012 and FY 2011 (restated). The table below sets out the contributions to the Group's operating results in respect of the non-core business disposals in FY 2011 (restated), FY 2012 (restated) and FY 2013.

Disposals summary

	<i>FY 2013</i>	<i>FY 2012</i> <i>(restated)</i>	<i>FY 2011</i> <i>(restated)</i>
Revenue	6.4	211.0	471.4
Trading Profit	0.6	31.3	71.1
EBITDA	0.6	35.7	77.2

(11) Trading profit is defined as operating profit before refinancing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39 and pension administration costs and net interest on the net defined benefit liability. The Group believes that trading profit provides an important alternative measure with which to assess the Group's underlying trading performance on a constant basis that is particularly important in the context of the Group's operating history. The Group's calculation of trading profit may be different from the calculation used by other companies and therefore comparability may be limited. Investors should not consider trading profit as an alternative to operating profit as a measure of operating performance.

The following table reconciles operating profit from continuing operations to trading profit from continuing operations in respect of the Group in FY 2013, FY 2012 (restated), FY 2012 and FY 2011 (restated).

	<i>FY 2013</i>	<i>FY 2012</i> <i>(restated)</i>	<i>FY 2012</i>	<i>FY 2011</i> <i>(restated)</i>
	<i>(unaudited)</i> <i>(£ millions)</i>			
Operating profit/(loss) from continuing operations	52.6	83.7	96.3	(176.3)
(Profit)/loss on disposal of operations	2.4	(33.1)	(63.7)	11.2
Impairment of property, plant and equipment and intangible assets	—	—	36.2	282.0
Net interest on pensions and administrative expenses	31.3	27.7	(12.5)	(17.0)
Re-financing costs	0.2	1.1	1.1	4.2
Restructuring costs associated with divestment activity	7.3	31.3	46.1	10.5
Fair value movements on foreign exchange and other derivative contracts	1.9	(2.0)	(2.1)	1.7
Amortisation of intangible assets	43.8	50.4	53.3	72.0
Trading profit from continuing operations	<u>139.5</u>	<u>159.1</u>	<u>154.7</u>	<u>188.3</u>

(12) EBITDA represents trading profit before depreciation. The Group presents EBITDA because it believes it is commonly reported and frequently used by securities analysts, investors and other interested parties in evaluating similar issuers and as a supplemental measure of the Group's ability to service its debt and other obligations, to maintain the Group's operations and to fund its strategy. The Group believes that EBITDA provides an important alternative measure with which to assess the Group's operating performance and other companies in its industry. The Group's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. Investors should not consider EBITDA as an alternative to operating profit as a measure of operational performance.

The following table reconciles trading profit to EBITDA in respect of the Group in FY 2013, FY 2012 (restated), FY 2012 and FY 2011 (restated).

	<i>FY 2013</i>	<i>FY 2012</i> <i>(restated)</i> <i>(unaudited)</i> <i>(£ millions)</i>	<i>FY 2012</i>	<i>FY 2011</i> <i>(restated)</i>
Trading profit from continuing operations	139.5	159.1	154.7	188.3
Depreciation	17.3	23.4	39.6	41.8
EBITDA	<u>156.8</u>	<u>182.5</u>	<u>194.3</u>	<u>230.1</u>

(13) EBITDA margin, expressed as a percentage, represents EBITDA divided by revenue.

(14) Net regular interest comprises net finance cost after excluding non-cash items, less exceptional write-off of financing costs, fair value adjustments on interest rate financial instruments and other interest costs.

The following table reconciles total net finance costs to net regular interest in respect of the Group in FY 2013, FY 2012 (restated), FY 2012 and FY 2011 (restated).

	<i>FY 2013</i>	<i>FY 2012</i> <i>(restated)</i> <i>(£ millions)</i>	<i>FY 2012</i>	<i>FY 2011</i> <i>(restated)</i>
Net finance costs	(48.2)	(91.7)	(91.9)	(82.8)
Other interest	1.4	0.7	0.8	2.4
Less exceptional write-off of financing costs and other	0.0	11.8	11.9	1.6
Less fair value adjustments on interest rate financial instruments	(11.6)	9.7	9.7	(36.9)
Net regular interest	(58.4)	(69.5)	(69.5)	(115.7)

(15) Group underlying results

Underlying revenue, trading profit and EBITDA consists of revenue derived from the underlying business, which excludes the results from businesses disposed of in FY 2011, FY 2012 and FY 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and Milling sales.

The purpose of using the 'underlying results' basis for measuring performance is to reflect the performance of the core business of the Group. With the Group having undergone a year of major restructuring in FY 2012, the Group believes this basis better reflects the underlying performance of the business.

The table below reconciles revenue and trading profit and EBITDA from continuing operations for FY 2013 and FY 2012 (restated) to total Group underlying revenue and trading profit and EBITDA (including the Bread Business).

	<i>Continuing operations</i>	<i>Plus: Bread Business</i>	<i>Less: Milling sales^(a)</i> <i>(unaudited)</i> <i>(£ million)</i>	<i>Less: disposals</i>	<i>Less: contract withdrawals</i>	<i>Total Group underlying</i>
FY 2013						
Revenue	856.2	654.6	(221.9)	(6.4)	–	1,282.5
Trading profit	139.5	6.3	NA	(0.6)	–	145.2
EBITDA	156.8	21.9	NA	(0.6)	–	178.1
FY 2012 (restated)						
Revenue	1,070.9	685.3	(191.4)	(211.0)	(56.4)	1,297.4
Trading profit	159.1	(4.4)	N/A	(31.3)	–	123.4
EBITDA	182.5	11.8	NA	(35.7)	–	158.6

(a) Due to the cost plus pricing nature of the Milling business, fluctuations in the cost of wheat have a direct impact on reported sales, but not necessarily on Trading profit. As a result, the Milling business is excluded from the underlying business performance for revenue only.

The table below reconciles revenue and trading profit and EBITDA from continuing operations for FY 2012 and FY 2011 (restated) to underlying business revenue and trading profit.

	<i>Continuing operations</i>	<i>Less: 2011 disposals</i>	<i>Less: 2012 disposals (unaudited) (£ million)</i>	<i>Less: Milling sales^(a)</i>	<i>Less: contract withdrawals</i>	<i>Total Group underlying</i>
FY 2012						
Revenue	1,756.2	(0.9)	(210.1)	(191.4)	–	1,353.8
Trading profit	154.7	(0.3)	(31.0)	N/A	–	123.4
EBITDA	194.3	(0.3)	(35.4)	N/A	–	158.6
FY 2011 (restated)						
Revenue	1,999.5	(188.5)	(282.9)	(193.0)	(23.4)	1,311.7
Trading profit	188.3	(14.6)	(56.5)	N/A	(5.6)	111.6
EBITDA	230.1	(14.6)	(62.6)	N/A	(5.6)	147.3

- (a) Due to the cost plus pricing nature of the Milling business, fluctuations in the cost of wheat have a direct impact on reported sales, but not necessarily on Trading profit. As a result, the Milling business is excluded from the underlying business performance for revenue only.

(16) Retained Grocery results*

If the JV Transaction proceeds, the Bread Business will be transferred to the Joint Venture upon Completion. The retained Grocery business results reflect the performance of the core business of the Group on the basis the Joint Venture will proceed.

The following tables reconcile continuing operations to the results of the Retained Grocery business.

- * Retained Grocery business includes Charnwood Foods and Andover retail flour manufacturing site.

<i>FY 2013</i>	<i>Continuing Operations</i>	<i>Less: disposals (unaudited) (£ millions)</i>	<i>Less: contract withdrawals</i>	<i>Retained Grocery business</i>	
Revenue	856.2	(6.4)	—	849.8	
Trading profit	139.5	(0.6)	—	138.9	
EBITDA	156.8	(0.6)	—	156.2	
<i>FY 2012 (restated)</i>					
Revenue	1,070.9	(202.2)	(2.7)	866.0	
Trading profit	159.1	(28.0)	—	131.1	
EBITDA	182.5	(32.4)	—	150.1	
<i>FY 2012</i>	<i>Continuing Operations</i>	<i>Less: Bread Business disposals (unaudited) (£ millions)</i>	<i>Less: contract withdrawals</i>	<i>Plus: intersegmental reclassifications</i>	<i>Retained Grocery business</i>
Revenue	1,756.2	(697.3)	—	12.0	868.7
Trading profit	154.7	(1.0)	—	3.4	131.1
EBITDA	194.3	(15.7)	—	3.9	150.1
<i>FY 2011 (restated)</i>					
Revenue	1,999.5	(711.3)	(453.6)	(23.4)	827.5
Trading profit	188.3	(3.4)	(64.7)	(5.6)	118.7
EBITDA	230.1	(21.0)	(70.8)	(5.6)	137.3

2.2 Segmental reporting

IFRS 8 requires operating segments or divisions to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. The CODM changed the measure used to assess segment performance in FY 2012. Segmental contribution is defined as gross profit after marketing and distribution costs and is a consistent measure within the Group which reflects the segments' underlying trading performance for the period under evaluation.

The reporting of this measure at the monthly business review meetings, which are organised according to product types, has been used to identify and determine the Group's operating segments. FY 2011 comparatives have been restated using the new measure.

The Group continues to use trading profit to review overall Group profitability. Trading profit is defined as operating profit before re-financing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39 and pension administration costs and net interest on the net defined benefit liability.

The Group's operating segments (known as divisions) were "Grocery", "Bread" and "Disposed of Canning Operations" in FY 2012 and FY 2011 (restated). In FY 2011 the Group completed its disposal of the Meat-Free Business and the Non-branded Chilled Business which had previously been aggregated into an "Other" segment, as they did not meet the relevant quantitative thresholds and did not have similar economic characteristics and therefore could not be aggregated into their own separate reporting segment under IFRS 8. In FY 2011 these businesses were presented as discontinued operations.

During FY 2012 and FY 2013, the Group completed the disposal of the Irish Brands, the Elephant Atta Ethnic Flour Business, the Sweet Spreads and Jellies Business, the Vinegar and Sour Pickles Business and the Sweet Pickles and Table Sauce Business; the results of these businesses have not been reported separately as they were fully integrated within the "Grocery" and "Discontinued Operations" segments.

The Group's operating segments in FY 2013 and FY 2012 (restated) are "Grocery" and "Discontinued Operations". The Grocery segment sells ambient food products. The Discontinued Operations segment sells wrapped bread, morning goods and flour products. In the 2013 Financial Statements (in respect of FY 2013 and FY 2012 (restated)) the Group realigned how it reported divisional results to the CODM in line with revised internal reporting lines. If the proposed JV Transaction proceeds, the Bread Business, comprising the majority of the businesses that formerly comprised the Bread division, will be transferred to the Joint Venture.

2.3 *Results by operating division*

The following table sets out the Group's results for FY 2013 and FY 2012 (restated) by operating division.

	<i>FY 2013</i>			<i>FY 2012 (restated)</i>		
	<i>Grocery</i>	<i>Discontinued operations</i>	<i>Total</i>	<i>Grocery</i>	<i>Discontinued operations</i>	<i>Total</i>
	<i>(£ millions)</i>					
Revenue						
External	856.2	654.6	1,510.8	1,070.9	685.3	1,756.2
Inter-segment	–	27.0	27.0	0.5	21.2	21.7
Divisional contribution	202.9	27.8	230.7	227.8	26.3	254.1
Total SG&A costs	(63.4)	(22.1)	(85.5)	(68.7)	(48.2)	(116.9)
Trading profit	139.5	5.7	145.2	159.1	(21.9)	137.2
Amortisation of intangible assets	(43.8)	(2.1)	(45.9)	(50.4)	(2.9)	(53.3)
Fair value movements on foreign exchange and other derivative contracts	(1.9)	–	(1.9)	2.0	–	2.0
Restructuring costs and losses relating to divestment activity	(7.3)	(11.9)	(19.2)	(31.3)	(14.8)	(46.1)
Refinancing costs	(0.2)	–	(0.2)	(1.1)	–	(1.1)
Net interest on pensions and administrative expenses	(31.3)	–	(31.3)	(27.7)	–	(27.7)
Operating profit/(loss) before impairment and profit on disposal of operations	55.0	(8.3)	46.7	50.6	(39.6)	11.0
Impairment	–	(234.4)	(234.4)	–	(36.2)	(36.2)
Profit/(loss) on disposal of operations	(2.4)	–	(2.4)	33.1	30.6	63.7
	<i>FY 2013</i>			<i>FY 2012 (restated)</i>		
	<i>Grocery</i>	<i>Discontinued operations</i>	<i>Total</i>	<i>Grocery</i>	<i>Discontinued operations</i>	<i>Total</i>
	<i>(£ millions)</i>					
Operating profit/(loss)	52.6	(242.7)	(190.1)	83.7	(45.2)	38.5
Finance cost	(62.2)	–	(62.2)	(86.1)	(0.2)	(86.3)
Finance income	2.4	–	2.4	4.1	–	4.1
Net movement on fair valuation of interest rate financial instruments	11.6	–	11.6	(9.7)	–	(9.7)
Profit/(loss) before taxation from continuing operations	4.4	(242.7)	(238.3)	(8.0)	(45.4)	(53.4)

The following table sets out the Group's results for FY 2012 and FY 2011 (restated) by operating division.

	FY 2012					FY 2011 (restated)		
	Disposed of					Disposed of		
	Grocery	Bread	canning operations	Total	Grocery	Bread	canning operations	Total
				(£ millions)				
Continuing operations								
Revenue								
External	1,058.0	697.3	0.9	1,756.2	1,121.5	711.3	166.7	1,999.5
Inter-segment	0.5	21.2	–	21.7	2.5	26.6	–	29.1
Divisional contribution	223.7	30.2	0.2	254.1	253.2	58.1	5.7	317.0
Total SG&A costs				(99.4)				(128.7)
Trading profit				154.7				188.3
Amortisation of intangible assets				(53.3)				(72.0)
Fair value movements on foreign exchange and other derivative contracts				2.1				(1.7)
Restructuring costs and losses relating to divestment activity				(46.1)				(10.5)
Refinancing costs				(1.1)				(4.2)
Net interest on pensions and administrative expenses				12.5				17.0
Operating profit before impairment and loss on disposal of operations				68.8				116.9
Impairment				(36.2)				(282.0)
Profit/(loss) on disposal of operations				63.7				(11.2)
Operating profit/(loss)				96.3				(176.3)
Finance cost				(86.3)				(126.9)
Finance income				4.1				7.2
Net movement on fair valuation of interest rate financial instruments				(9.7)				36.9
Profit/(loss) before taxation from continuing operations				4.4				(259.1)

2.4 Underlying results by division

The tables below reconcile the Group's divisional revenue and contribution on the continuing operations basis for FY 2013, FY 2012 (restated) FY 2012, and FY 2011 (restated) to underlying revenue.

Revenue Reconciliations

	Continuing operations	Less: intersegmental reclassifications	Less: disposals	Less: contract withdrawals	Underlying Grocery
<i>Grocery revenue</i>					
			(unaudited)		
			(£ million)		
FY 2013	856.2	(12.4)	(6.4)	–	837.4
FY 2012 (restated)	1,070.9	(11.9)	(202.2)	(2.7)	854.1
FY 2012	1,058.9	–	(202.2)	–	856.7
FY 2011 (restated)*	1,288.2	–	(453.6)	(23.4)	811.2

* These represent the results of the Grocery division and Canned Grocery Business in the 2012 Financial Statements.

	Discontinued operations	Less: Intersegmental reclassifications	Less: disposals	Less: contract withdrawals	Sub total	Less: Milling	Underlying Bread
<i>Bread revenue</i>							
FY 2013	654.6	12.4	–	–	667.0	(221.9)	445.1
FY 2012 (restated)	685.3	11.9	(8.8)	(53.7)	634.7	(191.4)	443.3
FY 2012**	697.3	–	(8.8)	–	688.5	(191.4)	497.1
FY 2011 (restated)**	711.3	–	(17.8)	–	693.5	(193.0)	500.5

** These represent the results of the Bread division in the 2012 Financial Statements.

Divisional contribution reconciliations

Divisional contribution is defined as the gross profit of a division after marketing and distribution costs and is a consistent measure within the Group and reflects the divisions' trading performance for the period under evaluation.

<i>Grocery</i>	<i>Continuing operations</i>	<i>Less:</i>		<i>Underlying Grocery</i>
		<i>Intersegmental reclassifications</i>	<i>Less: disposals</i>	
		<i>(unaudited)</i> <i>(£ million)</i>		
FY 2013	202.9	(3.6)	(2.6)	196.7
FY 2012 (restated)	227.8	(3.9)	(28.4)	195.5
<i>Bread</i>	<i>Discontinued operations</i>	<i>Less:</i>		<i>Underlying Bread</i>
		<i>Intersegmental reclassifications</i>	<i>Less: disposals</i>	
		<i>(unaudited)</i> <i>(£ million)</i>		
FY 2013	27.8	3.6	–	31.4
FY 2012 (restated)	26.3	3.9	(3.3)	26.9

2.5 **Retained Grocery business: Power Brands and Support Brands results**

The following table sets out the results for the retained Grocery business in respect of Power Brands, Support Brands and non-branded sales.

	<i>FY 2011 (restated)</i>	<i>FY 2012 (restated)</i>	<i>2013 H1⁽¹⁾</i>	<i>FY 2013</i>
		<i>(unaudited)</i> <i>(£ million)</i>		
Power Brands revenue	512.6	533.1	253.2	543.5
Support Brands revenue	214.6	206.3	91.8	196.2
Total branded revenue	727.2	739.4	345.0	739.7
Non-branded revenue	100.3	126.6	42.9	110.1
Total revenue	827.5	866.0	387.9	849.8
Trading profit	118.7	131.1	47.1	138.9
EBITDA	137.3	150.1	55.8	156.2

(1) 2013 H1 refers to the period from 1 January 2013 to 30 June 2013.

3. **Factors affecting the Group's results of operations and financial condition**

The following factors and significant market trends have significantly affected the Group's results of operations for the periods under review. The Group expects, save for the disposals or as otherwise set out below, such factors and trends to continue to have a significant impact on its results of operations in the future.

Disposals

In line with the Group's strategy to reduce debt and leverage, the Group has undertaken a number of disposals which have significantly affected its results of operations during the periods presented herein and which the Group expects will significantly affect its results of operations in future periods.

The Group's recent disposals include:

- In March 2011, the Group completed the sale of the Meat-Free Business for £205.0 million before disposal costs and working capital adjustments.
- In July 2011, the Group completed the sale of the Canned Grocery Operations for £182.2 million before disposal costs and working capital adjustments.

- In December 2011, the Group completed the sale of the Non-branded Chilled Business for £30.3 million before disposal costs and working capital adjustments.
- In January 2012, the Group completed the sale of the Irish Brands for £34.7 million before disposal costs.
- In July 2012, the Group completed the sale of the Elephant Atta Ethnic Flour Business for £34.0 million before disposal costs, and the Group completed the sale of the Vinegar and Sour Pickles Business for £41.0 million before disposal costs.
- In October 2012, the Group completed the sale of the Sweet Spreads and Jellies Business for £202.0 million before disposal costs.
- In February 2013, the Group completed the sale of the Sweet Pickles and Table Sauces Business for £92.5 million before disposal costs.
- In January 2014, the Group agreed, subject to certain conditions, to sell 51 per cent. of the Bread Business, including the *Hovis*, *Mother's Pride* and *Ormo* brands, to Gores for an initial and contingent deferred consideration of £30 million in aggregate (subject to certain adjustments).

The results of the Meat-Free Business for the period to 7 March 2011 were included in discontinued operations in the Group's 2011 consolidated income statement. The results of the Non-branded Chilled Business for the period to 30 December 2011 were included in discontinued operations in the Group's 2011 consolidated income statement. The results of the businesses disposed of in 2012 and 2013 were included within continuing operations in the Group's 2012 consolidated income statement and 2013 consolidated income statement as they were integrated with and reported as being a part of the Grocery and Bread businesses.

The 2013 Financial Statements include the performance and results of the Bread Business on a consolidated basis (as a discontinued operation). If the JV Transaction proceeds, the performance and results of the Bread Business will no longer form, on a consolidated basis, part of the Group's consolidated financial statements, although the Group will retain a 49 per cent. interest in the Bread Business through the Joint Venture. See Part V (*Financial Information on the Bread Business*) of the Circular (which has been incorporated by reference into this document as referred to in Part XI (*Information Incorporated by Reference*) of this document) and Part VII (*Unaudited Pro Forma Financial Information on the Group*) of this document for further information with respect to the impact of the JV Transaction.

Raw materials and other input costs

Raw materials have historically represented a significant portion of the Group's cost of sales. Significant changes in raw material prices could affect the results of the Group's operations. The principal raw materials used in the Group's products include sugar and other sweeteners, fats and oils, dairy products, cocoa and chocolate, seasonal and non-seasonal fruit and vegetables, dried pulses, tomato paste, wheat, meat and paper and plastic products. The prices and availability of many of the Group's raw materials are affected by, among other things, supply and demand for crops, weather conditions at the location of production, energy prices and the agricultural policies of the United Kingdom, the European Union and other nations that are major producers of such raw materials. Some of the raw materials and other inputs the Group uses, such as wheat, diesel and energy, are traded as commodity products, the prices of which are subject to a number of factors that are not within the Group's control, such as quality, available supply, demand and market speculation. Commodity price increases directly affect the Group's business by increasing not only the costs of raw materials, but also the costs of inputs to manufacture, package and ship the Group's products. The Group, and the industry generally, has experienced increases from time to time in the prices of commodities and other inputs, including wheat and utilities, in recent years. While the Group attempts to manage its commodity price risk through forward purchases and the use of derivative instruments, there is no market for hedging against price volatility for certain raw materials and accordingly such materials are bought at the spot rate in the market.

The Group has been particularly affected in the past by sharp increases in the cost of wheat, which have detrimentally impacted the Bread division. In the second half of 2012, following the worst UK harvest for 35 years (resulting in adverse wheat quality), wheat prices increased significantly which in turn increased the cost of the Group's wheat supply used for *Hovis* bread. As a result, and taken together with global supply

constraints and pricing pressures, the Group's manufacturing efficiencies were affected which negatively impacted the Bread division's contribution in the second half of 2012. The increased cost of wheat also led to more marginal increases in prices of cereals, pastas, meat and vegetable oils. In addition, in 2011 and 2012 the Group experienced volatile sugar prices due to frost damage affecting a significant part of the UK sugar beet crop.

The Group's ability to pass through increases in the prices of raw materials to its customers depends, among other things, on prevailing competitive conditions and pricing methods in the markets in which the Group operates. There can be no assurance that the Group will be able to pass through such price increases to its customers. Even if the Group is able to pass through increases in prices, there is typically a time lag between cost increases impacting the business and implementation of product price increases, during which time the Group's gross margin may be affected. For example, during the first half of 2011 an increase in the prices of wheat, carton board and other raw materials adversely affected the Group's operating results during the first half of FY 2011 (restated) and re-pricing only came into effect in the third quarter of FY 2011 (restated). Recovery of cost inflation can also lead to disparities in retailers' shelf-prices between different brands in a category which can result in a competitive disadvantage and volume decline. The Group has limited price negotiation power for its non-branded products and certain of its smaller brands which makes the Group particularly sensitive to cost increases in respect of such products. During the Group's negotiations to increase its prices to recover cost increases, customers may take actions which exacerbate the effect of such cost increases. For example, one of the Group's major customers delisted a significant number of its Grocery product lines in the second quarter of 2011 in connection with price negotiations which adversely affected the results of the Group's operations in the first half of 2011. The Group's inability to preserve its profit margins in the future may materially and adversely affect the Group's business, operating results, financial condition or prospects.

In addition, severe weather conditions at the location of any producer or supplier, such as floods, droughts or frosts, or political instability affecting any supplier, may affect the availability and price of one or more of the Group's raw materials or other inputs. If the availability of any of the Group's inputs is constrained for any reason, the Group may not be able to obtain sufficient supplies or supplies of a suitable quality on favourable terms or at all, from other sources. Such shortages may materially and adversely affect the Group's market share, revenues and the results of its operations.

Volumes and Prices

The Group's operating results are affected by changes in both sales volumes and prices. Sales volumes have been affected in each of the years ended 31 December 2011, 2012 and 2013 by disposals of businesses. A number of underlying trends can also have an effect on revenues. For instance, the Group operates in a number of large, relatively mature categories in which sales growth is typically driven more by pricing than volume growth.

Volume and prices can also be affected by other factors including new product launches, promotional and marketing activities, pricing relative to competitor products, competitor activities, customer activities and changes in licence agreements.

Industry and economic factors

Competition between manufacturers in the ambient grocery sector is strong. The grocery market is served by a number of well-established, national and international manufacturers within single or multiple product categories. The Group faces competition at a category level from these companies with regard to both branded and non-branded products. The Group's competitors have varying abilities to withstand changes in market conditions. For instance, certain of the Group's competitors are large corporations with greater financial resources than the Group. The Group's ability to compete effectively requires the Group to be successful in the sales and marketing of the Group's existing products, new product development and innovation and cost rationalisation. Furthermore, the Group cannot predict the pricing, promotional or marketing actions of the Group's competitors or their effect on the Group's ability to market and sell products. The Group expects promotional sales activity to remain intense and the Group may be required to increase promotional sales activity in response to market conditions to ensure the Group's products remain competitive. Increases in the

Group's promotional sales activity and costs may not, however, translate into increases in volumes sold if the promotional trend is market-wide and also adopted by the Group's competitors.

The Group conducts its operations and supplies to customers principally in the United Kingdom and the profitability of the Group's business may therefore be adversely affected by a worsening of general economic conditions in the United Kingdom, whether in isolation or as a consequence of economic conditions, or disruptions to financial markets, globally, in Europe or in markets where the Group sources raw materials or other inputs. Conditions which reduce disposable income or consumer confidence – such as an increase in interest rates (which, among other things, may cause consumers to incur higher monthly expenses such as mortgages), unemployment rates, direct or indirect taxes, fuel prices, energy costs or other costs of living – may therefore lead to consumers reducing their spending on groceries or opting for lower-cost products. These conditions may be particularly prevalent during periods of economic downturn or market volatility and disruption.

There are a number of trends in consumer preferences which have an effect on both the Group and its industry as a whole. These include, among others, dietary concerns and fashions and an increasing preference for fresh and chilled foods, ready prepared foods, snacking formats, indulgence products and consumers seeking value products through discounter channels. In addition, concerns as to the health impacts and nutritional value of certain foods may increasingly result in food manufacturers being encouraged or required to produce products with reduced levels of salt, sugar and fat and to eliminate trans-fatty acids and certain other ingredients. Some consumers' preferences are also shaped by a concern over the environmental impact of products.

The economic effect of a wider deterioration of economic conditions or commodity inflation may lead to changes in consumer preferences and behaviours, which are not yet clear. The Group believes that its broad range of branded and non-branded staple food products and broad customer base position it well to cope with these trends, demonstrating a natural hedge in the Group's portfolio, and that the Group's operational and financial performance displays substantial resilience when faced with shifts in overall consumer consumption patterns and difficult economic conditions. However, these trends may affect demand for certain of the Group's products and, as providing or developing modified or alternative products may increase the Group's costs, either or both of these factors may affect the Group's results.

Seasonality

Consumer demand for certain ambient grocery products tends to be higher in colder months of the year. Sales of certain of the Group's products may therefore be affected by unseasonable weather conditions. Also, certain of the Group's products, notably cakes, mince pies, stuffing, gravy and stock, see increased sales during the pre-Christmas period. This in turn has an impact on working capital as production is higher and stock levels build in the run-up to this period.

Bread has a lower level of seasonality than other products with only small sales peaks during the year, notably during back to school periods. If the proposed JV Transaction completes, the Bread Business will transfer to the Joint Venture.

In FY 2013, 54.0 per cent. of the Group's revenue from continuing operations (51.6 per cent. of the Group's underlying revenue) and 70.9 per cent. of the Group's trading profit from continuing operations (67.3 per cent. of the Group's underlying trading profit) was generated in the months from July to December. However, this split can be impacted by a number of factors including changes in the weather and the timing of promotional and marketing activity. As a result of seasonality and variability in the split of sales between the first and second halves of the year, the results of the Group's operations for any particular six month period will not necessarily be indicative of results for the full year. The Group's outlook, for any year, is dependent on the Christmas trading period.

4. Current Trading

A description of the Group's current trading is set out in section 3 of Part I (*Information on the Placing and the Rights Issue and Joint Venture*) of this document.

5. Description of certain income statement line items and financial measures

For the purpose of the discussion of the Group's results of operations in this Part IV, the Group's key consolidated income statement line items include the following:

Revenue

Revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, value added tax and other taxes directly attributable to revenue and after eliminating sales within the Group. Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is recognised on the following bases:

- Sales of goods are recognised as revenue on transfer of the risks and rewards of ownership, which generally coincides with the time when the merchandise is delivered to customers and title passes.
- Sales rebates and discount reserves are established based on management's best estimate of the amounts necessary to meet claims by the Group's customers in respect of these rebates and discounts. The provision is made at the time of sale and released, if unutilised, after assessment that the likelihood of such a claim being made has become remote.

Cost of sales

Cost of sales consists of costs directly attributable to manufacturing, including raw materials, labour, royalty costs, energy, other utilities and overhead costs attributable to the manufacturing processes and factories. The Group's principal raw materials include sugar and other sweeteners, fats and oils, dairy products, cocoa and chocolate, seasonal and non-seasonal fruit and vegetables, dried pulses, tomato paste, wheat, meat and paper and plastic products. In addition, cost of sales includes certain finished products produced under co-packing arrangements by third parties. Manufacturing overheads include plant supervision and management costs, technical and engineering support costs, costs for the storage of raw material and finished goods inventory, health and safety compliance costs, maintenance and insurance costs, quality control costs and depreciation relating to manufacturing equipment.

Selling, marketing and distribution costs

Selling, marketing and distribution costs consist of selling costs, which include shipping and handling costs, customer agreements and lump sums and labour and overhead costs attributable to the sales function. Marketing costs include advertising, direct and indirect marketing, consumer promotions and market research costs. Distribution costs include freight, labour and overhead costs attributable to the distribution function.

Administrative costs

Administrative costs comprise labour and costs directly attributable to the finance, human resources, procurement, information technology, research and development and general management functions including amortisation, impairments and depreciation relating to non-manufacturing equipment, brands and trade marks.

Net other operating (expenditure)/income

Net other operating (expenditure)/income consists of profits/(losses) on the disposal of property, plant and equipment (non-exceptional), the movement on fair values on foreign exchange and other derivative contracts under IAS 39, and other minor sundry operating costs and income not included elsewhere in the Financial Statements.

Trading profit

Trading profit is defined as operating profit before refinancing costs, restructuring costs, profits and losses associated with divestment activity, amortisation and impairment of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS 39 and pension administration costs and net interest on the net defined benefit liabilities under the Group's pensions. The Group believes that trading

profit provides an important alternative measure with which to assess the Group's underlying trading performance on a constant basis that is particularly important in the context of Premier Foods's operating history. The Group's calculation of trading profit may be different from the calculation used by other companies and therefore comparability may be limited. Trading profit should not be considered as an alternative to operating profit as a measure of operating performance.

Underlying business

Underlying revenue consists of revenue derived from the underlying business, which excludes revenue from businesses disposed of in 2011, 2012 and 2013, discrete contract withdrawals (including a high cost-to-serve Bread contract and one other contract) and Milling sales. Divisional contribution is defined as the gross profit of a division after marketing and distribution costs and is a consistent measure within the Group and reflects the divisions' underlying trading performance for the period under evaluation.

The purpose of using the 'underlying revenue' basis for measuring performance is to reflect the performance of the core business of the Group. With the Group having undergone a year of major restructuring in FY 2012, the Group believes this basis better reflects the underlying performance of the business.

6. Basis of preparation of financial statements on a going concern basis

The Group's 2013 Financial Statements have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

Due to the inter-conditionality of the respective elements of the Capital Refinancing Plan, if Shareholders do not vote in favour of the Resolutions, and the Placing and the Rights Issue do not occur, no funds will be available to be drawn by, or released to, the Group under the New Revolving Facility or the New Bonds, and the revised schedules of pension contributions, modified funding arrangements and associated matters in relation to the Relevant Pension Schemes pursuant to the New Framework Agreement will not become effective. If this were to be the case, although the Group's Current Facilities do not expire within the next 12 months, the Group expects that it would be unable to comply with certain of its financial covenants under the Current Facilities on or after 31 December 2014. In this scenario, the Group would need to obtain certain consents or waivers from the Group's lenders in respect of such financial covenants under the Current Facilities. If the Group were unable to maintain compliance with such financial covenants or were unable to obtain such consents or waivers, this would lead to a default under the Group's existing financing arrangements, unless the Group were able to renegotiate or refinance the Current Facilities. While the Board would seek to renegotiate or refinance the Current Facilities in such circumstances, there can be no certainty that the Group would be able to do so either on acceptable terms or at all. In the event that the Group were unable to renegotiate or refinance the Current Facilities in these circumstances, the Group's lenders would be able to demand repayment of all borrowings.

The Board has concluded that the Resolutions which are required for the Placing and the Rights Issue to proceed, such that the equity proceeds are received in line with the timetable set out in the Prospectus, are likely to be passed. The Board has taken into consideration the undertakings received from Shareholders that they will vote in favour of the relevant Resolutions, historical voting trends, the underwritten element of the Placing and the Rights Issue, and the Backstop Banks' commitment to purchase the New Bonds.

Nevertheless, the Board acknowledges that there is some theoretical uncertainty as to whether sufficient Shareholders will vote in favour of the Resolutions to enable the Capital Refinancing Plan to proceed. The Board believes that this uncertainty is extremely remote, but the consequence of not succeeding may be material. The Directors believe that adopting the going concern basis in preparing the consolidated 2013 Financial Statements is appropriate. Nevertheless, the Directors are prudently making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The 2013 Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The auditor's report of the 2013 Financial Statements contains an unmodified audit opinion. However, it includes an emphasis of matter in respect of going concern.

7. Comparability of Results

FY 2012 (restated) comparative

The income statement information for FY 2012 (restated) included as a comparative for FY 2013 in the 2013 Financial Statements was restated to reflect the treatment of the Bread Business as a discontinued operation and to reflect the adoption of IAS 19 (Revised).

FY 2011 (restated) comparative

The income statement information for FY 2011 (restated) included as a comparative to the consolidated income statement for FY 2012 was restated to reflect the classification of certain costs amounting to £8.9 million as per the FY 2012 consolidated income statement.

8. Results of operations for FY 2013 compared with FY 2012 (restated)

8.1 *Group and divisional results of operations*

Please refer to the table set out at section 2.3 of this Part IV. The following commentary is on either continuing operations or underlying basis unless otherwise stated. The purpose of using the 'underlying revenue' basis for measuring performance is to reflect the performance of the core business of the Group. With the Group having undergone a year of major restructuring in FY 2012, the Group believes this basis better reflects the underlying performance of the business.

8.2 *Branded and non-branded results (underlying revenue)*

The following table sets out the Group's unaudited underlying branded and non-branded revenue for FY 2013 and FY 2012 (restated) (including Bread).

	<i>FY 2013</i> <i>(unaudited)</i>	<i>FY 2012</i> <i>(restated)</i> <i>(unaudited)</i> <i>(£ millions)</i>	<i>Change (%)</i>
Power Brands	870.2	853.0	2.0
Support Brands	216.1	226.5	(4.6)
Total branded	1,086.3	1,079.5	0.6
Non-branded	196.2	217.9	(10.0)
Total	1,282.5	1,297.4	(1.1)

8.3 *Comparison*

Grocery division (underlying revenue)

The following table sets out the Group's unaudited underlying Grocery division revenue for FY 2013 and FY 2012 (restated).

	<i>Underlying revenue</i> <i>FY 2013</i> <i>(unaudited)</i> <i>(£ millions)</i>	<i>FY 2012</i> <i>(restated)</i> <i>(unaudited)</i> <i>(£ millions)</i>	<i>Change (%)</i>
Power Brands	543.5	533.1	2.0
Support Brands	196.2	206.3	(4.9)
Total branded	739.7	739.4	0.1
Non-branded	97.7	114.7	(14.9)
Total	837.4	854.1	(2.0)

Underlying revenue in the Grocery division was £837.4 million in FY 2013, a decrease of £16.7 million, or 2.0 per cent., as compared to £854.1 million in FY 2012 (restated).

In FY 2013, as a result of a 14.9 per cent. reduction in non-branded underlying revenue, the Group's Grocery division increased its proportion of branded sales by 1.8 per cent. to 88.3 per cent. of total underlying revenue in the division.

Grocery Power Brand underlying revenue continued to grow during FY 2013, increasing by 2.0 per cent. in FY 2013 overall, from £533.1 million to £543.5 million. After growth in the first three quarters of the year, Grocery Power Brand underlying revenue declined by 1.0 per cent. in the fourth quarter of FY 2013. The overall increase in Grocery Power Brand underlying revenue was driven by further strengthening of customer partnerships and continued marketing investment leading to higher volumes. During FY 2013 Grocery Power Brand underlying revenue growth was supported by the product launches of *Ambrosia* "Devon Dream", *Bisto* "Stock Melts" and *Oxo* "Shake & Flavour".

Grocery Support Brand underlying revenue decreased by 4.9 per cent. in the year, from £206.3 million to £196.2 million, due in large part to the strongly competitive promotional environment in the cooking sauces category affecting *Homepride* sales. This decrease was partially offset in the fourth quarter of FY 2013, when the Grocery Support Brands revenue grew by 1.1 per cent., primarily due to revenue growth from *Angel Delight*, *Bird's* and *McDougalls*.

Non-branded underlying revenue in the Grocery division decreased by 14.9 per cent. in the year, due to certain discrete contract withdrawals. Non-branded sales represent an increasingly small proportion of Grocery divisional contribution as the Group seeks to withdraw from low margin contracts.

Bread division (underlying revenue)

The following table sets out the Group's unaudited underlying Bread division sales results for FY 2013 and FY 2012 (restated).

	<i>Underlying revenue</i>		<i>Change (%)</i>
	<i>FY 2013</i>	<i>FY 2012</i>	
		<i>(restated)</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
	<i>(£ millions)</i>		
Branded bread	346.6	340.1	1.9
Non-branded bread	98.5	103.2	(4.6)
Total bread	445.1	443.3	0.4
Milling	221.9	191.4	15.9
Total	667.0	634.7	5.1

Underlying revenue for the Bread division excluding Milling rose 0.4 per cent. to £445.1 million in FY 2013 from £443.3 million in FY 2012 (restated), while total revenue for the division increased by 5.1 per cent. to £667.0 million in FY 2013 (including Milling).

The Bread Business continues to operate in a highly competitive market, where promotional activity levels remain high. In 2013, the Bread Business focused on a major restructuring programme, involving the closure of three bakeries, two mills and a significantly reconfigured logistics network. *Hovis* revenue for FY 2013 increased by 2.1 per cent. to £326.7 million, reflecting a good finish to the year through progressively stronger customer partnerships following a slower third quarter due to the hot weather. If the JV Transaction completes, the Bread Business will be transferred to the Joint Venture.

Adverse wheat quality following the worst UK harvest for 35 years in 2012 continued to affect manufacturing efficiencies and negatively affected the contribution of the Bread division in FY 2013. The resultant wheat price inflation was only partially offset by the Group increasing prices and the Group's continued diversification of its wheat sources.

Milling revenue was £221.9 million in FY 2013, up 15.9 per cent. compared to FY 2012 (restated), largely reflecting higher pricing year on year.

Cost of sales (continuing operations)

Cost of sales was £556.1 million for FY 2013, a decrease of £165.5 million, or 22.9 per cent., as compared to £721.6 million for FY 2012 (restated). The reduction principally related to reduced sales on a continuing operations basis due to disposals, reduced manufacturing costs and improved procurement, particularly through reducing the Group's number of suppliers and exercising its increased purchasing power.

Gross profit (continuing operations)

Gross profit was £300.1 million for FY 2013, a decrease of £49.2 million, or 14.1 per cent., as compared to £349.3 million for FY 2012 (restated). The decrease was primarily due to the reduction in revenue resulting from the Group's disposals programme. Gross profit margin was 35.1 per cent. for FY 2013, an increase of 2.5 per cent., as compared to 32.6 per cent. for FY 2012 (restated). This increased gross margin was driven by the Group's reduced manufacturing costs, reduced non-branded sales (as a percentage of total sales) and improved procurement costs.

Selling, marketing and distribution costs (continuing operations)

Selling, marketing and distribution costs were £111.9 million for FY 2013, a decrease of £29.7 million, or 21.0 per cent., as compared to £141.6 million for FY 2012 (restated), primarily attributed to lower transport and warehousing costs due to the Group's disposal programme and lower selling costs due to the Group's cost reduction programme.

Administrative costs (continuing operations)

Administrative costs were £133.5 million for FY 2013, an increase of £10.0 million, as compared to £123.5 million for FY 2012 (restated). Administrative costs benefited in FY 2012 (restated) from £33.1 million in profits arising from disposals in that year, as compared to a loss on disposals of £2.4 million in FY 2013. The increase in administrative costs in FY 2013 was partially offset by savings resulting from the Group's overhead cost reduction programme, as well as lower amortisation and lower restructuring costs.

Net other operating (expenditure)/income (continuing operations)

Net other operating expense was £2.1 million for FY 2013, as compared to net other operating expense of £0.5 million for FY 2012 (restated).

Trading profit

Trading profit from continuing operations was £139.5 million in FY 2013, a decline of £19.6 million, as compared to £159.1 million for FY 2012 (restated), principally reflecting the impact of the Group's disposals programme in 2011, 2012 and 2013. The disposed businesses contributed £28.0 million of trading profit in FY 2012 (restated).

Underlying trading profit was £145.2 million for FY 2013, an increase of £21.8 million, or 17.7 per cent., as compared to £123.4 million for FY 2012 (restated), primarily as a result of a reduction in selling, general and administrative costs. Grocery divisional contribution increased by £1.2 million to £196.7 million during FY 2013, reflecting growth in Power Brand sales. Bread divisional contribution rose by £4.5 million to £31.4 million in FY 2013, principally due to improved manufacturing efficiencies and strengthening of customer partnerships. The implementation of the Group's overhead cost savings programme has delivered savings of over £64 million since 2011 and this new level now better reflects the size of the Group following the disposal of non-core businesses. Within the £16.1 million of overhead cost savings delivered in FY 2013, people-related costs reduced by over £20 million, partly offset by other non-people related charges in the SG&A cost base.

Operating profit before loss on disposal of operations (continuing operations)

Operating profit before loss on disposal of operations was £55.0 million for FY 2013, an increase of £4.4 million, as compared to £50.6 million for FY 2012 (restated). The principal driver of the increase was the Group's overhead cost saving programme.

Profit/(loss) on disposal of operations (continuing operations)

Loss on disposal of operations for FY 2013 was £2.4 million and related to the disposal of the Sweet Pickles and Table Sauces Business. This compares to a profit on disposal of operations of £33.1 million for FY 2012 (restated), which included the disposals of the Irish Brands, the Sweet Spreads and Jellies Business and the Vinegar and Sour Pickles Business.

Operating profit (continuing operations)

Operating profit was £52.6 million for FY 2013, a decrease of £31.1 million, as compared to an operating profit of £83.7 million for FY 2012 (restated). This decrease in operating profit, when compared with FY 2012 (restated) was primarily the result of profit on disposals of £33.1 million in FY 2012 (restated) that was not repeated and the fact that FY 2012 (restated) includes profits of £28.0 million relating to businesses not owned by the Group in FY 2013.

Finance cost (continuing operations)

Finance cost was £62.2 million in FY 2013, a decrease of £23.9 million, or 27.8 per cent., as compared to £86.1 million in FY 2012 (restated), primarily due to the close out of certain swaps as part of the 2012 refinancing programme and a lower average debt level as a result of the Group's disposal programme in FY 2012 (restated) and FY 2013.

Finance income (continuing operations)

Finance income was £2.4 million in FY 2013, a decrease of £1.7 million, as compared to £4.1 million in FY 2012 (restated), which reflects slight fluctuations in the Group's cash deposits during the course of each year.

Net movement on fair valuation of interest rate financial instruments (continuing operations)

Net movement on fair valuation of interest rate financial instruments was a credit of £11.6 million in FY 2013, an increase of £21.3 million, as compared to a charge of £9.7 million in FY 2012 (restated).

Profit/(loss) before taxation from continuing operations (continuing operations)

Profit before taxation from continuing operations was £4.4 million for FY 2013, as compared to a loss of £8.0 million for FY 2012 (restated). The change was principally due to higher interest costs in FY 2012 (restated).

Taxation (charge)/credit (continuing operations)

The taxation charge was £51.1 million for FY 2013, an increase of £69.1 million, as compared to a taxation credit of £18.0 million for FY 2012 (restated). The effective rate of corporation tax for FY 2013 was 23.25 per cent. (24.5 per cent.). At 31 December 2013, the Bread Business was treated as an asset held for sale, while the IAS 19 valuation of the pension deficit was higher than the prior year. Both these items would otherwise have increased the deferred tax assets of the Group by £52.2 million. The Group has recognised a closing deferred tax asset value of £72.7 million at 31 December 2013 and, as a result, a non-cash charge of £52.1 million was recognised in the continuing operations for the year. It is expected that the recognised deferred tax assets will be utilised against the future profits of the Group.

Profit/(loss) after taxation from continuing operations (continuing operations)

Loss after taxation from continuing operations was £46.7 million for FY 2013 as compared to a profit of £10.0 million for FY 2012 (restated). The change was principally due for the reasons as set out above.

Loss from discontinued operations (continuing operations)

Loss from discontinued operations in FY 2013 was £199.2 million and in FY 2012 (restated) was £(27.9) million. This loss primarily relates to the impairment in respect of the Bread Business.

Profit/(loss) for the period attributable to owners of Premier Foods (continuing operations)

Loss for the year attributable to owners of Premier Foods was £245.9 million for FY 2013, an increase of £228.0 million, as compared to a loss of £17.9 million for FY 2012 (restated). The increase in loss resulted primarily from the impairment in respect of the Bread Business.

9. Results of operations for FY 2012 compared with FY 2011 (restated)

The purpose of using the 'underlying revenue' basis for measuring performance is to reflect the performance of the core business of the Group. With the Group having undergone a year of major restructuring in FY 2012, this basis better reflects the underlying performance of the business.

9.1 *Group and segmental results of operations*

Please refer to the table set out above at section 2.3 of this Part IV. The following commentary is on a continuing operations basis unless otherwise stated.

9.2 *Branded and non-branded results (underlying revenue)**

The following table sets out the Group's unaudited underlying branded and non-branded results for FY 2012 and FY 2011 (restated).

	<i>FY 2012</i>	<i>FY 2011</i>	<i>Change (%)</i>
	<i>(unaudited)</i>	<i>(restated)</i>	
	<i>(£ millions)</i>	<i>(unaudited)</i>	
Power Brands	889.2	871.2	2.1
Support Brands	227.2	233.9	(2.9)
Total branded	1,116.4	1,105.1	1.0
Non-branded	237.4	206.6	14.9
Total	1,353.8	1,311.7	3.2

* Includes the combined underlying Grocery and Bread divisions revenue.

9.3 *Comparison*

Grocery division (underlying revenue)

The following table sets forth the Group's unaudited underlying Grocery division's sales results for FY 2012 and FY 2011 (restated).

	<i>Underlying sales</i>		<i>Change (%)</i>
	<i>FY 2012</i>	<i>FY 2011</i>	
	<i>(unaudited)</i>	<i>(restated)</i>	
	<i>(£ millions)</i>	<i>(unaudited)</i>	
Power Brands	533.1	512.6	4.0
Support Brands	208.9	211.6	(1.3)
Total branded	742.0	724.2	2.5
Non-branded	114.7	87.0	31.8
Total	856.7	811.2	5.6

Underlying revenue in the Grocery division was £856.7 million in FY 2012, an increase of £45.5 million, or 5.6 per cent., as compared to £811.2 million in FY 2011 (restated).

The Group's Grocery division increased its proportion of branded sales by 5.4 per cent. to 86.6 per cent. of total underlying revenue in the division.

Grocery Power Brand sales continued to gather momentum during FY 2012 increasing by 4.0 per cent. through four successive quarters of growth, driven by improved customer collaboration and increased levels of consumer marketing investment. During FY 2012, *Sharwood's* benefited from the launch of Wrap Kits, *Batchelors'* growth was well supported by the launch of the Deli Box range and *Ambrosia* rice pots performed well.

Non-branded sales in the Grocery division increased by 31.8 per cent. in the year, due to contract gains in Ambient Cakes and additional co-packing arrangements following recent disposals.

Bread division (underlying revenue)

The following table sets forth the Group's unaudited underlying Bread division revenue results for FY 2012 and FY 2011 (restated).

	<i>Underlying revenue</i>		
	<i>FY 2012</i>	<i>FY 2011</i>	<i>Change (%)</i>
	<i>(unaudited)</i>	<i>(restated)</i>	
	<i>(£ millions)</i>		
Branded bread	374.4	380.9	(1.7)
Non-branded bread	122.7	119.6	2.6
Total Bread	497.1	500.5	(0.7)
Milling	191.4	193.0	(0.8)
Total	688.5	693.5	(0.7)

Underlying revenue for the Bread division (excluding Milling) declined by 0.7 per cent. to £497.1 million in FY 2012 from £500.5 million in FY 2011 (restated), while total sales for the division decreased by 0.7 per cent. to £688.5 million (including Milling) from £693.5 million in FY 2011 (restated).

Underlying revenue for Branded bread, the vast majority of which comprises the *Hovis* brand, declined by 1.7 per cent. to £374.4 million in FY 2012 from £380.9 million in FY 2011 (restated). However, during the year, *Hovis* maintained its market share value in a highly competitive market, where promotional activity levels remained high. However, changes in the customer and product mix during the course of the year, as a result of a number of contract gains and losses, together with higher costs associated with some of the Group's contract gains, adversely affected the divisional contribution of the Bread division.

Adverse wheat quality following the worst UK harvest for 35 years in 2012 also affected manufacturing efficiencies and negatively impacted the contribution of the Bread division in the second half of FY 2012. Price increases were achieved in the Baking and Milling businesses in the third quarter of FY 2012 to offset wheat price inflation following the lower quality harvest seen during the year and the Group also took the decision to diversify the Group's sources of wheat.

Milling revenue was £191.4 million in FY 2012, down 0.8 per cent. compared to FY 2011 (restated), while margins were also affected by the lower wheat quality from the 2012 harvest.

Cost of sales (continuing operations)

Cost of sales was £1,261.2 million in FY 2012, a decrease of £183.8 million, or 12.7 per cent., as compared to £1,445.0 million in FY 2011 (restated). The reduction principally relates to lower volumes following the Group's disposal programme in FY 2011 and FY 2012.

Gross profit (continuing operations)

Gross profit was £495.0 million in FY 2012, a decrease of £59.5 million, or 10.7 per cent., as compared to £554.5 million in FY 2011 (restated). The decrease was primarily due to the reduction in revenue resulting from the Group's disposals programme in FY 2011 (restated) and FY 2012. Gross

margin was 28.2 per cent. in FY 2012, an increase of 50 basis points, as compared to 27.7 per cent. in FY 2011 (restated). This increased gross margin was driven by the Group's reduced manufacturing costs and improved procurement.

Selling, marketing and distribution costs (continuing operations)

Selling, marketing and distribution costs were £262.5 million for FY 2012, a slight decrease of £0.8 million, or 0.3 per cent., as compared to £263.3 million for FY 2011 (restated). This decrease reflects the Group's disposals programme but was largely offset by an increase of nearly £15.0 million in FY 2012 compared to FY 2011 (restated) in the Group's total consumer marketing investment, which primarily related to new TV advertising campaigns for the Group's Power Brands.

Administrative costs (continuing operations)

Administrative costs were £132.2 million for FY 2012, a decrease of £334.6 million, as compared to £466.8 million for FY 2011. This is due to impairment charges of £282.0 million recognised in FY 2011 (restated) and SG&A cost savings delivered in FY 2012.

Net other operating (expense)/income (continuing operations)

Net other operating expense was £4.0 million for FY 2012, as compared to net other operating expense of £0.7 million for FY 2011 (restated).

Trading profit

Trading profit from continuing operations was £154.7 million in FY 2012, a decline of £33.6 million, principally reflecting the impact of the Group's disposals programme in FY 2011 (restated) and FY 2012. Trading profit from disposed businesses was £71.1 million in FY 2011 (restated) compared to £31.3 million in FY 2012. During FY 2012, significant savings in the overhead cost base were partly offset by increased consumer marketing investment.

Underlying trading profit was £123.4 million for FY 2012, an increase of £11.8 million, or 10.6 per cent., as compared to £111.6 million for FY 2011 (restated), primarily as a result of a reduction in selling, general and administrative costs. Grocery divisional contribution decreased by £11.4 million to £195.5 million during FY 2012, reflecting increased consumer marketing investment which was partly offset by growth in Power Brand sales. Bread divisional contribution declined by £24.8 million to £26.9 million in FY 2012 principally due to poor wheat quality adversely affecting manufacturing efficiencies and input costs. The restructuring of the Group's SG&A in FY 2012 delivered savings of £48 million, ahead of the Group's plan. This was achieved through right-sizing both the commercial and support functions of the Group to ensure its overhead cost base better reflected the Group's scale following the disposals programme.

Operating profit/(loss) before impairment and loss on disposal of operations (continuing operations)

Operating profit before impairment and loss on disposal of operations was £68.8 million for FY 2012, a decrease of £48.1 million, as compared to £116.9 million for FY 2011 (restated), principally due to business disposals completed in FY 2011 (restated) and FY 2012.

Impairment of goodwill and intangible assets (continuing operations)

Impairment charges in FY 2012 were £36.2 million, which related to the write-down of part of the carrying value of the Bread division following the decision to restructure the supply chain. This compares to a charge in FY 2011 (restated) of £282.0 million, which also related to the write-down of part of the carrying value of the Bread division.

Profit/(loss) on disposal of operations (continuing operations)

Profit on disposal of operations for FY 2012 was £63.7 million and includes the disposals of four Irish Brands (*Chivers*, *Gateaux*, *McDonnells* and the *Erin* licence), the Elephant Atta Ethnic Flour

Business, the Vinegar and Sour Pickles Business and the Sweet Spreads and Jellies Business. This compares to a loss on disposal of operations of £11.2 million for FY 2011 (restated), which related to the disposals of the Meat-Free Business, the East Anglian Canned Grocery Operations and the Non-branded Chilled business.

Operating profit/(loss) (continuing operations)

Operating profit was £96.3 million for FY 2012, an increase of £272.6 million, as compared to an operating loss of £176.3 million for FY 2011 (restated). This increase in operating profit was primarily the result of the impairment charge recognised in FY 2011 (restated), that was not repeated in FY 2012 and which related to the write-down of a part of the carrying value of the Bread Business.

Finance cost (continuing operations)

Finance cost was £86.3 million in FY 2012, a decrease of £40.6 million, or 32.0 per cent., as compared to £126.9 million in FY 2011 (restated), primarily due to the conversion in FY 2012 of higher rate interest rate swaps into additional term loan at a significantly lower interest rate in addition to lower levels of net debt following the disposal of businesses during the course of the year. Additionally, an exceptional write-off of financing costs amounting to £10.8 million was recognised in FY 2012, relating to debt issue costs associated with the previous financing agreement, compared to a £1.6 million charge in FY 2011 (restated).

Finance income (continuing operations)

Finance income was £4.1 million in FY 2012, a decrease of £3.1 million, as compared to £7.2 million in FY 2011 (restated), which reflects slight fluctuations in the Group's cash desposits during the course of each year.

Net movement on fair valuation of interest rate financial instruments (continuing operations)

Net movement on fair valuation of interest rate financial instruments was a loss of £9.7 million in FY 2012, a decrease of £46.6 million, as compared to a gain of £36.9 million in FY 2011 (restated).

Profit/(loss) before taxation from continuing operations

Profit before taxation from continuing operations was £4.4 million for FY 2012, as compared to a loss of £259.1 million for FY 2011 (restated). The change was principally due to impairment charges of £282.0 million recognised in FY 2011 (restated), partly offset by lower Trading profit following business disposals.

Taxation (charge)/credit (continuing operations)

The taxation credit was £21.9 million for FY 2012, a decrease of £7.2 million, as compared to a taxation credit of £29.1 million for FY 2011 (restated). The decrease in taxation credit was primarily the result of the reported loss in FY 2011 as compared to a profit in FY 2012.

Profit/(loss) after taxation from continuing operations

Profit after taxation from continuing operations was £26.3 million for FY 2012, as compared to a loss of £230.0 million for FY 2011 (restated). The change was principally due to goodwill impairment charges of £282.0 million recognised in FY 2011 (restated) partly offset by lower Trading profit following business disposals.

Loss from discontinued operations

Loss from discontinued operations in FY 2012 was £13.5 million. This loss primarily relates to past service costs in relation to the Premier Food Pension Scheme, as the loss from discontinued operations includes operating expenses related to businesses that were disposed of in previous years.

Profit/(loss) for the period attributable to owners of Premier Foods

Profit for the year attributable to owners of Premier Foods was £12.8 million for FY 2012, an increase of £351.8 million, as compared to a loss of £339.0 million for FY 2011 (restated). The increase in profit resulted primarily from the reduced impairment charges and discontinued losses recognised in FY 2011 (restated) partly offset by lower operating profit following business disposals.

10. Liquidity, cash flows and capital resources

10.1 *Liquidity*

The Group's liquidity requirements arise primarily from its debt service obligations, capital expenditure, working capital expenses and pension obligations. Historically, the Group has also required liquidity to fund acquisitions and to meet associated integration and restructuring costs. The Group's primary sources of liquidity are cash flows from operations and borrowings.

The Group monitors its liquidity requirements closely through both its treasury and finance functions. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of three months. In addition, cash flow forecasts are prepared as part of the Group's overall budgeting processes and actual performance is monitored against this each month. This is intended to give the Group's management forward visibility of liquidity requirements and net debt levels. The Group's liquidity requirements and net debt levels can vary significantly from month to month and there is some volatility within months reflecting the Group's trading patterns, timing of receipts from customers and payments to suppliers, patterns of inventory holdings and the timing of expenditure on major capital and restructuring projects. As a result, the Group's reported net debt and working capital levels at the end of December or June may not be indicative of the Group's debt and working capital levels at other points throughout the year.

10.2 *Working capital*

The Group's working capital levels can vary significantly from month to month and there is some volatility within months reflecting the Group's trading patterns, timing of receipts from customers and payments to suppliers and patterns of inventory holdings. As a result of this, the Group has historically reported lower working capital levels in June and December than in other months, principally reflecting the seasonal nature of the Group's business. The Group typically expects to have an outflow of working capital in the first half of the year, compensated by an inflow of working capital in the second half of the year. In addition, the Group anticipates that the Group's working capital requirements will vary due to changes in raw material costs, which affect inventory, account receivables and account payables levels.

As at 1 February 2014, the Group's total borrowings were £923.5 million.

10.3 *Cash flows*

Recurring cash flow

Recurring cash flow for FY 2013 was £86.8 million, an increase of £36.8 million as compared to £50.0 million in FY 2012. This increase was primarily attributable to a reduction of interest paid from £52.5 million in FY 2012 to £35.9 million in FY 2013, and a reduction of cash capital expenditure from £56.4 million in FY 2012 to £33.9 million in FY 2013.

Free cash flow

Free cash flow for FY 2013 was £124.9 million, a decrease of £197.5 million as compared to £322.4 million in FY 2012. This decrease was primarily attributable to lower disposal proceeds received in FY 2013 and higher restructuring costs in FY 2013 in connection with the Bread restructuring programme.

The following table summarises net cash flows on operating, investing and financing activities for each of FY 2011 (restated), FY 2012, FY 2012 (restated) and FY 2013:

	<i>FY 2013</i>	<i>FY 2012/FY 2012 (restated)⁽¹⁾</i>	<i>FY 2011 (restated)⁽²⁾</i>
	<i>(£ millions)</i>		
Cash inflow/(outflow) from operating activities	87.5	4.2	(29.1)
Cash inflow/(outflow) from investing activities	65.2	245.8	321.3
Cash inflow/(outflow) from financing activities	(5.5)	(262.3)	(241.1)
Net (outflow)/inflow of cash and cash equivalents	147.2	(12.3)	51.1
Cash and cash equivalents at beginning of year	9.7	22.1	(28.7)
Effect of movement in foreign exchange	0.1	(0.1)	(0.3)
Cash and cash equivalents at end of year	157.0	9.7	22.1

(1) The figures for FY 2012 and FY 2012 (restated) are the same, so have been shown in one column.

(2) The comparative income statement for FY 2011 included as a comparative to the FY 2012 consolidated income statement was restated following an £8.9 million reclassification of certain costs to align categorisation across the Group. See “Operating and Financial Review and Prospects – Results of Operations – Comparability of Results”.

Cash inflow/(outflow) from operating activities

FY 2013 compared to FY 2012 (restated). Net cash flow from operating activities was an inflow of £87.5 million for FY 2013, an increase of £83.3 million, as compared to an inflow of £4.2 million for FY 2012. Cash generated from operating activities increased to £123.4 million for FY 2013 from £56.4 million for FY 2012, primarily caused by higher profits and favourable working capital movements. Net interest paid decreased by £16.6 million to £35.9 million for FY 2013, reflecting lower average debt levels as a result of disposals and the close out of certain swaps held by the Group in FY 2012. Taxation paid in FY 2013 was nil compared to £0.3 million received in FY 2012.

FY 2012 compared to FY 2011 (restated). Net cash flow from operating activities was an inflow of £4.2 million for FY 2012, an increase of £33.3 million, as compared to an outflow of £29.1 million for FY 2011. Cash generated from operating activities decreased to £56.4 million for FY 2012 from £86.7 million for FY 2011, due to a reduction in the Group’s size following business disposals and lower amortisation of intangible asset charges. Net interest paid decreased by £60.9 million to £52.5 million for FY 2012, reflecting lower debt levels and interest rates. Taxation received in FY 2012 was £0.3 million compared to £2.4 million paid in FY 2011.

Cash inflow/(outflow) from investing activities

FY 2013 compared to FY 2012 (restated)

Net cash flow from investing activities was an inflow of £65.2 million for FY 2013, a decrease of £180.6 million, as compared to £245.8 million for FY 2012. Cash inflows were lower in FY 2013, primarily due to reduced proceeds from disposals in FY 2013. Cash outflow from investment in property, plant and equipment and purchases of intangible assets was £40.4 million in FY 2013, a decrease of £26.2 million from £66.6 million in FY 2012 reflecting the reduced size of the Group as a result of the disposal programme. Proceeds from the sale of property, plant and equipment and intangible assets were £14.8 million in FY 2013, an increase of £14.6 million from £0.2 million in FY 2012.

FY 2012 compared to FY 2011 (restated)

Net cash flow from investing activities was an inflow of £245.8 million for FY 2012, a decrease of £75.5 million, as compared to £321.3 million for FY 2011. Cash inflows were lower in FY 2012, primarily due to reduced proceeds from disposals in FY 2012. Cash outflow from investment in property plant and equipment and purchases of intangible assets was £66.6 million in FY 2012, a decrease of £12.3 million from £78.9 million in FY 2011 reflecting the reduced size of the Group as a result of its disposal programme. Proceeds from the sale of property, plant and equipment and intangible assets were £0.2 million in FY 2012, a decrease of £5.2 million from £5.4 million in FY 2011.

Cash inflow/(outflow) from financing activities

FY 2013 compared to FY 2012 (restated)

Net cash flow from financing activities was an outflow of £5.5 million for FY 2013, a decrease of £256.8 million, as compared to an outflow of £262.3 million for FY 2012. The net cash outflow for FY 2013 of £5.5 million primarily related to the payment of deferred commitment fees of £27.5 million under the Current Facilities Agreement, which was partially offset by improved financing arrangements under the Current Receivables Securitisation Agreement. The net cash outflow for FY 2012 primarily related to repayment of borrowings of £312.2 million from disposal proceeds received and payment of finance fees and other finance costs of £24.0 million, partially offset by proceeds from the Group's securitisation programme of £72.4 million.

FY 2012 compared to FY 2011 (restated)

Net cash flow from financing activities was an outflow of £262.3 million for FY 2012, an increase of £21.2 million, as compared to an outflow of £241.1 million for FY 2011. The net cash outflow for FY 2012 primarily related to repayment of borrowings of £312.2 million from disposal proceeds received and payment of finance fees and other finance costs of £24.0 million, partially offset by proceeds from the Group's securitisation programme of £72.4 million. The net cash outflow for FY 2011 primarily related to repayment of borrowings of £363.6 million from disposal proceeds received, which were partially offset by proceeds from borrowings of £124.1 million.

10.4 Debt and financing arrangements

The New Bonds

The Group intends to raise approximately £475 million in gross proceeds through the issue of the New Bonds by Premier Foods Finance plc as the New Bonds Issuer (which will originally be an orphan special purpose vehicle which sits outside the Group). It is intended that the New Bonds will be comprised of floating rate notes expected to mature in 2020 and fixed rate notes expected to mature in 2021. The interest on the floating rate notes will be payable quarterly in arrears and the interest on the fixed rate notes will be payable semi-annually in arrears. The gross proceeds from the issue of the New Bonds by the New Bonds Issuer are expected to be deposited into one or more escrow accounts, and will be released subject to the satisfaction of certain conditions, including the consummation of the Placing and the Rights Issue as well as satisfaction or waiver of the conditions precedent to drawdown under the New Facility Agreement (other than purely procedural steps or conditions related to the inter-conditionality of the Capital Refinancing Plan). Simultaneous with the release of the proceeds of the issue of the New Bonds from escrow, the Group is expected to procure the transfer of the New Bond Issuer into the Group by way of a share transfer.

The New Bonds will be backstopped so that, if it is not otherwise possible to procure sufficient investment from high yield bond investors in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds.

The New Bonds will be governed by the terms of an indenture, which is expected to include customary restrictive covenants for the benefit of the holders of the New Bonds, as well as optional and mandatory redemption provisions.

The New Bonds will, from the date on which the proceeds of the New Bonds are released from escrow, be secured by first ranking charges over certain real estate and certain intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company and share security over shares in each material subsidiary of the Company. The security will be shared on a *pari passu* basis by, among others, the holders of the New Bonds, the finance parties under the New Facility Agreement, certain hedging bank, the Pensions Trustees, up to a maximum aggregate secured amount of £450 million (such amount to amortise after 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million) and the holders of certain permitted indebtedness utilised to refinance existing secured debt.

Further information on the terms of the New Bonds is set out in section 21.3 of Part X (*Additional Information*) of this document.

The Current Facilities Agreement and the New Facility Agreement

The Company is party to the Current Facilities Agreement with a syndicate of lenders. On 30 March 2012 (when the Current Facilities were last refinanced and the Current Facilities Agreement was last amended and restated), the Current Facilities comprised in aggregate £921 million Current Term Facilities and a £500 million Current Revolving Facility. Since the date of that agreement, gross proceeds of £369.5 million from business disposals have been received, all of which have been used to pay down both Current Term Facilities and Current Revolving Facilities on a pro rata basis. The Current Facilities would mature on 30 June 2016 (absent an earlier prepayment).

The Company has entered into the New Facility Agreement that will make available a £300 New Revolving Facility (with the ability to increase the New Revolving Facility by up to £50 million using an accordion facility). The New Revolving Facility will be available following (among other things) receipt by the facility agent of evidence that (i) the Company has received gross proceeds from the Placing and the Rights Issue and the issue of the New Bonds (including where the New Bonds have been acquired by the Backstop Banks pursuant to the backstop commitment) such that together with the New Revolving Facility there will be an aggregate amount of £1,128 million in gross proceeds from the various elements of the Capital Refinancing Plan available to the Group and (ii) the necessary amount of those proceeds will be utilised in prepayment and cancellation of the Current Facilities in full.

The New Facility Agreement contains certain mandatory prepayment events, representations and events of default. In addition, the availability of the New Revolving Facility is subject to compliance by the Group with specified financial covenants in relation to interest cover and leverage which are tested at the end of each annual accounting period and half-yearly, in each case on a rolling 12 month basis. The New Facility Agreement also contains certain restrictions on capital expenditure. Further information on the terms of the New Revolving Facility is set out in section 21.2 of Part X (*Additional Information*) of this document.

Interest is payable on the loans under the New Revolving Facility at a floating rate equal to LIBOR or, in relation to any loan drawn in euro, EURIBOR, plus the applicable margin. The margin that applies to the New Revolving Facility is determined in accordance with a ratchet based on leverage as follows:

<i>Leverage Ratio</i>	<i>% per annum</i>
> 4.0:1	4.00
≤ 4.0:1 and > 3.5:1	3.75
≤ 3.5:1 and > 3.0:1	3.50
≤ 3.0:1 and > 2.5:1	3.00
≤ 2.5:1 and > 2.0:1	2.75
≤ 2.0:1	2.50

The initial margin is expected to be 3.50 per cent.

By way of comparison, the margin that applies to the Current Facilities is 3.25 per cent. per annum. However, this is payable in addition to certain deferred fees under the terms of the Current Facilities Agreement which accumulate over certain periods.

The New Facility Agreement will be secured by first ranking charges over certain real estate and certain intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company, and share security over shares in each material subsidiary of the Company. The security will be shared on a *pari passu* basis by, among others, the finance parties under the New Facility Agreement, the holders of the New Bonds, certain hedging banks, the Pension Trustees, up to a maximum aggregate secured amount of £450 million (such amount to amortise after 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash

contributions from disposal proceeds (if any) applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million) and the holders of certain permitted indebtedness unlisted to refinance existing secured debt.

Further information on the terms of the New Revolving Facility is set out in section 21.2 of Part X (*Additional Information*) of this document.

10.5 *Contingent liabilities*

Contingent liabilities of the group primarily comprise guarantees and letters of credit. The Group had no material contingent liabilities as of 31 December 2013.

10.6 *Off-balance sheet arrangements*

The Group does not have any material off-balance sheet financing arrangements, other than certain interest rate swaps that are marked to market every month (see further section 11 of this Part IV) and certain foreign exchange forward contracts (see further section 11 of this Part IV).

10.7 *Capital expenditure*

In recent years, the Group's capital expenditures have consisted of selected manufacturing and cost rationalisation programmes, implementing the SAP enterprise resource planning software, investment in equipment to deliver new product development, maintaining and expanding the Group's production facilities and remodelling the Group's logistics operations.

The Group's capital expenditure for FY 2011 (restated), FY 2012 and FY 2013 were £78.9 million £66.6 million and £40.4 million, respectively.

The Group expects future capital expenditure requirements to arise primarily in connection with general maintenance, modernisation and expansion of the Group's production facilities, new product development and cost reduction programmes.

The Company intends to undertake an investment of approximately £20 million in capital expenditure in its cake business over the next three years, commencing in 2014. Such investment is expected to lead to upgrades to the existing *Mr. Kipling* and *Cadbury* lines and to the commissioning of an entirely new snack pack slice line to significantly increase capacity. The capital expenditure will be principally funded by the working capital inflow following the completion of the JV Transaction. Outside of the investment in the cake business, capital investment in the Grocery business is expected to be in line with depreciation.

10.8 *Capital commitments*

The Group's capital commitments relate to contracts entered into by the Group for future capital expenditure that have not been provided for in the 2013 Financial Statements.

11. **Market risks**

11.1 *Overview*

Market risk represents the risk of adverse fluctuations and volatility in foreign currency exchange rates, commodity prices and interest rates. The objective of the Group's financial risk management strategy is to protect against unfavourable changes in the financial markets and thus help secure profitability.

The Group uses various derivative financial instruments within specified limits to manage these risks. The Group uses these instruments in an attempt to reduce risk by essentially creating offsetting market exposures. These contracts are entered into with financial institutions in accordance with the Group's treasury policies and procedures. The Group uses derivative financial instruments only for financial purposes and not for speculative purposes.

11.2 *Currency fluctuation*

The Group's main functional currency and reporting currency is pound sterling. However, the Group sources raw materials from, and exports the Group's products to, various countries. The Group also generates some of the Group's profits in non-sterling currencies, principally the euro. Therefore, the Group's financial position and the results of the Group's operations are subject to currency risk, primarily against the euro and US dollar.

Management of currency exposures is centralised and managed by the Group's treasury division. The Group enters into forward currency contracts and currency options to manage the Group's exposures to foreign currency exchange rate fluctuations resulting from the purchase of raw materials and the Group's export business. Pursuant to the Group's financial policy, the Group hedges all trading transaction exposures above an aggregate level of £100,000. This hedging reduces the Group's exposure to volatility in exchange rates. However, movement in exchange rates will increase or decrease the pound sterling value of the Group's foreign currency-denominated purchases and sales. See Note 21 to the Group's 2013 Financial Statements.

11.3 *Cash flow and interest rate risk*

The Group borrows principally in pounds sterling at floating rates of interest which exposes the Group to interest rate risk. The Group actively monitors its interest rate exposure on these borrowings and uses a variety of derivative financial instruments to hedge such exposure. The nature and volume of the Group's derivative financial instruments is determined based upon certain conditions specified under the Group's existing facilities. The gross cash flows on the interest rate derivatives are sensitive to changes in interest rates as they are driven by three month LIBOR which is reset on a quarterly basis. As at 31 December 2013 the reset rate was 0.52625 per cent.

Further, certain of the Group's subsidiaries have entered into the Current Receivables Securitisation Agreement which has the effect of reducing the interest cost by 75 basis points on the amount advanced.

Cash and deposits earn interest at floating rates based on banks' short-term temporary deposit rates and are therefore subject to interest rate risk. Short-term trade and other receivables are typically interest free.

See Note 21 to the Group's 2013 Financial Statements.

11.4 *Commodity price risk*

The Group purchases several commodities such as cocoa, vegetable oil, diesel, wheat and energy, which can experience significant price volatility. The Group attempts to minimise its exposure to this volatility by adopting an appropriate forward purchase strategy or by the use of derivative instruments where they are available. Price risk is managed centrally by the Group's Treasury Risk Management Committee and by the Group Procurement Director.

Although the Group attempts to manage its commodity price risk through forward purchases and the use of derivative instruments, the Group cannot guarantee that its strategy will be successful in managing input costs if prices remain at current levels or increase further. Moreover, there is no market for hedging against price volatility for certain raw materials and the Group is required to purchase these at prevailing market rates. See Note 21 to the Group's 2013 Financial Statements.

11.5 *Credit risk*

The Group's principal financial assets are cash and cash deposits, trade and other receivables. Cash and cash equivalents are deposited with high-credit quality financial institutions. Trade receivables are due principally from major grocery retailers. See Note 21 to the Group's 2013 Financial Statements.

11.6 *Liquidity risk*

Please refer to section 10.1 of this Part IV.

12. Capitalisation and indebtedness

The following tables set out the capitalisation and indebtedness of the Group as at 31 December 2013.

Capitalisation⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

31 December 2013
(£ million)

Total Current debt	
Guaranteed	–
Secured	50.0
Unguaranteed/Unsecured	120.0
Total Current debt	<u>170.0</u>
Total Non-Current debt (excluding current portion of long-term debt)	
Guaranteed	–
Secured	834.0
Unguaranteed/Unsecured	–
Total indebtedness	<u>1,004.0</u>
Shareholder's equity:	
Share capital	24.0
Share premium	1,124.7
Merger reserve	404.7
Other reserves	(9.3)
Total	<u>1,544.1</u>

Notes:

- (1) Shareholders' equity does not include the profit and loss account reserve.
- (2) This statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparation of the Group's financial statements for the year ended 31 December 2013.
- (3) The information is unaudited.
- (4) The borrowings are secured by a floating charge over all assets of the Group.
- (5) Debt is stated excluding £16.2 million of capitalised debt issuance costs at 31 December 2013.

Indebtedness

The following table sets out the net financial indebtedness of the Group as at 31 December 2013.

Net indebtedness⁽⁶⁾⁽⁷⁾⁽⁸⁾

31 December 2013
(£ millions)

Cash	157.0
Total liquidity	<u>157.0</u>
Current bank debt	–
Current portion of non-current debt	(50.0)
Other current financial debt	(120.0)
Current financial debt	<u>(170.0)</u>
Net current financial indebtedness	<u>(13.0)</u>
Non-current bank loans	(834.0)
Non-current Financial Indebtedness	<u>(834.0)</u>
Net financial indebtedness	<u>(847.0)</u>

Notes:

- (6) The Group has no indirect or contingent indebtedness as at 31 December 2013.
- (7) Cash and bank deposits and overdrafts have been offset to the extent possible in accordance with the Group's banking agreements.
- (8) Indebtedness is stated excluding £16.2 million of capitalised debt issuance costs at 31 December 2013.

13. Accounting policies

The Group's accounting policies for FY 2013 can be found in Note 2 to the 2013 Financial Statements and incorporated by reference into this document, as referred to in Part XI (*Information Incorporated by Reference*) of this document.

14. New or amended accounting standards or interpretations

The new or amended accounting standards for FY 2013 can be found in Note 2 to the 2013 Financial Statements and incorporated by reference into this document, as referred to in Part XI (*Information Incorporated by Reference*) of this document.

PART V

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. Introduction

The Company proposes to raise gross proceeds of approximately £253 million through the Rights Issue at a Rights Issue Price of 50 pence per New Ordinary Share. Subject to the fulfilment of the conditions set out below, the New Ordinary Shares will be offered by way of rights to:

- (i) Qualifying Shareholders on the following basis:

8 New Ordinary Shares at 50 pence each for every 5 Ordinary Shares

held by Qualifying Shareholders on the Record Date and so in proportion to any other number of Ordinary Shares each Qualifying Shareholder then holds.

- (ii) Placees on the following basis:

8 New Ordinary Shares at 50 pence each for every 5 Ordinary Shares

held by Placees as a result of the Placing and so in proportion to any number of Ordinary Shares the Placee would have held on the Record Date if the Placing had occurred immediately prior to the Record Date.

Holdings of Placing Shares and other Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders and Placees. Such fractions will be aggregated and, if possible, placed in the market. The net proceeds of such placing will be paid to the Company.

The attention of Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to section 7 of this Part V. In particular, subject to certain exceptions, Qualifying Shareholders and Placees with registered addresses in the United States or in any of the other Excluded Territories will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to any future dividends or other distributions made, paid or declared after the date of their issue.

Application will be made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to listing on the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange, nil paid, at 8.00 a.m. on 24 March 2014. Placing Admission and Admission will take place simultaneously.

The Rights Issue is fully underwritten by the Underwriters and is conditional upon (among other things) (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Placing Admission and Admission) and (ii) Placing Admission and Admission becoming effective by not later than 8.00 a.m. on 24 March 2014 (or such later date as the Company and the Joint Sponsors and the Joint Bookrunners may agree).

The Underwriting Agreement is conditional upon certain matters being satisfied and may be terminated by the Joint Bookrunners prior to Admission upon the occurrence of certain specified events, in which case the Rights Issue will not proceed. The Underwriting Agreement is not capable of termination following Admission. The Joint Bookrunners may arrange sub-underwriting for some, all or none of the New Ordinary Shares. A summary of the principal terms of the Underwriting Agreement is set out in section 20.19 of Part X (*Additional Information*) of this document.

The Underwriters and the Joint Sponsors may, in accordance with applicable legal and regulatory provisions and subject to certain restrictions in the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights and the Ordinary Shares. Except as required by applicable law or regulation, the Underwriters and the Joint Sponsors do not propose to make any public disclosure in relation to such transactions.

The Company reserves the right to decide not to proceed with the Rights Issue at any time prior to Admission and commencement of dealings in the New Ordinary Shares (nil paid).

Subject to the above conditions being satisfied and save as provided in section 7 of this Part V in respect of Overseas Shareholders, it is intended that:

- (A) the Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than Excluded Shareholders) on or about 21 March 2014;
- (B) the Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than Excluded Shareholders) and Placees with such Shareholders' and Placees' entitlements to Nil Paid Rights, with effect from 8.00 a.m. on 24 March 2014;
- (C) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear UK as soon as practicable after the Company has confirmed to Euroclear UK that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be as soon as practicable after 8.00 a.m. on 24 March 2014;
- (D) the New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) and Placees who validly take up their rights as soon as practicable after 8.00 a.m. on 8 April 2014; and
- (E) the share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders (or their nominees) who validly take up their rights by 15 April 2014.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear UK requires the Company to confirm to it that certain conditions are satisfied before Euroclear UK will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the Nil Paid Rights and the Fully Paid Rights on Admission. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear UK.

All documents, including Provisional Allotment Letters (which constitute temporary documents of title) and cheques and banker's drafts posted to or by Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) and Placees (as applicable) will be posted at their own risk.

Qualifying Shareholders and Placees taking up their rights by completing a Provisional Allotment Letter or by sending an MTM instruction to Euroclear UK will be deemed to have given the representations and warranties set out in sections 3.2 and 4.2 of this Part V, unless such requirement is waived by the Company and the Joint Bookrunners.

2. Action to be taken

The action to be taken in respect of the New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder or Placee and do not have a registered address in or you are not located in the United States or any of the other Excluded Territories, please refer to sections 3, 5, 6, 7.6 and 8 to 12 of this Part V.

If you are a Qualifying CREST Shareholder or Placee and do not have a registered address in or you are not located in the United States or any of the other Excluded Territories, please refer to sections 4 to 6, 7.6 and 8 to 12 of this Part V and to the CREST Manual for further information on the CREST procedures referred to below.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or the Fully Paid Rights of CREST sponsored members.

If you have any questions relating to the Provisional Allotment Letter, please telephone the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 384 2909 from within the United Kingdom or +44 121 415 0196 if calling from outside the United Kingdom. Calls to 0871 384 2909 from inside the United Kingdom cost eight pence per minute (excluding VAT) plus network charges. Calls to the +44 121 415 0196 from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Rights Issue or give any financial, tax, investment or legal advice.

3. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters

3.1 General

Provisional Allotment Letters are expected to be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders who are Excluded Shareholders) on 21 March 2014.

Each Provisional Allotment Letter will set out:

- (A) the holding of Ordinary Shares in certificated form on which the entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based;
- (B) the aggregate number and cost of New Ordinary Shares in certificated form which are expected to be provisionally allotted to such Qualifying Non-CREST Shareholder;
- (C) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (D) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-rights) in certificated form before the Ex-Rights Date, please send any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that no Provisional Allotment Letter should be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States or any of the other Excluded Territories.

If you sell or transfer or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in section 3.6 of this Part V.

If you do not receive a Provisional Allotment Letter or you think that the holding of Existing Ordinary Shares in certificated form on which your entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based does not reflect your holding of Existing Ordinary Shares in certificated form on the Record Date, please telephone the Shareholder Helpline on the numbers set out in section 2 of this Part V.

On the basis that dealings in Nil Paid Rights commence on 24 March 2014, the latest time and date for acceptance and payment in full will be 11.00 a.m. on 7 April 2014.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 21 March 2014, the expected timetable at the front of this document will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. References to dates and times in this document should be read as subject to any such adjustment.

3.2 *Procedure for acceptance and payment*

(A) *Qualifying Non-CREST Shareholders who wish to accept in full*

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights must return the Provisional Allotment Letter in accordance with the instructions thereon, together with a cheque or banker's draft, made payable to "Equiniti Limited re: Premier Foods Rights Issue" and crossed "A/C payee only" detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) written on the reverse of the cheque or banker's draft, for the full amount payable on acceptance, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 7 April 2014. If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for use within the United Kingdom only. Once your Provisional Allotment Letter duly completed and payment have been received by the Receiving Agent in accordance with the above, you will have accepted the offer to subscribe for the number of New Ordinary Shares specified on your Provisional Allotment Letter.

(B) *Qualifying Non-CREST Shareholders who wish to accept in part*

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights should refer to section 3.6 of this Part V.

(C) *Company's discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 7 April 2014, the provisional allotment will be deemed to have been declined and will lapse. However, the Company and the Underwriters may, but shall not be obliged to, treat as valid (i) Provisional Allotment Letters and accompanying remittances that are received through the post not later than 11.00 a.m. on 7 April 2014 (the cover bearing a legible postmark not later than 11.00 a.m. on 7 April 2014) and (ii) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 7 April 2014 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be subscribed for and undertaking to lodge the relevant Provisional Allotment Letter, duly completed, in due course and in any event, before 11.30 a.m. on 8 April 2014.

The Company and the Underwriters may also treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed

in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company, having first consulted with the Joint Bookrunners, reserves the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, despatched from or that provides an address for delivery of share certificates for New Ordinary Shares in the United States or any other Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this section 3.2 is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Memorandum and the Articles of Association.

Holders of Provisional Allotment Letters who wish to take up any of their entitlements must also make the representations and warranties set out in section 7.6 of this Part V. All Qualifying Non-Crest Shareholders will also be deemed to have agreed and acknowledged that:

- (i) the Joint Sponsors and the Underwriters: (a) are acting exclusively for the Company and no one else in connection with the Placing and the Rights Issue and the listing of the Placing Shares and the New Ordinary Shares on the premium segment of the Official List; and (b) will not be responsible to anyone other than the Company for providing the protections afforded to their clients for providing advice in connection with the Placing and the Rights Issue, the listing of the Placing Shares and the New Ordinary Shares on the premium segment of the Official List or the contents of this document;
- (ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Sponsors and the Underwriters by FSMA, the regulatory regime established thereunder or otherwise under law: (a) the Joint Sponsors and the Underwriters do not have any responsibility or liability for the contents of this document; (b) the Joint Sponsors and the Underwriters make no representation or warranty, express or implied, as to the contents of this document (including as to its accuracy, completeness or verification) or for any other statement made or purported to be made by or on behalf of any of them, by the Company or on its behalf or by any other person in connection with the Company, the Placing Shares, the Placing, the New Ordinary Shares or the Rights Issue, and nothing in this document shall be relied upon as a promise or representation in this respect (whether as to the past or the future); and (c) the Joint Sponsors and the Underwriters shall not have any liability whatsoever to such Qualifying Shareholders, whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement;
- (iii) such Qualifying Shareholder has not relied on the Joint Sponsors and the Underwriters or any person affiliated with any of the Joint Sponsors and the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and
- (iv) such Qualifying Shareholder has relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Sponsors or the Underwriters.

(D) *Payments*

All payments made by Qualifying Non-CREST Shareholders must be made by cheque or banker's draft in pound sterling payable to "Equiniti Limited re: Premier Foods Rights Issue"

and crossed “A/C payee only”. Third party cheques may not be accepted except building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or banker’s draft to such effect. The account name should be the same as that shown on the application. Cheques or banker’s drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker’s drafts to be cleared through facilities provided by either of these companies. Such cheques and banker’s drafts must bear the appropriate sort code number in the top right-hand corner. Post-dated cheques will not be accepted. All cheques and banker’s drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker’s drafts will be presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of the Company. It is a term of the Rights Issue that cheques shall be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not so honoured.

If New Ordinary Shares have already been allotted to a Qualifying Shareholder prior to any payment not being so honoured or such acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company’s reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part V in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. None of the Company, the Joint Bookrunners or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result of any such action undertaken by or on behalf of the Company, and/or the Joint Bookrunners.

3.3 *Money Laundering Regulations*

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Provisional Allotment Letter.

Submission of a Provisional Allotment Letter shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the person lodging the Provisional Allotment Letter (the “**applicant**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations and agree for Equiniti to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its

absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent the Company or the Joint Bookrunners will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity (and in any event by 11.00 a.m. on 7 April 2014), the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (A) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (B) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 91/308/EEC) as amended; or
- (C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (D) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in the EU Money Laundering Directive (No. 91/308/EEC), as amended; or
- (E) the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its pound sterling equivalent).

Where the verification of identity requirements apply, please note the following as this will assist in satisfying such requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in pound sterling drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right-hand corner, the following applies. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Equiniti Limited re: Premier Foods Rights Issue" and crossed "A/C payee only". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in subsection (B) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, the Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide written confirmation that it has that status with the Provisional Allotment Letter(s) and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority; or

- (iii) if a Provisional Allotment Letter is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

To confirm the acceptability of any written confirmation referred to in subsection (ii) above, or in any other case, the applicant should contact the Shareholder Helpline on 0871 384 2909 (from inside the United Kingdom), or +44 121 415 0196 (from outside the United Kingdom). This helpline is available between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except on UK public holidays). Calls to 0871 384 2909 from inside the United Kingdom cost eight pence per minute (excluding VAT) plus network charges. Calls to +44 121 415 0196 from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice. The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for financial, tax, investment or legal advice, respectively.

3.4 *Dealings in Nil Paid Rights*

Subject to the fulfilment of the conditions set out in section 1 of this Part V, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 24 March 2014. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee, up to the latest time for acceptance and payment in full stated in the Provisional Allotment Letter, which is 11.00 a.m. on 7 April 2014.

3.5 *Dealings in Fully Paid Rights*

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and in the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant Provisional Allotment Letter and delivering it, by post or by hand (during normal business hours only), to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received not later than 11.00 a.m. on 7 April 2014. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letter returned to them after their acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking the appropriate box on the Provisional Allotment Letter.

Thereafter, the New Ordinary Shares will be registered and transferable in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

3.6 *Renunciation and splitting of Provisional Allotment Letters*

The Provisional Allotment Letters are fully renounceable (save as required by the laws of certain overseas jurisdictions) and may be split up to 3.00 p.m. on 3 April 2014 nil paid and fully paid.

Qualifying Non-CREST Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee, provided that a transferee must not have a registered address in, or be resident or located (as applicable) in, the United States or any other Excluded Territory. Once a Provisional Allotment

Letter has been so renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such letter may be transferred by delivery of such letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11.00 a.m. on 7 April 2014 and after such date the New Ordinary Shares will be in registered form, transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Ordinary Shares registered in his name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split, for which purpose he, or his agent, must sign and date Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to the Receiving Agent at the appropriate address as set out in section 3.5 of this Part V by not later than 3.00 p.m. on 3 April 2014, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. Form X on page 4 of split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their rights, without transferring the remainder, should complete Form X on page 4 of the original Provisional Allotment Letter and return it by post or by hand (during normal business hours only) to the Receiving Agent at the appropriate address as set out in section 3.5 of this Part V, together with a covering letter confirming the number of New Ordinary Shares to be taken up and a cheque or banker's draft in pound sterling for the appropriate amount made payable to "Equiniti Limited re: Premier Foods Rights Issue" and crossed "A/C payee only" detailing the allotment number (which is on page 1 of the Provisional Allotment Letter) written on the reverse of the cheque or banker's draft to pay for this number of shares. In this case, the Provisional Allotment Letter and the cheque or banker's draft must be received by the Receiving Agent by 11.00 a.m. on 7 April 2014, being the last date and time for acceptance.

The Company and the Underwriters reserve the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

3.7 *Registration in names of Qualifying Non-CREST Shareholders*

A Qualifying Non-CREST Shareholder who wishes to have all his entitlement to New Ordinary Shares registered in his name must accept and make payment for such allotment prior to the latest time for acceptance and payment in full which is 11.00 a.m. on 7 April 2014 in accordance with the provisions set out in this document and the Provisional Allotment Letter, but need take no further action.

3.8 *Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled*

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Non-CREST Shareholder(s) originally entitled, the renounee or his agent(s) must complete Form Y on page 4 of the Provisional Allotment Letter (unless the renounee is a CREST member who wishes to hold such New Ordinary Shares in uncertificated form, in which case, Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) must be completed (see section 3.9 of this Part V) and deliver the entire Provisional Allotment Letter unless this is to be deposited into CREST, when fully paid, by post or by hand (during normal business hours only) to the Receiving Agent at the appropriate address as set out in section 3.5 of this Part V not later than the latest time for registration of renunciation which is 11.00 a.m. on 7 April 2014. Registration

cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

The New Ordinary Shares comprised in two or more Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders) if Form Y is completed on page 4 of one of the Provisional Allotment Letters (the “**Principal Letter**”) and all other relevant Provisional Allotment Letters are delivered in one batch. Details of each relevant Provisional Allotment Letter (including the Principal Letter) should be listed in an attached letter and the allotment number of the Principal Letter should be entered into the space provided on each of the other Provisional Allotment Letters.

3.9 *Deposit of Nil Paid Rights or Fully Paid Rights into CREST*

The Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided below or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter and/or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows:

- (A) Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS (as such term is defined in the CREST Manual); and
- (B) in addition, the normal CREST stock deposit procedures will need to be carried out, except that: (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST.

The following should also be noted:

- (i) if you wish to deposit only some of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters;
- (ii) if the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited; and
- (iii) a Consolidation Listing Form (as defined in the CREST Regulations) must not be used.

A holder of the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in CREST following the conversion, to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 7 April 2014. **In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed) with the CCSS (to enable the person acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in**

CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 7 April 2014) is 3.00 p.m. on 2 April 2014.

When Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the relevant Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 4 of such Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

3.10 *Issue of New Ordinary Shares in definitive form*

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by 15 April 2014 at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders and renouncees or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on page 4 of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

4. Action to be taken in relation to Nil Paid Rights or Fully Paid Rights in CREST

4.1 *General*

Subject as provided in section 7 of this Part V in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder and Placee is expected to receive a credit to his CREST stock account of his entitlement to Nil Paid Rights on 24 March 2014. For Qualifying CREST Shareholders, the CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted. For Placees, the CREST stock account to be credited will be the account under the participant ID and member account ID that is provided by the Placee for the Placing.

The Nil Paid Rights will constitute separate securities for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or Placees or to enable the Nil Paid Rights by 8.00 a.m. on 24 March 2014, Provisional Allotment Letters shall, unless the Company and the Joint Bookrunners determine otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Joint Bookrunners, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders and Placees may not receive any further written communication.

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, all or part of their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the

necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

4.2 Procedure for acceptance and payment

(A) MTM instructions

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear UK which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in pound sterling, in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in subsection (i) above; and
- (iii) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in subsection (i) above.

(B) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Nil Paid Rights to which the acceptance relates;
- (ii) the participant ID of the accepting CREST member;
- (iii) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- (iv) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 2RA87;
- (v) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is RA158101;
- (vi) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (vii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- (viii) the intended settlement date (which must be on or before 11.00 a.m. on 7 April 2014);
- (ix) the nil paid ISIN. This is GB00BK6M9D58;
- (x) the fully paid ISIN. This is GB00BK6M9F72;
- (xi) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST; and
- (xii) a contact name and telephone number in the shared note field.

(C) *Valid acceptance*

An MTM instruction complying with each of the requirements as to authentication and contents set out in subsection (B) of this section 4.2 will constitute a valid acceptance where either:

- (i) the MTM instruction settles by not later than 11.00 a.m. on 7 April 2014; or
- (ii) at the discretion of the Company:
 - (a) the MTM instruction is received by Euroclear UK by not later than 11.00 a.m. on 7 April 2014;
 - (b) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 11.00 a.m. on 7 April 2014; and
 - (c) the relevant MTM instruction settles by 2.00 p.m. on 7 April 2014 (or such later time and/or date as the Company has determined).

An MTM instruction will be treated as having been received by Euroclear UK for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear UK or the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

(D) *Representations, warranties and undertakings of CREST members*

A CREST member or CREST sponsored member who makes, or procures the making of, a valid acceptance in accordance with this section 4.2 represents, warrants and undertakes to the Company and the Underwriters that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 7 April 2014 and remains capable of settlement at all times after that until 2.00 p.m. on 7 April 2014 (or until such later time and date as the Company and the Joint Bookrunners may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 11.00 a.m. on 7 April 2014 and at all times thereafter until 2.00 p.m. on 7 April 2014 (or until such later time and date as the Company and the Joint Bookrunners may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, the Company, and the Joint Bookrunners may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part V in respect of the acquisition of such shares) on behalf of such CREST member or CREST sponsored member. None of the Company, the Joint Bookrunners nor any other person shall be responsible for, or have any liability for, any

loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

A Qualifying CREST Shareholder or Placee will be deemed to have made the representations and warranties set out in section 7.6 of this Part V and the agreement and acknowledgement set out in section 3.2 of this Part V. All Qualifying Shareholders and Placees will also be deemed to have agreed and acknowledged that:

- (i) the Joint Sponsors and the Underwriters: (a) are acting exclusively for the Company and no one else in connection with the Rights Issue and the listing of the New Ordinary Shares on the premium segment of the Official List; and (b) will not be responsible to anyone other than the Company for providing the protections afforded to their clients for providing advice in connection with the Rights Issue, the listing of the New Ordinary Shares on the premium segment of the Official List or the contents of this document;
- (ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Sponsors and the Underwriters by FSMA, the regulatory regime established thereunder or otherwise under law: (a) the Joint Sponsors and the Underwriters do not have any responsibility or liability for the contents of this document; (b) the Joint Sponsors and the Underwriters make no representation or warranty, express or implied, as to the contents of this document (including as to its accuracy, completeness or verification) or for any other statement made or purported to be made by or on behalf of any of them, by the Company or on its behalf or by any other person in connection with the Company, the New Ordinary Shares or the Rights Issue, and nothing in this document shall be relied upon as a promise or representation in this respect (whether as to the past or the future); and (c) the Joint Sponsors and the Underwriters shall not have any liability whatsoever to such Qualifying Shareholders or Placees, whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement;
- (iii) such Qualifying Shareholders or Placees have not relied on the Joint Sponsors and the Underwriters or any person affiliated with any of the Joint Sponsors and the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and
- (iv) such Qualifying Shareholders or Placees have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Sponsors or the Underwriters.

(E) *CREST procedures and timings*

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 7 April 2014. In this connection, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(F) *CREST member's undertaking to pay*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this section 4.2: (a) undertakes to pay to the Receiving Agent, or

procure the payment to the Receiving Agent of, the amount payable in pound sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the CREST RTGS payment mechanism (as defined in the CREST Manual) the creation of an RTGS settlement bank payment obligation in pound sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to the Underwriters the amount payable on acceptance), and (b) requests that the Fully Paid Rights and/or New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association.

If the payment obligations of the relevant CREST member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, the Company and the Joint Bookrunners may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part V in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST member or CREST sponsored member (whichever is the lower) on behalf of such CREST member or CREST sponsored member. None of the Company, the Joint Bookrunners nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

(G) *Company's discretion as to rejection and validity of acceptances*

The Company and the Underwriters may in their absolute discretion:

- (i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in section 4.2(D) of this Part V. Where an acceptance is made as described in this section 4.2 which is otherwise valid, and the MTM instruction concerned fails to settle by 2.00 p.m. on 7 April 2014 (or by such later time and date as the Company and the Joint Bookrunners may determine), the Company and the Joint Bookrunners shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this section 4.2(G), that there has been a breach of the representations, warranties and undertakings set out or referred to in section 4.2(D) above unless the Company or the Joint Bookrunners are aware of any reason outside the control of the CREST member or CREST sponsor (as appropriate) concerned for the failure of the MTM instruction to settle;
- (ii) treat as valid and binding on the CREST member or CREST sponsored member concerned an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this section 4.2;
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company or the Joint Bookrunners may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this section 4.2(G)(iv), the **"first instruction"**) as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation

35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (v) accept an alternative instruction or notification from a CREST member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

4.3 *Money Laundering Regulations*

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (for example, a bank, a broker or another UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the verification of identity requirements in the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company and the Joint Bookrunners may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement, but without prejudice to the right of the Company and the Joint Bookrunners to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide satisfactory evidence.

4.4 *Dealings in Nil Paid Rights in CREST*

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 24 March 2014. Dealings in Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be enabled in CREST as soon as practicable after 8.00 a.m. on 24 March 2014.

4.5 *Dealings in Fully Paid Rights in CREST*

After acceptance and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 7 April 2014. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 7 April 2014.

Thereafter, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way.

4.6 *Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST*

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear UK of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 1 April 2014, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 7 April 2014. You are recommended to refer to the CREST Manual or your CREST sponsor (as applicable) for details of such procedures.

4.7 *Issue of New Ordinary Shares in CREST*

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 7 April 2014 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from the next Business Day (expected to be 8 April 2014).

4.8 *Right to allot/issue in certificated form*

Despite any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

5. *Procedure in respect of rights not taken up (whether certificated or in CREST)*

If an entitlement to New Ordinary Shares is not validly taken up by 11.00 a.m. on 7 April 2014 in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. Subject to the terms and conditions of the Underwriting Agreement, the Joint Bookrunners acting severally and not jointly (or jointly and severally) will use reasonable endeavours to procure, by not later than 4.30 p.m. on 10 April 2014, subscribers for all (or, at the discretion of the Joint Bookrunners, as many as possible) of those New Ordinary Shares not taken up if a premium over the total of the Rights Issue Price and the expenses of procuring such subscribers (including any related commissions and VAT which is not, in the reasonable opinion of the Joint Bookrunners, recoverable) can be obtained.

Notwithstanding the above, the Joint Bookrunners may cease to endeavour to procure any such subscribers if, in the opinion of the Joint Bookrunners, it is unlikely that any such subscribers can be so procured at such a price by such time. If and to the extent that subscribers cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by the Underwriters acting severally and not jointly (or jointly and severally) as principal pursuant to the Underwriting Agreement or by sub-underwriters procured by the Joint Bookrunners, in each case at the Rights Issue Price on the terms and subject to the conditions of the Underwriting Agreement.

Any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and VAT which is not recoverable) (the “**premiums**”) shall be paid (subject as provided in this section 5):

- (A) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter;

- (B) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and
- (C) where an entitlement to New Ordinary Shares was not (or was deemed not to have been) taken up by an Overseas Shareholder, to that Overseas Shareholder.

New Ordinary Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the aggregate of any premiums (as defined above), if any, will be paid (without interest) to those persons entitled (as referred to above) pro rata to the relevant provisional allotments not taken up, save that no payment will be made of amounts of less than £5 per holding, which amounts will be aggregated and will ultimately be paid to the Company. Cheques for the amounts due will be sent in pound sterling, by post, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first named in the case of joint holders), provided that where any entitlement concerned was held in CREST the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Any transactions undertaken pursuant to this section 5 shall be deemed to have been undertaken at the request of the persons who did not take up their entitlement and none of the Company, the Joint Bookrunners nor any other person procuring subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis described above. The Joint Bookrunners will be entitled to retain any fees, commissions or other benefits received in connection with these arrangements.

6. Withdrawal rights

Persons who have the right to withdraw their acceptances under section 87Q(4) of FSMA after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must send a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member to the Receiving Agent at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than two Business Days after the date on which a supplementary prospectus is published. Notice of withdrawal given by any other means or which is sent after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for New Ordinary Shares in full and the allotment of such New Ordinary Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements of New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined or to have lapsed. Such entitlements to New Ordinary Shares will be subject to the provisions of section 5 of this Part V as if the entitlement had not been validly taken up.

7. Overseas Shareholders

This document has been approved by the FCA, being the competent authority in the UK.

The offer of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to persons resident in, or who are citizens of, or who have registered addresses in, a jurisdiction other than the UK may be affected by the laws of the relevant jurisdiction. The comments set out in this section 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

7.1 General

The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares and the distribution of this document or any other document relating to the Rights Issue (including a Provisional Allotment

Letter) to persons located or resident in, or who are citizens of, or who have a registered address in a jurisdiction other than the United Kingdom or which are corporations, partnerships or other entities organised under the laws of countries other than the United Kingdom, or to persons who are nominees of or custodians, trustees or guardians for any such persons or entities, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons outside the United Kingdom (including, without limitation, custodians, nominees and trustees) receiving this document and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST and wishing to take up rights under the Rights Issue to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, compliance with all other requisite formalities and the payment of any issue, transfer or other taxes due in such territory. The comments set out in this section 7 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult his own independent professional adviser without delay.

New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders and Placees, including all Overseas Shareholders. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Excluded Shareholders (except, however, where the Company and the Joint Bookrunners are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction) and their entitlements to New Ordinary Shares will be treated as entitlements not taken up in accordance with the procedures set out in section 5 of this Part V.

No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements. In such circumstances, this document and/or the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of this document and/or a Provisional Allotment Letter and/or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer, Nil Paid Rights or Fully Paid Rights to any person in the United States or any other Excluded Territory. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST unless the Company and the Joint Bookrunners determine that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or a Provisional Allotment Letter or transfers Nil Paid Rights or Fully Paid Rights into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section 7.

The Company and the Joint Bookrunners may (in their absolute discretion) treat as invalid, and the Company will not be bound to allot or issue any New Ordinary Shares in respect of any acceptance or purported acceptance of, the offer of New Ordinary Shares which appears to the Company, the Joint Bookrunners or their respective agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of a Provisional Allotment Letter, it provides for an address for delivery of the definitive share certificates for New Ordinary Shares or, in the case of a credit of New Ordinary Shares in CREST, the CREST member's or a CREST sponsored member's registered address is in the United States or any of the

other Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to make or accept an offer to subscribe for or acquire the New Ordinary Shares, unless the Company and the Joint Bookrunners are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirements. The attention of Overseas Shareholders with registered addresses in or who are located in the United States is drawn to sections 7.2 and 7.3 respectively of this Part V.

Despite any other provision of this document or the Provisional Allotment Letter, the Company and the Joint Bookrunners reserve the right to permit any Qualifying Shareholder to take up his rights if the Company and the Joint Bookrunners in their absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in sections 3 and 4 of this Part V.

The provisions of section 5 of this Part V will apply generally to Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them.

7.2 *Offering restrictions relating to the United States*

The New Ordinary Shares, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been and will not be registered under the US Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable state securities laws. The New Ordinary Shares, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Accordingly, subject to certain exceptions, the Placing and the Rights Issue are not being made in the United States and neither this document nor the Provisional Allotment Letters constitutes or will constitute an offer, or an invitation to apply for, or an offer or an invitation to subscribe for or acquire any New Ordinary Shares, Placing Shares, Nil Paid Rights or Fully Paid Rights in the United States. Subject to certain limited exceptions, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in or that is known to be located in the United States.

Subject to certain limited exceptions, envelopes containing Provisional Allotment Letters should not be postmarked in the United States or otherwise despatched from the United States, and all persons subscribing for or acquiring New Ordinary Shares and wishing to hold such shares in certificated form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain limited exceptions, any person who subscribes for or acquires New Ordinary Shares, Placing Shares, Nil Paid Rights or Fully Paid Rights will be deemed to have declared, warranted and agreed, by accessing this document or accepting delivery of the Provisional Allotment Letter and delivery of the New Ordinary Shares, Placing Shares, Nil Paid Shares or Fully Paid Rights, that it is not, and that at the time of subscribing for or acquiring the New Ordinary Shares, Placing Shares, Nil Paid Rights or Fully Paid Rights it will not be, in the United States.

The Company and the Joint Bookrunners reserve the right to treat as invalid any Provisional Allotment Letter: (i) that appears to the Company, the Joint Bookrunners or their respective agents to have been

executed in or despatched from the United States, (ii) that does not include the relevant warranty set out in the Provisional Allotment Letter headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Provisional Allotment Letter does not have a registered address and is not located in the United States and is not subscribing for or acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States, or (iii) where the Company and the Joint Bookrunners believe acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements, and the Company and the Joint Bookrunners shall not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in respect of any such Provisional Allotment Letter. In addition, the Company and the Joint Bookrunners reserve the right to reject any MTM instruction in respect of Nil Paid Rights sent by or on behalf of any CREST member with a registered address in or located in the United States.

A QIB will be permitted to take up its entitlements to New Ordinary Shares under the Rights Issue only if the QIB executes a US Purchaser’s Letter in the form set out in Appendix 1 to this Prospectus and delivers it to the Company with a copy to the Underwriters. The US Purchaser’s Letter will require each such QIB to represent and agree that, amongst other things, (i) it is a QIB and (ii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from the registration requirements of the US Securities Act and in compliance with applicable securities laws. The US Purchaser’s Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares.

Any person in the United States who obtains a copy of this document and/or a Provisional Allotment Letter and who is not a QIB is required to disregard them.

Until 40 days after the commencement of the Rights Issue or the procurement of subscribers for the New Ordinary Shares not taken up in the Rights Issue, any offer, sale or transfer of the Placing Shares, New Ordinary Shares, Nil Paid Rights or Fully Paid Rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

Notice to holders of American Depositary Receipts

Holders of the Company’s American Depositary Receipts (“**ADRs**”) in respect of unsponsored ADR facilities established by each of The Bank of New York Mellon, Citibank, N.A., Deutsche Bank Trust Company Americas and JPMorgan Chase Bank, N.A. (the “**US Depositaries**”) are not eligible to take up their entitlements in the Rights Issue. Pursuant to the terms of the relevant ADR facility, the US Depositaries may, but are not obligated to, sell the Nil Paid Rights received by them in connection with the Rights Issue and allocate the proceeds of such sales for the accounts of the Company’s ADR holders less any applicable withholding or deduction.

Pursuant to the terms of the relevant ADR facility, any holders of the Company’s ADRs who are QIBs, and who wish to take up their entitlements in the Rights Issue, must withdraw from the respective ADR facility the number of Ordinary Shares for which they wish to receive New Ordinary Shares by surrendering such number of ADRs to the relevant US Depositary. The US Depositary will then transfer to the ADR holder the Ordinary Shares represented by such ADRs. The delivery of the Ordinary Shares to the ADR holder by the US Depositary must occur prior to the Record Date. The ADR holder can then participate in the Rights Issue by executing the US Purchaser Letter in the form set out in Appendix 1 to this Prospectus and delivering it to the Company with a copy to the Underwriters, as further described below.

7.3 US transfer restrictions in respect of shares not taken up in the Rights Issue

Any person within the United States that subscribes for any New Ordinary Shares that were not taken up in the Rights Issue must meet certain requirements and will be deemed to have represented,

acknowledged and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision as follows (terms defined in Rule 144A or Regulation S shall have the same meaning in this section):

- (A) It is a QIB and, if it is subscribing for or acquiring the New Ordinary Shares as a fiduciary or agent for one or more investor accounts, (i) each such account is a QIB, (ii) it has investment discretion with respect to each such account, and (iii) it has full power and authority to make the representations, warranties, agreements and acknowledgements in this document on behalf of each such account.
- (B) To the extent it is an existing shareholder of the Company, it is the beneficial holder of and/or exercises full investment discretion with respect to its ordinary shares of the Company, as applicable.
- (C) It is aware and understands that an investment in New Ordinary Shares involves a considerable degree of risk and no US federal or state or non-US agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of any such investment.
- (D) It will base its investment decision solely on this document, including the information incorporated by reference herein. It acknowledges that none of the Company, any of its affiliates or any other person (including any of the Underwriters or any of their respective affiliates) has made any representations, express or implied, to it with respect to the Company, the Rights Issue, the New Ordinary Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Rights Issue or the New Ordinary Shares, other than (in the case of the Company and its affiliates only) the information contained or incorporated by reference in this document. It acknowledges and agrees that it will not hold the Underwriters or any of their affiliates or any person acting on their behalf responsible or liable for any misstatements in or omissions from any publicly available information relating to the Company. It acknowledges that it has not relied on any investigation that the Underwriters or any person acting on their behalf may or may not have conducted, nor any information contained in any research reports prepared by the Underwriters or any of their respective affiliates, and it has relied solely on its own judgment, examination and due diligence of the Company, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Underwriters or any of their affiliates. It understands that this document has been prepared in accordance with the Prospectus Rules of the United Kingdom Listing Authority, which differ from US disclosure requirements. In particular, but without limitation, the financial information contained in or incorporated by reference into this document has been prepared in accordance with IFRS as adopted in the European Union, and thus may not be comparable with financial statements of US companies prepared in accordance with US GAAP as adopted by the Public Company Accounting Oversight Board. It agrees that it will not distribute, forward, transfer or otherwise transmit this document, or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any person within the United States (other than a QIB on behalf of which it acts), and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than a QIB on behalf of which it acts). It acknowledges that it has read and agreed to the matters set forth under section 7.2 of this Part V.
- (E) It is aware and each beneficial owner of such New Ordinary Shares has been advised that the sale of New Ordinary Shares to them is being made in reliance on an exemption from, and in a transaction not subject to, the registration requirements of the US Securities Act.
- (F) It acknowledges that its purchase of any New Ordinary Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this document. It agrees that it (i) has no need for liquidity with respect to its investment in the New Ordinary Shares and (ii) has no reason

to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the New Ordinary Shares.

- (G) It is an institution which (i) invests in or purchases securities similar to the New Ordinary Shares in the normal course of business, (ii) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the New Ordinary Shares, and (iii) is, and any accounts for which it is acting are, able to bear the economic risk, and sustain a complete loss, of such investment in the New Ordinary Shares for an indefinite period of time. It agrees that it will not look to any of the Underwriters or any of their affiliates for all or part of any loss it may suffer.
- (H) To the extent it deems necessary, it will make its own independent investigation and appraisal of the business, results, financial condition, prospects, creditworthiness, status and affairs of the Company, and it has made its own investment decision to subscribe for or acquire the New Ordinary Shares. It understands that there may be certain consequences under US and other laws, including applicable tax laws, resulting from an investment in the New Ordinary Shares, including that it must bear the economic risk of an investment in the New Ordinary Shares for an indefinite period of time, and it will make such investigation and consult such tax, legal, and/or other advisers with respect thereto as it deems appropriate.
- (I) Any New Ordinary Shares that it subscribes for or acquires will be for its own account (or for the account of a QIB as to which it exercises sole investment discretion and has authority to make these statements) for investment purposes, and not with a view to distribution within the meaning of the US securities laws, subject to the understanding that the disposition of its property shall at all times be and remain within its control.
- (J) It acknowledges and agrees that it is not subscribing for or acquiring the New Ordinary Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television or as a result of a seminar or meeting whose attendees have been invited by general solicitation or general advertising or directed selling efforts (as that term is defined in Regulation S).
- (K) It acknowledges that the New Ordinary Shares will be “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and agrees that for so long as such New Ordinary Shares are “restricted securities” (as so defined), they may not be deposited into any unrestricted depositary facility established or maintained by any depositary bank.
- (L) It, and each other QIB, if any, for whose account it is acquiring New Ordinary Shares has been advised, understands and has acknowledged that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the New Ordinary Shares are not being and will not be registered under the Securities Act, in reliance on an exemption under Section 4(a)(2) of the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. As long as the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will not offer, sell, pledge or otherwise transfer the New Ordinary Shares except (i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States. It understands that no representation has been made as to the availability of Rule 144 of the Securities Act or any other exemption under the Securities Act or any state securities laws for the offer, resale, pledge or transfer of the Securities.
- (M) It acknowledges that, to the extent the New Ordinary Shares are delivered in certificated form, the certificate delivered in respect of the New Ordinary Shares will bear a legend substantially

to the following effect for so long as the securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (B) IN A TRANSACTION PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

It will notify any person to whom it subsequently reoffers, resells, pledges or otherwise transfers the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares of the foregoing restrictions on transfer.

- (N) It acknowledges and agrees that the Company shall not have any obligation to recognise any offer, resale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described in this section and that the Company may make notations on its records or give instructions to any transfer agent of the New Ordinary Shares in order to implement such restrictions.
- (O) It confirms that, to the extent it is purchasing New Ordinary Shares for the account of one or more persons, (i) it has been duly authorised to make the confirmations, acknowledgements and agreements set forth herein on their behalf and (ii) these provisions constitute legal, valid and binding obligations of it and any other persons for whose account it is acting.
- (P) It acknowledges and agrees that the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon the truth and accuracy of the foregoing warranties, acknowledgements, representations and agreements. It agrees that if any of the representations, warranties, agreements and acknowledgements deemed to be made cease to be accurate, it shall promptly notify the Company and the Underwriters.
- (Q) It hereby represents and warrants that all necessary actions have been taken to authorise the purchase by it of the New Ordinary Shares.
- (R) It and any person acting on its behalf have all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto.

Prospective purchasers are hereby notified that sellers of the New Ordinary Shares may be relying on the exemption from the registration requirements of the US Securities Act provided by Rule 144A.

7.4 *Other Excluded Territories*

Due to restrictions under the securities laws of the other Excluded Territories (i.e. other than the United States), subject to certain exceptions, this document and the Provisional Allotment Letters will

not be sent to, and Nil Paid Rights will not be credited to a stock account in CREST of, Qualifying Shareholders with registered addresses in any other Excluded Territories. The New Ordinary Shares, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been and will not be registered under the relevant laws of any other Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any other Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or located in (as applicable), any other Excluded Territory except pursuant to an applicable exemption. Accordingly, subject to certain exceptions, the Placing and the Rights Issue is not being made in any other Excluded Territory and neither this document nor the Provisional Allotment Letter constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to subscribe for or acquire, any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in any other Excluded Territory.

7.5 *Overseas territories other than the United States and the other Excluded Territories*

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders (other than subject to certain limited exceptions, those Qualifying Non-CREST Shareholders who have registered addresses in the United States or any of the other Excluded Territories) and Nil Paid Rights will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying CREST Shareholders who have registered addresses in the United States or any of the other Excluded Territories) and Placees. Such Qualifying Shareholders and Placees may, subject to the laws of their relevant jurisdictions, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, if relevant, the Provisional Allotment Letter.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal in Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser immediately.

7.6 *Representations and warranties relating to overseas territories other than the United States and the other Excluded Territories*

(A) *Qualifying Non-CREST Shareholders and Placees*

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of interests in New Ordinary Shares comprised therein represents and warrants to the Company and each of the Joint Bookrunners that, except where proof has been provided to the satisfaction of the Company and the Joint Bookrunners that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter from within the United States or any of the other Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not subscribing for or acquiring New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company and the Joint Bookrunners may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (i) appears to the Company and the Joint Bookrunners to have been executed in or despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they believe the same may violate any applicable legal or regulatory

requirement; (ii) provides an address in the United States or any other Excluded Territory for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this section.

(B) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedure set out in section 4 of this Part V represents and warrants to the Company and the Joint Bookrunners that, except where proof has been provided to the satisfaction of the Company and the Joint Bookrunners that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not within the United States or any of the other Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for or acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

The Company and the Joint Bookrunners may treat as invalid any MTM instruction which appears to the Company and the Joint Bookrunners to have been despatched from the United States or any of the other Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they or their agents believe the same may violate any applicable legal or regulatory requirement or purports to exclude the warranty required by this section.

7.7 Waiver

The provisions of this section 7 and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company and the Joint Bookrunners in their absolute discretion. References in this section 7 to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this section 7 shall apply jointly to each of them.

8. Taxation

Information on taxation in the United Kingdom and the United States with regard to the Rights Issue is set out in Part VIII (*Taxation*) of this document. The information contained in Part VIII (*Taxation*) is intended only as a general guide to the current tax position in the United Kingdom and the United States and Placees and Qualifying Shareholders in the United Kingdom and the United States should consult their own tax advisers regarding the tax treatment of the Placing and the Rights Issue in light of their own circumstances. Placees and Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

9. Times and dates

The Company shall in its discretion and after consultation with the Joint Bookrunners be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence and amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall announce such amendment via a Regulatory Information Service and notify the UK Listing Authority and, if appropriate, the Placees and the Qualifying Shareholders.

10. Share Plans

In accordance with the rules or terms (as the case may be) of the Share Plans, outstanding awards shall be adjusted to take account of the Rights Issue (but not of the Placing) to the extent required by the rules or terms (as the case may be) of the Share Plans or to the extent and in such manner as the Remuneration Committee may consider appropriate in the circumstances, in each case subject to the prior approval by HMRC or the Irish Revenue where required under the rules of the relevant Share Plan or the relevant tax legislation. Any performance conditions attaching to outstanding LTIP awards may also be adjusted to take account of the Rights Issue at the discretion of the Remuneration Committee, subject to the rules of the LTIP. Participants will be contacted separately in due course with further information on how (if at all) their awards will be affected by the Rights Issue and the actions (if any) that they may need to take. Further information relating to the Share Plans is available in section 12 of Part X (*Additional Information*) of this document.

11. Employee Shareholders

To the extent that employees are also Shareholders, their Ordinary Shares will be treated in the same way in the Rights Issue as Ordinary Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to the Shareholder Helpline on 0871 384 2909. For more information on the Shareholder Helpline, please see page 52.

If the employee Shareholder holds his Ordinary Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, as to how to vote at the General Meeting and whether or not to accept the rights attaching to the employee's Ordinary Shares. Employee Shareholders will be contacted in due course in this regard.

12. Governing law

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter shall be governed by, and construed in accordance with, the laws of England and Wales (including, without limitation, any non-contractual obligations arising out of or in connection with the Rights Issue and, where appropriate, the Provisional Allotment Letter).

13. Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to any disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART VI

HISTORICAL FINANCIAL INFORMATION

The audited consolidated financial statements of Premier Foods as of and for FY 2013, FY 2012 and FY 2011 under IFRS are included in the Financial Statements for each such financial year, which have been incorporated by reference into this document as referred to in Part XI (Information Incorporated by Reference) of this document. PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH has issued unqualified audit opinions on the above consolidated financial statements (although the audit report in respect of the financial year ended 31 December 2013 included an emphasis of matter in relation to the Group's ability to continue as a going concern in the event that the Placing and Rights Issue are not completed). The audit opinion for FY 2013 is set out in the 2013 Financial Statements. The audit opinion for FY 2012 is set out on page 72 of the 2012 Financial Statements. The audit opinion for FY 2011 (restated) is set out on page 84 of the 2011 Financial Statements. Each of these audit opinions has been incorporated by reference into this document as referred to as Part XI (Information Incorporated by Reference) of this document.

PART VII

UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE GROUP

The unaudited pro forma balance sheet of the Group set out below has been prepared on the basis set out in the notes below to illustrate the effect of: (i) the Capital Refinancing Plan; and (ii) the JV Transaction, on the consolidated balance sheet of the Group as at 31 December 2013 had the Capital Refinancing Plan and the JV Transaction taken place at that date.

The unaudited pro forma income statement of the Group set out below has been prepared on the basis set out in the notes below to illustrate the effect of: (i) the Capital Refinancing Plan; and (ii) the JV Transaction, on the consolidated income statement of the Group for the year ended 31 December 2013 had the Capital Refinancing Plan and the JV Transaction taken place at the start of that year.

The unaudited pro forma balance sheet and income statement, which have been produced for illustrative purposes only, by their nature address a hypothetical situation and, therefore, do not represent the Group's actual financial position or results. The unaudited pro forma balance sheet and income statement do not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part VII. PricewaterhouseCoopers LLP's report on the unaudited pro forma balance sheet and income statement is set out on pages 159 to 160 of this Part VII.

Section A: Unaudited Pro Forma Balance Sheet as at 31 December 2013

	<i>Consolidated Group as at 31 December 2013 (Note 1) £m</i>	<i>Adjustment for Capital Refinancing Plan (Note 2) £m</i>	<i>Adjustment for JV Transaction (Note 3) £m</i>	<i>Pro forma total £m</i>
ASSETS:				
Non-current assets				
Property, plant and equipment	196.3	–	–	196.3
Goodwill	713.9	–	–	713.9
Other intangible assets	575.5	–	–	575.5
Investment in associate	–	–	14.4	14.4
Loan note issued to associate	–	–	15.7	15.7
Deferred tax assets	72.7	–	–	72.7
Total non-current assets	<u>1,558.4</u>	<u>–</u>	<u>30.1</u>	<u>1,588.5</u>
Current assets				
Assets held for sale	26.8	–	(26.8)	–
Inventories	68.9	–	–	68.9
Trade and other receivables	248.3	–	–	248.3
Financial assets – derivatives	0.5	–	–	0.5
Cash and bank deposits	157.0	–	(0.7)	156.3
Total current assets	<u>501.5</u>	<u>–</u>	<u>(27.5)</u>	<u>474.0</u>
Total assets	<u>2,059.9</u>	<u>–</u>	<u>2.6</u>	<u>2,062.5</u>
LIABILITIES:				
Current liabilities				
Liabilities held for sale	(1.4)	–	1.4	–
Trade and other payables	(336.7)	–	–	(336.7)
Financial liabilities				
– short-term borrowings	(169.1)	49.1	–	(120.0)
– derivative financial instruments	(9.5)	–	–	(9.5)
Provisions	(15.0)	–	–	(15.0)
Current income tax liabilities	(0.7)	–	–	(0.7)
Total current liabilities	<u>(532.4)</u>	<u>49.1</u>	<u>1.4</u>	<u>(481.9)</u>

	<i>Consolidated Group as at 31 December 2013 (Note 1) £m</i>	<i>Adjustment for Capital Refinancing Plan (Note 2) £m</i>	<i>Adjustment for JV Transaction (Note 3) £m</i>	<i>Pro forma total £m</i>
Non-current liabilities				
Financial liabilities				
– long-term borrowings	(818.7)	263.2	–	(555.5)
Retirement benefit obligations	(603.3)	–	–	(603.3)
Provisions	(57.2)	–	–	(57.2)
Other liabilities	(30.4)	15.8	–	(14.6)
Total non-current liabilities	(1,509.6)	279.0	–	(1,230.6)
Total liabilities	(2,042.0)	328.1	1.4	(1,712.5)
Net assets	17.9	328.1	4.0	350.0
EQUITY:				
Capital and reserves				
Share capital	24.0	58.4	–	82.4
Share premium	1,124.7	285.9	–	1,410.6
Merger reserve	404.7	–	–	404.7
Other reserves	(9.3)	–	–	(9.3)
Profit and loss reserve	(1,526.3)	(16.2)	4.1	(1,538.4)
Capital and reserves attributable to owners of the Company	17.8	328.1	4.1	350.0
Non-controlling interest	0.1	–	(0.1)	–
Total equity	17.9	328.1	4.0	350.0

Notes:

- The net assets of the Group have been extracted, without material adjustment, from the 2013 Financial Statements.
- The adjustments arising from the Capital Refinancing Plan are set out below.

- The table below shows the proceeds from the Capital Refinancing Plan (excluding drawings on the New Revolving Facility).

<i>Proceeds (excluding drawings on New Revolving Facility)</i>	<i>£m</i>
Gross proceeds of the Placing and the Rights Issue ^(a)	353.4
Gross proceeds of the Notes ^(b)	475.0
Total transaction fees (excluding VAT)	(57.1)
Net proceeds from the Capital Refinancing Plan	771.3

- Estimated gross proceeds of the Placing and the Rights Issue, calculated on the basis that the Company issues 76,923,077 Placing Shares at 130.0 pence per share and 506,824,531 New Ordinary Shares pursuant to the Rights Issue at 50.0 pence per share.

- Estimated gross proceeds of £475 million resulting from the issue of the New Bonds.

- A reconciliation of the drawing on the New Revolving Facility following the repayment of short-term borrowings and long-term borrowings using the proceeds from the Capital Refinancing Plan are set out below.

<i>Use of proceeds</i>	<i>£m</i>
Net proceeds from the Capital Refinancing Plan (excluding drawings on the New Revolving Facility)	771.3
Adjustment to long-term borrowings	(834.0)
Adjustment to short-term borrowings	(50.0)
Drawing on New Revolving Facility	(112.7)

- (iii) A reconciliation of the adjustments to short-term borrowings, long-term borrowings and cash following completion of the Capital Refinancing Plan and adjustments in connection therewith are set out below.

<i>Adjustments to borrowings</i>		<i>£m</i>
<i>Adjustment to short-term borrowings</i>		
Repayment of existing third party borrowings at 31 December 2013	(50.0)	
Debt issue costs written off under Current Facilities	0.9	
Net decrease in short-term borrowings		(49.1)
<i>Adjustment to long-term borrowings</i>		
Long-term borrowings	(818.7)	
Add back debt issuance costs	(15.3)	
Repayment of existing drawn facility at 31 December 2013		(834.0)
Capitalised fees in relation to Capital Refinancing Plan		(32.2)
New Bond liability recognised		475.0
Drawing on New Revolving Facility		112.7
Debt issue costs written off under Current Facilities		15.3
Net decrease in long-term borrowings		(263.2)

- (iv) The adjustments to other liabilities of £15.8 million relate to the settlement deferred commitment fee in relation to the existing third party borrowings accrued at 31 December 2013. No adjustment has been made for the Directors' calculation of deferred commitment fees of £6.2 million arising since 31 December 2013, which will be included within total fees of the Capital Refinancing Plan and which will be payable on completion of the Capital Refinancing Plan.
- (v) The adjustment to share capital represents the total number of New Ordinary shares issued of 583,747,608 at a nominal value of 10p.
- (vi) The adjustment to the profit and loss reserve represents the debt issue costs written off under the Current Facilities.
3. The Joint Venture has been accounted for as an investment, using the equity method. The loan note issued to the associate represents cash paid into the Joint Venture to support future investment. Investment in the associate has been valued using the £15.0 million cash received by the Company for 51 per cent. of the Joint Venture, therefore the remaining 49 per cent. is valued at £14.4 million. No deferred consideration has been included in the table above as there is no certainty over the receipt of such consideration. The movement in cash and bank deposits represents the proceeds on completion of £15.0 million offset by the loan note issued to the Joint Venture for £15.7 million. Assets and liabilities held for sale include assets and liabilities sold as part of the Joint Venture. These are therefore de-recognised from the Group's balance sheet as part of the transaction. No adjustment has been made in respect of the unwinding of the trade receivables and payables of the disposed business which are retained by the Group on Completion.
4. No account has been taken of any trading or results of the Group since 31 December 2013.

Section B: Unaudited Pro Forma Income Statement for the year ended 31 December 2013

	<i>Consolidated Group for the year ended 31 December 2013 (Note 1) £m</i>	<i>Adjustment for Capital Refinancing Plan (Note 2) £m</i>	<i>Adjustment for JV Transaction (Note 3) £m</i>	<i>Pro forma total £m</i>
Revenue	856.2	–	–	856.2
Cost of sales	(556.1)	–	–	(556.1)
Gross Profit	300.1	–	–	300.1
Selling, marketing and distribution costs	(111.9)	–	–	(111.9)
Administrative expenses	(133.5)	–	–	(133.5)
Net other operating expense	(2.1)	–	–	(2.1)
Share of profits/(loss) from associate	–	–	(97.6)	(97.6)
Operating profit/(loss)	52.6	–	(97.6)	(45.0)
Finance cost	(62.2)	0.8	–	(61.4)
Finance income	2.4	–	–	2.4
Net movement on fair valuation of interest rate financial instruments	11.6	–	–	11.6
Profit/(loss) before taxation from continuing operations	4.4	0.8	(97.6)	(92.4)
Taxation credit	(51.1)	(0.2)	–	(51.3)
(Loss)/profit after taxation from continuing operations	(46.7)	0.6	(97.6)	(143.7)
Loss from discontinued operations	(199.2)	–	199.2	–
(Loss)/profit for the year attributable to owners of the Company	(245.9)	0.6	101.6	(143.7)

Notes:

- The income statement of the Group has been extracted, without material adjustment, from the 2013 Financial Statements.
- Represents the incremental Finance Costs on a pro forma basis resulting from the Capital Refinancing Plan.
 - The pro forma adjustments to Finance Costs consist of the following.

	<i>£m</i>
Interest on the new third party borrowings ^(a)	18.5
Amortisation of debt issuance costs on the new third party borrowings ^(b)	5.7
Write-off of debt issuance costs in respect of the existing third party borrowings ^(c)	22.6
Less: Finance costs charged on existing third party borrowings ^(d)	(47.6)
Pro Forma adjustments to Finance Costs	(0.8)

- Represents interest on the £475 million of the New Bonds based upon the average applicable interest rate on the Current Facilities for FY 2013 assuming that these facilities were effective from 1 January 2013. It does not take into account the interest rate on the New Bonds, which will not be finalised until the pricing of the New Bonds, and which management expects will be higher than the interest rate on the Current Facilities, or the interest rate on the New Revolving Facility.
- Represents the non-cash amortisation charge of £5.7 million arising in the period of debt issuance costs capitalised in respect of the New Revolving Facility and the Notes. These costs will be written off over the terms of the New Revolving Facility and the Notes. Of the £63.3 million of fees, £32.2 million will be charged to the income statement over the terms of the New Revolving Facility and the Notes.
- Represents the write-off of capitalised debt issuance costs of £22.6 million on the existing third party borrowings.
- Finance costs on existing third party borrowings are included in the Finance Costs of £62.2 million as at FY 2013.

- (ii) The tax adjustment of £0.2 million represents the tax impact on the change in Finance Costs calculated at 23.25 per cent., the Group's 2013 effective tax rate.
- 3. The adjustment reflects the elimination of the loss from discontinued operations recorded in the 2013 Financial Statements and includes a 49 per cent. share of that loss as the Group's share of the new associate, as though that associate had been owned throughout the year. The Group's ownership of the entity created through the JV Transaction has been accounted for as an associate, using the equity method.
- 4. No account has been taken of any trading or results of the Group since 31 December 2013.

Section C: Accountants' report on pro forma financial information



The Directors
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Jefferies International Limited
Vintners Place
68 Upper Thames Street
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4 March 2014

Dear Sirs

Premier Foods plc (the “Company”)

We report on the pro forma financial information (the “**Pro forma financial information**”) set out in sections A and B of Part VII of the Company’s prospectus dated 4 March 2014 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the proposed Capital Refinancing Plan and the proposed JV Transaction in respect of the Bread Business might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2013. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the Pro forma financial information in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Group.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART VIII

TAXATION

Section A: UNITED KINGDOM

1. General

The following statements:

- (A) do not constitute tax advice and are intended to apply only as a general guide to the position under current UK tax law and the published practice of HMRC as at the date of this document, either of which is subject to change at any time (possibly with retrospective effect);
- (B) relate only to certain limited aspects of the UK taxation treatment of Qualifying Shareholders and are intended to apply only to Qualifying Shareholders who:
 - (i) are resident in (and only in) the UK for UK tax purposes (unless the context otherwise requires) and to whom split-year treatment does not apply;
 - (ii) hold their Ordinary Shares as investments (and the Ordinary Shares are not held through an individual saving account or a self invested personal pension); and
 - (iii) are the direct absolute beneficial owners of their Ordinary Shares; and
- (C) may not apply to certain classes of Qualifying Shareholders such as, for example, dealers in securities, insurance companies, collective investment schemes and Qualifying Shareholders who have (or who are deemed to have) acquired their Ordinary Shares by virtue of an office or employment.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult an appropriate professional tax adviser without delay.

2. Taxation of chargeable gains

2.1 *Rights Issue*

(A) *Issue of New Ordinary Shares*

For the purposes of UK taxation of chargeable gains, the issue of New Ordinary Shares by the Company to Qualifying Shareholders who take up their rights under the Rights Issue should constitute a reorganisation of the Company's share capital. On that basis, a Qualifying Shareholder should not be treated as making a disposal of any part of his Existing Holding by reason of taking up all or part of his entitlement to acquire New Ordinary Shares under the Rights Issue. No liability to UK taxation on chargeable gains should arise in respect of the issue of New Ordinary Shares if a Qualifying Shareholder takes up his full entitlement to New Ordinary Shares. For the purposes of the taxation of chargeable gains, if a Qualifying Shareholder takes up all or any of his rights to the New Ordinary Shares, his Existing Ordinary Shares and his New Ordinary Shares should be treated as the same asset, acquired at the time he acquired his Existing Holding. The amount of subscription money paid for the New Ordinary Shares will be added to the base cost of his Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

In the case of a Qualifying Shareholder within the charge to corporation tax, in calculating the chargeable gain or allowable loss arising on a subsequent disposal of New Ordinary Shares indexation allowance will apply to the amount paid for the New Ordinary Shares only from, generally, the date the subscription monies for the New Ordinary Shares were payable. In the case of Qualifying Shareholders not within the charge to corporation tax, indexation allowance is not available.

(B) *Disposal or lapse of rights to acquire New Ordinary Shares*

If a Qualifying Shareholder:

- (i) sells or otherwise disposes of all or some of his rights to subscribe for the New Ordinary Shares; or
- (ii) allows or is deemed to allow all or any part of his rights to subscribe for New Ordinary Shares to lapse and receives a cash payment in respect of them,

the proceeds will be treated as a capital distribution to that Qualifying Shareholder by the Company, he shall be treated as if he had disposed of a part of his Existing Holding and he may, depending on his circumstances, incur a liability to taxation on any chargeable gains. However, if the proceeds resulting from a lapse or disposal of rights to subscribe for New Ordinary Shares are “small” as compared with the market value (on the date of lapse or disposal) of that Qualifying Shareholder’s Existing Holding, such a Qualifying Shareholder should not generally be treated as making a disposal for the purposes of the taxation of chargeable gains. The proceeds will instead reduce the base cost of the relevant Existing Ordinary Shares to compute any chargeable gain or allowable loss on a subsequent disposal. This treatment will not apply where such proceeds are greater than the base cost of the Existing Ordinary Shares.

The current practice of HMRC is to treat proceeds as “small” where either (i) the proceeds of the disposal or lapse of rights do not exceed 5 per cent. of the market value (at the date of the disposal or lapse) of the Existing Holding in respect of which the rights arose or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the 5 per cent. test is satisfied.

2.2 *Placing*

The issue of Placing Shares under the Placing will not constitute a reorganisation of the Company’s share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any Placing Shares acquired by a Qualifying Shareholder pursuant to the Placing will be treated as a separate acquisition of Ordinary Shares.

2.3 *Subsequent Disposals of New Ordinary Shares*

(A) *Individual Qualifying Shareholders*

A disposal or deemed disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of UK capital gains tax.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New Ordinary Shares, are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the “**Band Limit**”) will generally be subject to capital gains tax at the flat rate of 18 per cent. (for the tax year 2013-2014) in respect of any gain arising on a disposal or deemed disposal of his New Ordinary Shares.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New Ordinary Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of his New Ordinary Shares (to the extent that, when added to the Qualifying Shareholder’s other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 28 per cent. (for the tax year 2013-14) in respect of the remainder.

No indexation allowance will be available to an individual Qualifying Shareholder in respect of any disposal or deemed disposal of New Ordinary Shares. However, each individual has an

annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,900 for the tax year 2013–2014.

Individuals who are temporarily not resident in the UK may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

(B) *Corporate Qualifying Shareholders*

Where a Qualifying Shareholder is within the charge to UK corporation tax, a disposal or deemed disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax. Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that Qualifying Shareholder. It should be noted for the purposes of calculating an indexation allowance available on a disposal of New Ordinary Shares that generally the expenditure incurred in acquiring the New Ordinary Shares will be treated as incurred only when the Qualifying Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been acquired.

3. Taxation of dividends

The Company is not required to withhold tax at source from dividend payments that it makes.

3.1 *Individuals*

A Qualifying Shareholder who is an individual resident in the UK for UK tax purposes and who receives a dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability. The tax credit will be equal to 10 per cent. of the aggregate of the cash dividend and the tax credit (the “**gross dividend**”), which is also equal to one ninth of the amount of the cash dividend received.

In the case of such a Qualifying Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Qualifying Shareholder will be subject to UK income tax on the gross dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Qualifying Shareholder’s liability to UK income tax on the gross dividend.

In the case of a Qualifying Shareholder who is liable to UK income tax at the higher rate, the Qualifying Shareholder will be subject to UK income tax on the gross dividend at the rate of 32.5 per cent. (for the tax year 2013-2014) to the extent that the gross dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated as the top slice of the Qualifying Shareholder’s income. The tax credit will, in consequence, satisfy only part of the Qualifying Shareholder’s liability to UK income tax on the gross dividend and the Qualifying Shareholder will have to account for UK income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received). For example, if the Qualifying Shareholder received a dividend of £80 from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a gross dividend of £88.89. The Qualifying Shareholder would then be required to account for UK income tax of £20 on the gross dividend (being £28.89 (i.e. 32.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)).

In the case of a Qualifying Shareholder who is liable to UK income tax at the additional rate, the Qualifying Shareholder will be subject to UK income tax on the gross dividend at the rate of 37.5 per cent. (for the tax year 2013-2014) to the extent that the gross dividend falls above the threshold for the additional rate of UK income tax when it is treated as the top slice of the Qualifying Shareholder’s income. After setting off the tax credit comprised in the gross dividend, the Qualifying Shareholder will, accordingly, have to account for UK income tax equal to 27.5 per cent. of the gross dividend (which is also equal to 30.55 per cent. of the cash dividend received). For example, if the Qualifying Shareholder received a dividend of £80 from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a gross dividend of £88.89. The Qualifying

Shareholder would then be required to account for UK income tax of £24.44 on the gross dividend (being £33.33 (i.e. 37.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)).

A UK resident individual Qualifying Shareholder whose liability to UK income tax in respect of a dividend received from the Company is less than the tax credit attaching to the dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit attaching to the dividend.

3.2 *Companies*

A Qualifying Shareholder within the charge to UK corporation tax which is a “small company” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company, provided certain conditions are met.

Other Qualifying Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and do not fall within certain specified anti-avoidance provisions and the Qualifying Shareholder has not elected for the dividends not to be exempt. Each Qualifying Shareholder’s position will depend on its own individual circumstances, although it would normally be expected that dividends paid by the Company would fall within an exempt class. Examples of dividends that are within an exempt class are dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital).

4. **Stamp duty and SDRT**

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Qualifying Shareholder is resident in the UK for UK tax purposes.

(A) *Issue of New Ordinary Shares and issue or crediting of rights to New Ordinary Shares*

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters, split Provisional Allotment Letters or definitive share certificates, on the crediting of Nil Paid Rights or Fully Paid Rights to accounts in CREST, or on the issue in uncertificated form of New Ordinary Shares.

Where New Ordinary Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder entitled to such shares, or where New Ordinary Shares are credited in uncertificated form to an account in CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the ECJ in *HSBC Holdings and Vidacos Nominees* (Case 569/07) and the First-tier Tax Tribunal decision in *HSBC Holdings and The Bank of New York Mellon*, HMRC has confirmed that SDRT is no longer payable when new shares are issued into a clearance service or depositary receipt service.

(B) *Purchase of rights to New Ordinary Shares*

Persons who purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid or fully paid), or Nil Paid Rights or Fully Paid Rights held in CREST, on or before the latest time for registration of renunciation, will not generally be liable to pay stamp duty. However, such a purchaser will normally be liable to pay SDRT at the rate of 0.5 per cent. of the actual consideration paid. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. In other cases, the purchaser of the rights to the New Ordinary Shares represented by the Provisional Allotment Letters is liable to pay the SDRT and must account for it to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for to HMRC by CREST.

No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split Provisional Allotment Letters, whether by the original holders or their renounees.

(C) ***Subsequent dealings in New Ordinary Shares***

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Ordinary Shares will be subject to stamp duty or SDRT in the normal way. Subject to an exemption for certain low value transactions, the transfer on sale of New Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer the New Ordinary Shares is not completed by a duly stamped transfer within 6 years of the date of the agreement becoming unconditional, or where the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable. Stamp duty and SDRT are normally payable by the purchaser.

Where New Ordinary Shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Ordinary Shares. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in the Company into such an account and on subsequent agreements to transfer such shares within such account. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

Section B: UNITED STATES

INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE: TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE MARKETING BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain US federal income tax consequences relevant to the ownership and disposition of Placing Shares acquired pursuant to the Placing, the receipt, exercise, ownership and disposition of Nil Paid Rights received pursuant to the Rights Issue, and the receipt, ownership and disposition of the Fully Paid Rights received as a result of the exercise of such Nil Paid Rights and New Ordinary Shares received through the ownership of Fully Paid Rights (the New Ordinary Shares, together with the Placing Shares, the **"New Shares"**). For the purposes of this discussion, references to "Nil Paid Rights" or "Fully Paid Rights" shall include Nil Paid Rights or Fully Paid Rights represented by Provisional Allotment Letters. This discussion is not a complete analysis of all the potential US federal income tax consequences relating to the ownership and disposition of Nil Paid Rights, Fully Paid Rights or New Shares, nor does it address any tax consequences arising under any state, local or non-US tax laws, the recently effective Medicare tax on "net investment income" or any other US federal tax laws.

This discussion is based on the US Internal Revenue Code of 1986, as amended (the **"Code"**), Treasury regulations promulgated or proposed thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the **"IRS"**), as well as on the income tax treaty between the United States and the United Kingdom, all as of the date hereof. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in US federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences discussed below, or that any such contrary position would not be sustained by a court.

The discussion applies only if an investor acquires Placing Shares pursuant to the Placing, receives Nil Paid Rights pursuant to the Rights Issue, receives Fully Paid Rights through exercise of Nil Paid Rights, or receives New Ordinary Shares through the ownership of Fully Paid Rights, and holds those Nil Paid Rights, Fully Paid Rights and New Shares, in each case, as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment) and uses the US dollar as its functional currency. This discussion does not address all US federal income tax considerations that may be relevant to a particular investor in light of that investor's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to investors subject to special rules under the US federal income tax laws, including, without limitation, grantor trusts, real estate investment trusts, regulated investment companies, brokers or dealers in securities, individual retirement accounts and other tax-deferred accounts, traders in securities or currencies that elect to use a mark-to-market method of recording for their securities holdings, financial institutions, insurance companies, tax-exempt entities, investors liable for alternative minimum tax, holders (either actually or constructively) of 10 per cent. or more of the Company's shares, or persons holding Nil Paid Rights, Fully Paid Rights, or New Shares as part of a hedging, straddle, conversion or constructive sale transaction. In addition, investors holding Nil Paid Rights, Fully Paid Rights, or New Shares indirectly through entities that are treated as partnerships for US federal income tax purposes are subject to special rules not described below.

This summary assumes that the Company has not been, and is not, a passive foreign investment company (a **"PFIC"**) for US federal income tax purposes, which the Company believes to be the case. The Company's status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders (as described below).

The summary of US federal income tax consequences set out below is for general information only. Investors should consult their tax advisors about the US federal income, state and local and non-US tax consequences to them of the receipt, exercise, expiration or disposition of the Nil Paid Rights and the ownership and disposition of the Fully Paid Rights and New Shares.

The discussion below applies to an investor only if the investor is a beneficial owner of Nil Paid Rights, Fully Paid Rights, or New Shares and is, for US federal income tax purposes: (1) an individual who is a citizen or resident of the United States; (2) a corporation or any other entity treated as a corporation that is organised in or under the laws of the United States, any state thereof or the District of Columbia; (3) a trust if all of the trust's substantial decisions are subject to the control of one or more US persons and the primary supervision of the trust is subject to a US court, or if a valid election is in effect with respect to the trust to be taxed as a US person; or (4) an estate the income of which is subject to US federal income taxation regardless of its source (in each case, a “**US Holder**”).

1. Taxation of Nil Paid Rights and Fully Paid Rights

1.1 *Receipt of Nil Paid Rights*

Under Section 305 of the Code, a US Holder who receives a Nil Paid Right pursuant to the Rights Issue could, in certain circumstances, be treated as having received a taxable distribution in an amount equal to the value, if any, of such Nil Paid Right. One such instance would be where as a result of the Rights Issue, a Shareholder's proportionate interest in the earnings and profits or assets of the Company is increased and any other Shareholder (or deemed Shareholder) receives a distribution (or deemed distribution) of cash or other property from the Company. The application of Section 305 of the Code to the Rights Issue is not clear in several respects. For example, there is a risk that a holder of Ordinary Shares who, in connection with the Rights Issue, receives net proceeds (the “**premiums**”) from the sale by the Underwriters of New Ordinary Shares could be treated as receiving cash from the Company rather than treated as having received the corresponding Nil Paid Rights and then selling either the Nil Paid Rights or the corresponding New Ordinary Shares (as further described below). If some holders of Ordinary Shares are treated as receiving cash from the Company, the receipt of Nil Paid Rights by others (to the extent it results in a proportionate increase in the assets or earnings and profits of the Company) could be treated as a taxable stock dividend. However, based on the particular facts relating to the Nil Paid Rights and the sale by the Underwriters of New Ordinary Shares, the Company believes that the better view is that the distribution of Nil Paid Rights should not be treated as a taxable stock dividend under Section 305(a) of Code. It is possible that the IRS will take a contrary view and require a US Holder to include in taxable income as a dividend the fair market value of the Nil Paid Right received by such US Holder. For further discussion of taxation of dividends, see section B.2.1 of this Part VIII below. US Holders are strongly urged to consult their own tax advisers regarding the risk of having a taxable distribution as a result of the receipt of a Nil Paid Right. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

Assuming the Company's position is respected, a US Holder will not be subject to US federal income taxation upon the receipt of Nil Paid Rights pursuant to the Rights Issue. The basis of Nil Paid Rights received by a US Holder will be zero, unless either (i) the fair market value of the Nil Paid Rights is 15 per cent. or more of the fair market value (on the date of distribution) of the Ordinary Shares with respect to which the Nil Paid Rights are distributed or (ii) the US Holder irrevocably elects, in its federal income tax return for the taxable year in which it receives the Nil Paid Rights, to allocate part of the basis of such Ordinary Shares to the Nil Paid Rights received by the US Holder in the Rights Issue. If either (i) or (ii) applies, upon the exercise or other disposition of Nil Paid Rights, the US Holder's basis in such Ordinary Shares will be allocated between such Ordinary Shares and the Nil Paid Rights in proportion to the fair market values of each on the date of distribution of the Nil Paid Rights.

1.2 ***Exercise of Nil Paid Rights and receipt of New Ordinary Shares***

A US Holder will not recognise any gain or loss upon the receipt of Fully Paid Rights through the exercise of Nil Paid Rights or the receipt of New Ordinary Shares through the ownership of Fully Paid Rights. The basis of Fully Paid Rights acquired upon exercise of Nil Paid Rights (and the New Ordinary Shares acquired through the ownership of such Fully Paid Rights) will be equal to the sum of the US Holder's basis, if any, in the Nil Paid Rights exercised and the Rights Issue Price paid with respect to the Nil Paid Rights exercised. The US Holder's holding period for the Fully Paid Rights received upon exercise of the Nil Paid Rights and the holding period of the New Ordinary Shares acquired through the ownership of such Fully Paid Rights should generally begin on the date of exercise of the Nil Paid Rights.

1.3 ***Sale or other taxable disposition of Nil Paid Rights and Fully Paid Rights***

Upon a sale or other taxable disposition of a Nil Paid Right or a Fully Paid Right, a US Holder will generally recognise capital gain or loss in an amount equal to the difference between the amount realised and the US Holder's adjusted tax basis in the Nil Paid Right or Fully Paid Right.

The amount realised on a sale or other taxable disposition of a Nil Paid Right or Fully Paid Right generally will be the amount of cash received in such sale or other disposition for such Nil Paid Right or Fully Paid Right. If the consideration received is not paid in US dollars, the amount realised will generally be the US dollar value of the payment received (as determined on the date of the sale or other disposition). However, if the Nil Paid Rights or the Fully Paid Rights are treated as traded on an "established securities market" and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the cost in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the sale. Any gain or loss a US Holder recognises on the sale or other disposition of a Nil Paid Right to a third party will generally be long-term capital gain or loss if the US Holder's holding period in the Nil Paid Right is deemed to be greater than one year. A US Holder's holding period in a Nil Paid Right will be deemed to have begun on the same date as that of the Ordinary Shares with respect to which the US Holder received such Nil Paid Right. The gain or loss recognised on the sale or other disposition of a Fully Paid Right will likely be short-term capital gain or loss. Short-term capital gains of a US Holder and long-term capital gains of a corporate US Holder are generally taxed at the same rates as ordinary income. Long-term capital gains of a non-corporate US Holder may be eligible for preferential maximum tax rates. The deductibility of capital losses is subject to limitations. Any gain or loss will generally be treated as US source gain or loss.

A US Holder's tax basis in any foreign currency received on the sale or other disposition of a Nil Paid Right or Fully Paid Right will be equal to the US dollar amount realised on such sale or disposition. Any gain or loss realised on a subsequent conversion of the foreign currency will generally be US source ordinary income or loss.

Notwithstanding the foregoing, if a US Holder allows a Nil Paid Right to expire without the Nil Paid Right being exercised, sold or exchanged, and does not receive any amount, including any amount described in section 5 of Part V (*Terms and Conditions of the Rights Issue*) of this document, the US Holder should not recognise a gain or loss for US tax purposes. In addition, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis of the Ordinary Shares held by the US Holder, that basis will be reallocated to such Ordinary Shares.

1.4 ***Proceeds from sale by the Underwriters***

The US federal income tax treatment of a US Holder that, in connection with the Rights Issue, receives the "premiums" as a result of the sale by the Underwriters of New Ordinary Shares at a premium over the Rights Issue Price (as described in section 5 of Part V (*Terms and Conditions of the Rights Issue*) of this document) is not free from doubt. Generally, such a US Holder will be treated, for US federal income tax purposes, either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and sold the corresponding New Ordinary Shares. A US Holder that is treated as having sold the Nil Paid Rights will recognise a capital gain or loss as

described above under section B.1.3 of this Part VIII. A US Holder that is treated as having sold the New Ordinary Shares will likely recognise a short-term capital gain or loss as described below under section B.2.2 of this Part VIII, regardless of the holding period of the Nil Paid Rights. US Holders that receive amounts in respect of lapsed Nil Paid Rights or in lieu of receiving Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

2. Taxation of New Shares

2.1 Distributions

The amount of any distributions paid with respect to the New Shares generally will be included in a US Holder's gross income as ordinary dividend income from foreign sources to the extent paid out of the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). Distributions in excess of such current or accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's adjusted tax basis in the New Shares and thereafter as capital gain. However, the Company does not intend to calculate its earnings and profits under US federal income tax principles. Therefore, a US Holder should expect that any distribution made by the Company to such US Holder will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Such dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other US corporations.

The amount of any dividend paid in a currency other than US dollars will be the US dollar value of the dividend payment based on the exchange rate in effect on the date of distribution, whether or not the payment is converted into US dollars at that time. A US Holder's tax basis in the non-US currency received will equal such US dollar amount. Gain or loss, if any, recognised on a subsequent sale or conversion of the non-US currency will be US source ordinary income or loss.

With respect to certain non-corporate US Holders, including individual US Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that: (1) the Company is eligible for benefits of the income tax treaty between the United States and the UK (which the Company believes to be the case); (2) the Company is not a PFIC (as discussed below) with respect to the US Holder for either the taxable year in which the dividend is paid or the preceding taxable year; (3) certain holding period requirements are met; and (4) the US Holder is not under an obligation to make a related payment with respect to positions in substantially similar or related property.

Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the New Shares.

2.2 Sale or Other Taxable Disposition of New Shares

A US Holder generally will recognise capital gain or loss on the sale or other taxable disposition of the New Shares equal to the difference between the US dollar value of the amount realised and the US Holder's adjusted tax basis (determined in US dollars) in the New Shares. Such capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the New Shares exceeds one year. However, regardless of a US Holder's actual holding period, any loss may be long-term capital loss to the extent the US Holder has received a dividend that qualifies for the reduced rate described above under section B.2.1 of this Part VIII, and, together with any other such dividends during the applicable period, exceeds 10 per cent. of the US Holder's basis in its New Shares. Such gain or loss will generally be treated as arising from US sources for foreign tax credit limitation purposes. The basis of New Ordinary Shares will be as described in section B.1.2 of this Part VIII. The basis of Placing Shares will generally equal the cost of such Placing Shares. If a US Holder used foreign currency to purchase the Placing Shares, the cost of the Placing Shares will be the US dollar value of the foreign currency purchase price on the date of purchase. However, if the Placing Shares are treated as traded on an "established securities market" and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the

US dollar value of the cost in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

The amount realised on a sale or other taxable disposition of New Shares generally will be the amount of cash the US Holder receives in exchange for such New Shares. If the consideration the US Holder receives for the New Shares is not paid in US dollars, the amount realised will be the US dollar value of the payment received. In general, the US dollar value of such a payment will be determined on the date of disposition. However, if the New Shares are treated as traded on an “established securities market” and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition.

A US Holder’s tax basis in any foreign currency the US Holder receives on the sale or other taxable disposition of New Shares will be equal to the US dollar amount that the US Holder realised on the sale or taxable disposition. Any gain or loss the US Holder realises on a subsequent conversion of any such foreign currency generally will be US source ordinary income or loss.

2.3 *Passive Foreign Investment Company status*

A non-US corporation is considered to be a PFIC for any taxable year if, applying certain look-through rules, either:

- at least 75 per cent. of its gross income is passive income; or
- at least 50 per cent. of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

The Company does not believe that it was a PFIC in its taxable year ending 31 December 2013 and, based on the current projection of income, assets and business activities, the Company does not expect to be a PFIC for US federal income tax purposes for its current taxable year ending 31 December 2013 or the foreseeable future. However, PFIC status is a factual determination made after the close of each taxable year and thus there can be no assurance that the Company will not be treated as a PFIC in its current taxable year or future taxable years.

Under the PFIC rules, if the Company becomes a PFIC at any time that a US Holder holds the New Shares, the Company would continue to be treated as a PFIC with respect to such holder’s investment unless (i) the Company ceases to be a PFIC and (ii) the US Holder has made a “deemed sale” election under the PFIC rules.

If the Company were to be treated as a PFIC, US Holders of the New Shares would be required (i) to pay a special addition to tax on certain distributions and gains on sale and (ii) to treat any gain from the sale of the New Shares as ordinary income (rather than capital gains) in addition to paying the special addition to tax on such gain. Additionally, dividends paid by the Company would not be eligible for the special reduced rate of tax described above under section B.2.1 of this Part VIII. Special elections may be available to mitigate the adverse tax consequences of the PFIC regime, but these elections will generally require US Holders to recognise taxable income in advance of receipt. US Holders that own PFIC stock worth more than a certain threshold amount are required to file an annual report with respect to each PFIC in which they own stock. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

3. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to dividends paid in respect of New Shares or the proceeds received on the sale or exchange of the Nil Paid Rights, the Fully Paid Rights or the New Shares within the United States or by a broker with certain US connections. Backup withholding may apply to payments to a US Holder of dividends or the proceeds of a sale or other disposition of the Nil Paid Rights,

Fully Paid Rights or the New Shares, if the US Holder fails to provide an accurate taxpayer identification number (certified on IRS Form W-9), certify that the US Holder is not subject to backup withholding, or otherwise to comply with the applicable requirements of backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and a refund of any excess amount withheld under the backup withholding rules may be obtained by filing the appropriate claim for refund with the IRS and furnishing any required information.

4. Additional Reporting Requirements

Certain US Holders who are individuals may be required to report information relating to an interest in the Nil Paid Rights, the Fully Paid Rights or the New Shares, subject to certain exceptions (including an exception for Nil Paid Rights, Fully Paid Rights or New Shares held in accounts maintained by certain US financial institutions). US Holders should consult their tax advisers regarding the reporting requirements, if any, that may be triggered by the exercise of Nil Paid Rights and their ownership and disposition of the Nil Paid Rights, the Fully Paid Rights and the New Shares.

PART IX

INFORMATION CONCERNING THE PLACING SHARES AND THE NEW ORDINARY SHARES

1. Description of the type and class of securities being offered

The Placing Shares and the New Ordinary Shares will have a nominal value of 10 pence each. The rights of the Ordinary Shares are set out in the Articles of Association, a summary of which is set out in section 18 of Part X (*Additional Information*) of this document.

The ISIN code for the Nil Paid Rights is GB00BK6M9D58 and for the Fully Paid Rights is GB00BK6M9F72. The ISIN code for the Placing Shares and the New Ordinary Shares, when issued, will be GB00B7N0K053, being the same ISIN code as for the Existing Ordinary Shares.

The Placing Shares and the New Ordinary Shares will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and will rank in full for all dividends and distributions on the ordinary share capital of the Company declared, made or paid after their issue and otherwise *pari passu* in all respects with the Existing Ordinary Shares.

2. Legislation under which the Placing Shares and the New Ordinary Shares will be created

The Placing Shares and the New Ordinary Shares will be created under the Companies Act 2006.

3. Listing

An application will be made to the UK Listing Authority for the Placing Shares to be admitted to the premium segment of the Official List and an application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Placing Admission will become effective and that dealings in the Placing Shares will commence on the London Stock Exchange at 8.00 a.m. on 24 March 2014. An application will also be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and an application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence, nil paid, on the London Stock Exchange at 8.00 a.m. on 24 March 2014. It is expected that dealings in the New Ordinary Shares will commence, fully paid, on the London Stock Exchange at 8.00 a.m. on 8 April 2014.

Listing of the New Ordinary Shares is not being sought on any stock exchange other than the London Stock Exchange, on which the Existing Ordinary Shares are listed.

4. Form and currency of the Placing Shares and the New Ordinary Shares

The Placing Shares and the New Ordinary Shares will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form.

Title to Placing Shares will be evidenced by entry in the register of members of the Company. Title to certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear UK (which forms part of the register of members of the Company).

No share certificates will be issued in respect of the Placing Shares and the New Ordinary Shares in uncertificated form. If any such Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those Ordinary Shares in accordance with applicable legislation.

The Placing Shares and the New Ordinary Shares will be denominated in pound sterling.

5. Rights attached to the Placing Shares and the New Ordinary Shares

Each Placing Share and each New Ordinary Share will rank, when issued and fully paid, *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each Existing Ordinary Share, as set out in the Articles of Association.

All registered holders of Ordinary Shares have the right to attend and vote at general meetings of the Company or to appoint a proxy to attend and vote at such meetings on their behalf. The Resolutions in respect of the Placing and the Rights Issue will be taken on a poll rather than a show of hands. On a poll, every Shareholder present in person or by proxy will have one vote for every share that he holds.

Subject to the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act 2006 and the Listing Rules allow for the disapplication of pre-emption rights, which may be waived by a special resolution of the Shareholders, either generally or specifically for a maximum period not exceeding five years.

Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Placing Shares and the New Ordinary Shares are not redeemable. The Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules. The Company may purchase Ordinary Shares only out of distributable reserves or the proceeds of a new issue of shares made to fund the repurchase.

Further details of the rights attached to the Placing Shares and the New Ordinary Shares in relation to attendance and voting at general meetings, entitlements on a winding up of the Company and transferability of shares are set out in section 18 of Part X (*Additional Information*) of this document.

6. Resolutions, authorisations and approvals relating to the Placing and the Rights Issue

The Appendix to the Circular contains a notice convening the General Meeting to be held at Doubletree by Hilton London West End, 92 Southampton Row, London WC1B 4BH on 20 March 2014 at 10.00 a.m. and contains (among other things) the Capital Refinancing Resolution which Shareholders will be asked to approve in order to allow the Placing and the Rights Issue to proceed.

In summary, the Capital Refinancing Resolution (which is a special resolution) seeks the approval of Shareholders:

- (A) to the terms of the Placing and the Rights Issue as set out in the Circular and to direct the Directors to exercise all powers of the Company to implement the Placing and the Rights Issue;
- (B) to issue the Placing Shares to Placees at the Placing Price and otherwise on the terms set out in the Circular and this document;
- (C) to grant the Board authority to allot the Placing Shares and the New Ordinary Shares for cash for the purposes of the proposed Placing and Rights Issue as if section 561 of the Companies Act 2006 did not apply;
- (D) if the Placing and the Rights Issue proceeds, to grant the Directors authority to allot Ordinary Shares for general purposes and, in light of the implementation of section 549 of the Companies Act 2006 on 1 October 2009, to grant rights to subscribe for or to convert any security into shares in the Company. This authority would be in substitution for the authority to allot Ordinary Shares which was given to the Board at the annual general meeting of the Company in April 2013 (but in addition to the amount set out in section (C) of the Capital Refinancing Resolution in relation to the allotment of the Placing Shares and the New Ordinary Shares for the purposes of the Placing and the Rights Issue). The new authority would give the Directors authority to allot Ordinary Shares and to grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal amount of £55,933,503 which would represent approximately two thirds per cent. of the total share capital of the

Company in issue immediately following the Placing and the Rights Issue (assuming that no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Share Plans in the period from the publication of this document to completion of the Placing and the Rights Issue);

- (E) if the Placing and the Rights Issue proceeds, to replace the Board's authority (which was given to the Board at the annual general meeting of the Company in April 2013) to disapply statutory pre-emption rights in respect of the issue of Ordinary Shares by the Company for cash consideration (i) by way of rights to Shareholders in proportion to their respective holdings of such shares (excluding shares held in treasury) and (ii) generally (otherwise than pursuant to (i) above), up to an aggregate nominal value of £4,195,013 which would represent approximately 5 per cent. of the total share capital of the Company in issue immediately following the Placing and the Rights Issue (assuming that no further Ordinary Shares are issued as a result of exercise of any options under the Share Plans and the Warrant Instruments in the period from the publication of this document until the completion of the Placing and the Rights Issue); and
- (F) to amend the Articles of Association so as to restrict the borrowings of the Company and its subsidiaries and subsidiary undertakings to an aggregate principal amount, save with the previous sanction of an ordinary resolution of the Company, equal to the higher of: (i) six times the Adjusted Capital and Reserves (as defined in the Articles of Association); and (ii) £1,500 million.

7. Description of restrictions on free transferability

Save as set out below and in section 18 of Part X (*Additional Information*) of this document, the Placing Shares and the New Ordinary Shares will be freely transferable.

The Company may, under the Companies Act 2006, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of shares, which are the subject of the statutory notice, is void.

8. Mandatory bids, squeeze-out and sell-out rules relating to the New Ordinary Shares

Please see section 19 of Part X (*Additional Information*) of this document for information relating to mandatory bids, squeeze-out and sell-out rules which are relevant to holders of Ordinary Shares.

PART X

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names are set out in section 4 of this Part X, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information about the Company

The Company was incorporated and registered in England and Wales as a public company limited by shares on 22 June 2004 (registered number 05160050) with the name of Premier Foods Brands Foods Plc. On 2 July 2004, the Company's name was changed to Premier Foods Plc.

The principal legislation under which the Company operates, and pursuant to which the Placing Shares and the New Ordinary Shares to be issued pursuant to the Placing and the Rights Issue will be created, is the Companies Act 2006.

The Company is domiciled in England and Wales and its registered and head office is at Premier Foods House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The telephone number of the Company's registered office is +44 (0)1727 815 850.

The business of the Company, and its principal activity, is the manufacture, distribution and sale of a wide range of branded and non-branded foods. Premier Foods is one of the United Kingdom's largest food producers with total underlying revenue of £1,504.4 million in FY 2013, including the Bread Business (£1,282.5 million excluding Milling). The business employs approximately 8,100 people and operates across 37 sites throughout the United Kingdom. (If the JV Transaction proceeds, approximately 3,800 current employees and 20 current sites will transfer to the Joint Venture.) The Group's strategy is category-based, a key part of which includes growing its seven Power Brands, which the Group considers to be the brands with the highest growth potential: *Ambrosia*, *Batchelors*, *Bisto*, *Loyd Grossman*, *Mr. Kipling*, *Oxo* and *Sharwood's*. In addition, the Group has a portfolio of many other British food brands and also an extensive non-branded food business which manufactures food in partnership with many of the United Kingdom's leading food retailers. If the JV Transaction proceeds, Premier Foods will continue to be one of the United Kingdom's largest food producers and will, through its 49 per cent. interest in the Joint Venture, continue to participate in, and focus on the growth of, the Bread Business and the *Hovis* brand.

3. Information on the Company's share capital

As at 1 January 2011, being the first day covered by the Financial Statements incorporated by reference into this document, 2,398,021,581 Ordinary Shares were in issue fully paid or credited as fully paid.

Between 1 January 2011 and the Reference Date:

- (A) 36,647 ordinary shares in the Company were issued on various dates as a result of the exercise of awards granted under the Sharesave Plan;
- (B) 2 ordinary shares in the Company were issued to Andrew McDonald on 30 April 2012 in connection with the Company's share consolidation which took place on 4 May 2012, to enable the issued share capital to be divisible by 10;
- (C) on 4 May, a consolidation of the Company's share capital was carried out such that the total number of Ordinary Shares following the consolidation was 239,805,823; and

- (D) 36,432 Ordinary Shares in the Company were issued on various dates as a result of the exercise of awards granted under the Sharesave Plan

Other than these issues of Ordinary Shares, there have been no changes to the issued share capital of the Company between 1 January 2011 and the Reference Date.

As at the Reference Date, the issued share capital of the Company was:

	<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Nominal amount</i>
Ordinary Shares of 10 pence each	239,842,255	£23,984,225.50

The issued and fully paid share capital of the Company immediately following the Placing (disregarding any Ordinary Shares which may be issued after the Reference Date as a result of the vesting or exercise of any awards under the Share Plans) is expected to be:

	<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Nominal amount</i>
Ordinary Shares of 10 pence each	316,765,332	31,676,533.20

The issued and fully paid share capital of the Company immediately following the Rights Issue (taking into account the Placing but disregarding any Ordinary Shares which may be issued after the Reference Date as a result of the vesting or exercise of any awards under the Share Plans) is expected to be:

	<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Nominal amount</i>
Ordinary Shares of 10 pence each	823,589,863	82,358,986.30

Ordinary Shares are held under trust by the Trustee in respect of the Share Plans (see further in section 12 of this Part X). In accordance with IFRS, these are treated as treasury shares. The number of Ordinary Shares held at the Reference Date by the Trustee was 97,122.

There are no Ordinary Shares held by or on behalf of the Company itself or by any of the subsidiaries of the Company.

The Existing Ordinary Shares are admitted to the premium segment of the Official List and are admitted to trading on the London Stock Exchange's main market for listed securities.

Save as disclosed in this section 3, since 1 January 2011, no Ordinary Shares have been issued by the Company, fully or partly paid, either in cash or for other consideration and (other than in connection with the Placing, the Rights Issue and the vesting or exercise of awards under the Share Plans) no such issues are proposed. Other than in connection with the Share Plans, no share capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option. The Company has not issued any convertible securities, exchangeable securities or securities with warrants, and there are no acquisition rights and/or obligations over unissued share capital or any undertakings to increase the share capital of the Company.

The number of Ordinary Shares outstanding as at 1 January 2013, being the first day of the Company's last complete financial year, and as at 31 December 2013, being the last day of the Company's last complete financial year, was:

	<i>Issued and fully paid</i>
1 January 2013	239,806,206
31 December 2013	239,828,166

3.1 *At the annual general meeting held on 25 April 2013:*

- (A) an ordinary resolution was passed by the members of the Company generally and unconditionally authorising the Directors, pursuant to section 551 of the Companies Act 2006, to allot equity securities (as defined in section 560(1) of the Companies Act 2006):
- (i) up to a nominal amount of £15,987,090 (such amount to be reduced by any allotments or grants made under the authority described in section (ii) below) in connection with an offer by way of a rights issue to: (a) holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings, and (b) holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary (but subject to such other exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or other practical problems in, or under the laws of, any territory or any other matter); and
 - (ii) in any other case, up to a nominal amount of £7,993,545 (such amount to be reduced by the nominal amount allotted or granted under the authority described in section (i) above in excess of £7,993,545),

and such authority to apply, unless previously varied or revoked by the Company in a general meeting, until the close of business on 25 July 2014 or, if earlier, the end of the next annual general meeting of the Company, save that, in each case, the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of any such offer or agreement as if the authority had not ended; and

- (B) a special resolution was passed by the members of the Company authorising the Directors to allot equity securities for cash under the authority conferred on them as described in section 3.1(A) of this Part X and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that this power was limited to:
- (i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority described in section 3.1(A)(i) of this Part X, by way of a rights issue only) to: (a) the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings, and (b) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary (but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or other matter); and
 - (ii) in the case of the authority described in section 3.1(A)(ii) of this Part X and/or in the case of any transfer of treasury shares, which is treated as an allotment of equity securities under section 560(3) of the Companies Act 2006, the allotment (otherwise than under the authority described in section (i) above) of equity securities up to an aggregate nominal amount of £1,199,031,

and such authority to apply, unless previously varied or revoked by the Company in a general meeting, until the close of business on 25 July 2014 or, if earlier, the end of the next annual general meeting of the Company, save that during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Board may allot equity securities in pursuance of any such offer or agreement as if the authority had not ended.

At the General Meeting, Shareholders will be asked to consider and vote on the Capital Refinancing Resolution, further details of which are set out in section 6 of Part IX (*Information concerning the Placing Shares and the New Ordinary Shares*).

4. Directors and Senior Managers of the Company

The Directors and Senior Managers of the Company and their principal functions in respect of the Company are:

<i>Directors</i>	<i>Position</i>
David Beever	Non-Executive Chairman
Gavin Darby	Chief Executive Officer
Alastair Murray	Chief Financial Officer
Ian Krieger	Independent Non-Executive Director
Jennifer Laing	Independent Non-Executive Director
Charles Miller Smith	Non-Executive Director
Pam Powell	Independent Non-Executive Director
David Wild	Senior Independent Director
<i>Senior Managers</i>	<i>Position</i>
Brian Carlton	Group HR Director
Ian Deste	Commercial Director, Grocery
Mark Hughes	Group Procurement Director
Richard Johnson	Group Corporate Affairs Director
Andrew McDonald	General Counsel & Company Secretary
Bob Spooner	Group Supply Chain Director and Managing Director, Bread
Mark Vickery	Group Information Systems & Change Director

The Group Company Secretary is Andrew McDonald.

- 4.1 The service address of each of the Directors, save for Charles Miller Smith, is Premier Foods House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The service address for Charles Miller Smith is Curo UK Limited, 3 Ensign House, Juniper Drive, London SW18 1TA.

4.2 *Details of the Directors and Senior Managers*

Directorships and partnerships

The name, business experience and principal business activities outside the Group of each of the Directors and Senior Managers, as well as the dates of his or her initial appointment as a Director or Senior Manager, as applicable, are set out below, together with a list of any current and/or previous directorships or analogous roles held in the five years prior to the date of this document by each of the Directors and Senior Managers.

Directors

David Beever (72)

Title: Non-Executive Chairman

Appointment: January 2008 and appointed Chairman in June 2012

Committee memberships: Member of the Remuneration Committee, Chairman of the Nomination Committee and attends the Audit Committee by invitation.

Skills and experience: After qualifying as a Chartered Engineer, David has spent most of his career in the financial sector. He was a Vice-Chairman of S.G. Warburg where he handled many corporate finance transactions for major UK and international companies. He was later a board member of KPMG and Chairman of Corporate Finance and was previously Chairman of several major companies including London & Continental Railways Limited and Volex plc. He has also been a non-executive

director of a large number of companies including Stobart Group Ltd., Paragon Group of Companies plc, Servomex Limited, TLS plc and JJB Sports plc. David was appointed Chairman in June 2012 having previously been the Senior Independent Director. David is a member of the Board of Trustees at the University of London.

In addition to his directorship of the Company, David Beever holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships:

<i>Company</i>	<i>Status (current/ previous)</i>
Board of Trustees, University of London	Current
Director of London Intercollegiate Student Housing Limited	Previous
Independent Non-Executive Director of Stobart Group Ltd	Previous
Independent Non-Executive Director of JJB Sports plc	Previous

Gavin Darby (58)

Title: Chief Executive Officer

Appointment: February 2013

Committee memberships: Regularly attends Committee meetings by invitation.

Skills and experience: Gavin has a strong consumer goods pedigree and extensive senior leadership experience. He spent 15 years at The Coca-Cola Company in various senior positions, including Division President roles for North West Europe and Central Europe. Prior to joining Premier Foods, Gavin served as CEO of Cable & Wireless Worldwide plc, leading a successful turnaround of the business before negotiating its sale to Vodafone plc. Previously he worked at Vodafone plc for nine years, during which time he served as UK CEO and CEO of Americas, Africa, India and China. Earlier in his career Gavin held various sales and marketing roles in S.C Johnson and Spillers Foods. He graduated with a degree in Management Science from the University of Manchester. Gavin served as a non-executive director for Intertek plc between 2009 and 2011.

In addition to his directorship of the Company and directorship(s) of subsidiaries of the Company, Gavin Darby holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Chief Executive Officer of Cable & Wireless Worldwide plc	Previous
Director of Cable & Wireless Worldwide Services Limited	Previous
Independent Non-Executive Director of Intertek Group plc	Previous

Alastair Murray (53)

Title: Chief Financial Officer

Appointment: September 2013

Committee memberships: Regularly attends Committee meetings by invitation.

Skills and experience: Alastair has extensive branded FMCG experience gained over a 30 year career. Prior to joining Premier Foods, Alastair spent ten years at Dairy Crest Group plc as Group Finance Director, where he helped lead a significant restructuring to simplify the business, creatively address its pension deficit and reinforce its position as an industry leader. Previously he was the Group Finance Director at The Body Shop International plc. Earlier in his career Alastair was a Divisional Finance Director at Dalgety plc and spent 13 years in various finance and operations roles at Unilever plc. He graduated from Cambridge University with an MA in Engineering and also holds an MBA

from Cranfield Institute of Technology. He is a Fellow of the Chartered Institute of Management Accountants.

In addition to his directorship of the Company and directorship(s) of subsidiaries of the Company, Alastair Murray holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Chargate Property Limited	Current
Finance Director of Dairy Crest Group plc	Previous
Finance Director of Dairy Crest France Holdings 1 Limited	Previous
Finance Director of Dairy Crest France Holdings 2 Limited	Previous
Finance Director of Coombe Farm Dairies Limited	Previous
Finance Director of Yoplait UK Limited	Previous
Finance Director of Dairy Crest Limited	Previous
Finance Director of Unigate Dairies Limited	Previous
Finance Director of Dairy Crest Group plc	Previous
Finance Director of English Butter Marketing Company Limited	Previous
Finance Director of Basildon Dairy Foods Limited	Previous

Ian Krieger (62)

Title: Independent Non-Executive Director

Appointment: November 2012

Committee memberships: Chairman of the Audit Committee and member of the Remuneration and Nomination Committees.

Skills and experience: Ian has a wealth of business, accounting and finance experience gained during a 40 year career, first with Arthur Andersen and, from 2002, with Deloitte. He was a senior partner at Deloitte until his retirement in 2012. Previous management responsibilities included heading the Corporate Finance Practice, the London Corporate Audit Division and the Private Equity Practice. Ian has significant boardroom experience and has worked with a wide variety of companies throughout his career, including many in the consumer goods sector. Ian qualified as a Chartered Accountant with Arthur Andersen. Ian is a non-executive director at Safestore Holdings plc, a trustee at the Nuffield Trust and is also a trustee of Anthony Nolan, where he is Chairman of the Audit Committee.

In addition to his directorship of the Company, Ian Krieger holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Independent Non-Executive Director of Safestore Holdings plc	Current
Trustee of the Nuffield Trust	Current
Director of Nuffield Trading Limited	Current
Trustee of Anthony Nolan	Current
Senior Partner of Deloitte LLP	Previous

Jennifer Laing (67)

Title: Independent Non-Executive Director

Appointment: October 2012

Committee memberships: Member of the Nomination, Audit and Remuneration Committees

Skills and experience: Jennifer has over 30 years' experience in brand building and communications including 16 years with Saatchi & Saatchi, twice as Chairman of the London office, and culminating in her role as Chairman and CEO of Saatchi & Saatchi North America. In the early 1990s she led her own advertising agency, Laing Henry, which was subsequently sold to Saatchi & Saatchi. From 2002 to 2007 Jennifer was Associate Dean, External Relations at London Business School. Jennifer is currently a non-executive director of InterContinental Hotels Group plc where she chairs the Corporate Responsibility Committee, and of Hudson Global, Inc., a global recruitment company, where she is Chairman of the Compensation Committee.

In addition to her directorship of the Company, Jennifer Laing holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Independent Non-Executive Director of InterContinental Hotels Group plc	Current
Independent Non-Executive Director of Hudson Global, Inc.	Current

Charles Miller Smith (74)

Title: Non-Executive Director

Appointment: June 2009

Committee memberships: Member of the Nomination Committee.

Skills and experience: Charles is a senior adviser at Warburg Pincus LLC and prior to this was an International Adviser at Goldman Sachs International from 2001 until 2005. Charles worked with Unilever plc for over 30 years, the last five of which he served as a Director of Finance and then Foods. Charles was Chief Executive Officer and then Chairman at ICI plc from 1994 to 2001. He has served as a non-executive director of Midland Bank and HSBC Holdings PLC and served as Chairman of Scottish Power plc between 2000 and 2007. Charles is also Chairman of Firstsource Solutions UK Ltd and is a director of Firstsource Solutions Ltd.

In addition to his directorship of the Company, Charles Miller Smith holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Chairman of Firstsource Solutions UK Ltd	Current
Independent Non-Executive Director of Firstsource Solutions Ltd	Current
Senior Adviser at Warburg Pincus LLC	Current
Independent Non-Executive Director of Prescience Media 1 Limited Liability Partnership	Current
Adviser at Edge Partnership	Current
Senior Adviser at Deutsche Bank AB	Previous
Adviser to Principle Finance	Previous
Chairman of Asia House Enterprises Limited	Previous

Pam Powell (50)

Title: Non-Executive Director

Appointment: May 2013

Committee memberships: Member of the Audit, Remuneration and Nomination Committees.

Skills and experience: Pam has more than 20 years' marketing experience developing some of the world's leading consumer brands. Most recently, she was the Group Strategy and Innovation Director for SAB Miller, one of the world's leading brewers. Pam spent nine years at SAB Miller in Senior Management roles during which time she helped transform the marketing performance of the Company, including the development and implementation of the first Group-wide commercial strategy. Prior to that Pam held numerous marketing roles in the home and personal care sector during a 13 year career at Unilever plc, culminating in her role as global Vice President of the Skin Care category. During her time at Unilever, Pam was most closely associated with Dove, which more than doubled revenue to become Unilever's first billion dollar brand. Pam is also a non-executive director at A.G. BARR plc. Pam holds a degree in Economics from Duke University in North Carolina and an MBA in Marketing from the Fuqua School of Business at Duke.

In addition to her directorship of the Company, Pam Powell holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Independent Non-Executive Director of A.G. BARR plc	Current
Governor of Guildford College of Further and Higher Education	Current
Group Director of SABMiller Plc	Previous

David Wild (58)

Title: Senior Independent Director

Appointment: March 2011

Committee memberships: Chairman of the Remuneration Committee and member of the Audit and Nomination Committees.

Skills and experience: David was Chief Executive Officer of Halfords Group plc until July 2012 and was previously with Walmart where he was Senior Vice-President of US New Business Development and President of Walmart Germany. Earlier in his career he was with Tesco plc (1985 to 2003) where he held a variety of roles including 10 years in Buying and six years as Chief Executive of Tesco Central Europe. David brings over 25 years' retailing experience, gained at two world-leading businesses and the skills and ability to develop growth strategies. David was appointed Interim Chief Executive Officer of Domino's Pizza Group plc on 31 January 2014 and is also a non-executive director at The Bankers Investment Trust PLC and Practicology Limited.

In addition to his directorship of the Company, David Wild holds (or has, in the five year period immediately preceding the date of this document, held), the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Chief Executive Officer of Domino's Pizza Group plc	Current
Independent Non-Executive Director of The Bankers Investment Trust PLC	Current
Independent Non-Executive Director of Practicology Ltd	Current
Independent Non-Executive Director of Domino's Pizza Group plc	Previous
Chief Executive Officer of Halfords Group Plc	Previous
Director of Halfords Autocentres Limited	Previous
Director of Halfords Finance Limited	Previous

Senior Managers

Brian Carlton (57)

Title: Group HR Director

Skills and experience: Brian Carlton joined the business in 1994 as Head of Personnel for the former Canned Foods division. His responsibilities have since been extended to embrace all HR activities across the Group. He was appointed to the Group Executive in October 2006. Prior to joining Premier Foods, Brian held HR and Operational roles in Chrysler UK, K Shoes, Metal Box and Smurfit Packaging. Brian's key responsibilities include leadership development, talent management, remuneration, resourcing and employee relations management across the business.

Brian Carlton does not hold any directorships or analogous roles in addition to his management position in the Company and in subsidiaries of the Company, nor has he held any such directorships or analogous roles in the five year period immediately preceding the date of this document.

Ian Deste (55)

Title: Commercial Director Grocery and Group Sales Director

Skills and experience: Ian Deste joined Premier Foods in 2011 as Group Sales Director and was also appointed as Commercial Director Grocery in November 2012. He previously spent 20 years with Coca-Cola Enterprises Ltd (CCE), including nine years as a member of the GB board. Most recently, Ian held the position of Vice-President, Sales and Customer Development, prior to which he held other senior positions in sales, marketing and communications at CCE. In his early career, he worked in the beer and tobacco industries. Ian is responsible for marketing, innovation and sales of the ambient grocery and cake portfolio. This includes all aspects of commercial strategy and customer management, and the delivery of revenue, profitability and market-share metrics for the Grocery brands.

In addition to his management position at the Company and its subsidiaries, Ian Deste holds (or has, in the five-year period immediately preceding the date of this document, held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Independent Non-Executive Director of Retec Digital Plc	Current
Director of 20/20 Vision (Consulting) Limited	Current
Vice-President – Sales and Marketing of Coca-Cola Enterprises Ltd	Previous

Mark Hughes (53)

Title: Group Procurement Director

Skills and experience: Mark Hughes joined Premier Foods and the Group Executive in 2007 following the acquisition of RHM. Mark joined RHM in 2003 as Divisional Services Director (Bread Bakeries) and became a member of the Bread Bakeries Division Executive in 2004 and was Group Procurement and Logistics Director and a member of the Group Executive of RHM in 2006. Mark was previously director at Archer Daniels Midland Milling (UK) and has held a number of senior positions with Associated British Foods plc. Mark's key responsibilities are the control and risk management of c. £1.3bn of spend on ingredients, packaging, energy, machinery, facilities, engineering, marketing and all corporate spend. Responsibilities include ensuring the Group remains competitive and well placed within a changing market through the provision of innovative procurement processes, policies, stakeholder engagement and external supplier relationship management.

Mark Hughes does not hold any directorships or analogous roles in addition to his management position in the Company and in subsidiaries of the Company, nor has he held any such directorships or analogous roles in the five-year period immediately preceding the date of this document.

Richard Johnson (50)

Title: Group Corporate Affairs Director

Skills and experience: Richard Johnson joined Premier Foods in 2011 as Group Corporate Affairs Director. Previously, Richard had spent a total of 18 years with Kraft Foods (now Mondeľz International, Inc.) during which time he held senior corporate affairs roles across a number of businesses and geographies, including the UK, Belgium and the US. Most recently he was Corporate Affairs Director for Kraft Foods' European business based at the company's headquarters in Switzerland. He was also Vice-President Corporate Affairs for McDonald's Europe and earlier in his career he worked for the Food and Drink Federation. Richard's key responsibilities are leading the Group's internal and external communications, media relations, public affairs, sustainability and community relations activities.

In addition to his management position at the Company, Richard Johnson holds (or has, in the five year period immediately preceding the date of this document, held) the following directorships and analogous roles.

<i>Company</i>	<i>Status (current/ previous)</i>
Director – Corporate Affairs of Kraft Foods Europe GmbH	Previous

Bob Spooner (59)

Title: Group Supply Chain Director and Managing Director, Bread

Skills and experience: On 27 January 2014, Premier Foods announced that it had entered into a conditional agreement with Gores to sell 51 per cent. of its Bread Business and establish a standalone Joint Venture. Upon completion of the JV Transaction, Bob will take up the position of Chief Executive Officer of Hovis Holdings. Bob Spooner joined Premier Foods as Group Operations Director in April 2007. In October 2011 Bob was appointed Group Supply Chain Director with responsibility for the Group's combined Operations, Technical and Procurement functions and in October 2012 took on additional responsibility as Managing Director of the Bread division, where he is responsible for all aspects of the Bread Business, including full P&L responsibility. Before joining the Group, Bob was Group Supply Chain Director for Northern Foods' Pastry Products business and prior to that held senior operational and supply chain roles with ICI Paints and Sara Lee. Bob's key responsibilities are leading and implementing the Group's manufacturing, logistics, procurement, technical and innovation strategy across the businesses and full responsibility for the Bread division's P&L.

Bob Spooner does not hold any directorships or analogous roles in addition to his management position in the Company and in subsidiaries of the Company, nor has he held any such directorships or analogous roles in the five year period immediately preceding the date of this document.

Andrew McDonald (40)

Title: General Counsel & Company Secretary

Skills and experience: Andrew McDonald joined the Company in November 2011 as General Counsel & Company Secretary. Prior to this he held the same position at Uniq plc, before its acquisition by the Greencore Group. Andrew is a qualified solicitor and worked as a corporate lawyer at Freshfields Bruckhaus Deringer before moving into industry. He is a law graduate of Manchester University. Andrew has responsibility for the legal, company secretarial and internal audit functions and is actively involved in business development and key operational issues facing the business. He is

on the steering group of all corporate and strategic projects pursued by the Group. He also supports the Chairman with the management of the Board to ensure it fulfils its corporate governance obligations.

In addition to his management position at the Company, Andrew McDonald holds (or has in the five year period immediately preceding the date of this document held) the following directorships and analogous roles:

<i>Company</i>	<i>Status (current/ previous)</i>
Company Secretary and General Counsel of UNIQ Plc	Previous

Mark Vickery (58)

Title: Group Information Systems & Change Director

Skills and experience: Mark joined the Group in early 2005 as Director of IS & Change Management. Following the acquisition of RHM, he assumed the role of Group IS & Change Director. Mark started his career at Unilever plc where he spent 17 years working in a number of businesses and geographies. He then moved to United Biscuits Group Limited as IS Director prior to joining Premier Foods. Mark's key responsibilities include managing the Information Services function and delivering major system and change programmes into the business.

Mark Vickery does not hold any directorships or analogous roles in addition to his management position in the Company and in subsidiaries of the Company, nor has he held any such directorships or analogous roles in the five year period immediately preceding the date of this document.

4.3 The Directors and Senior Managers:

- (A) have no unspent convictions relating to fraudulent offences;
- (B) have had no bankruptcies or individual voluntary arrangements;
- (C) have: (i) not been directors of any company, or (ii) have not been partners of any partnership, which has been the subject of any bankruptcy, receivership or insolvent liquidation at any time in the previous five years; and
- (D) have not received any public criticisms or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

The Directors and Senior Managers have no actual or potential conflicts of interest between any duties to the Company and their private interests and/or other duties.

There are no family relationships between any of the Directors or any of the Senior Managers.

4.4 Directors' and Senior Managers' interests in shares

Save as disclosed in sections (A) and (B) below, none of the Directors or Senior Managers has any interests, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.

(A) Issued share capital

Set out below are the interests (all of which are beneficial unless otherwise stated), as at the Reference Date, of the Directors and the Senior Managers (as well as their immediate families) in the share capital of the Company or (so far as is known or could with reasonable due diligence be ascertained by the relevant Director) interests of any person connected (within the meaning of section 346 of the Companies Act 2006) with a Director or Senior Manager and the existence of which was known to or could, with reasonable due diligence, be ascertained

by the relevant Director or Senior Manager as at the Reference Date. The table also sets out the interests of the Directors and Senior Managers in the issued share capital of Premier Foods assuming full acceptance by the Directors and Senior Managers of their entitlements under the Rights Issue. All of the Directors and Senior Managers have given an undertaking to take up in full their entitlement to subscribe for New Ordinary Shares under the Rights Issue.

	<i>Ordinary Shares as at the Reference Date</i>		<i>Ordinary Shares immediately following the Placing and the Rights Issue¹</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
<i>Directors</i>				
David Beever	31,900	0.013%	112,938	0.014%
Gavin Darby	750,268	0.313%	2,576,696	0.313%
Alastair Murray	0	0.000%	309,522	0.038%
Ian Krieger	20,000	0.008%	104,000	0.013%
Jennifer Laing	16,078	0.007%	54,802	0.007%
Charles Miller Smith	325,027	0.136%	1,045,070	0.127%
Pam Powell	0	0.000%	85,997	0.010%
David Wild	5,000	0.002%	78,000	0.009%
<i>Senior Managers</i>				
Brian Carlton	77,377	0.032%	201,180	0.024%
Ian Deste	73,897	0.031%	192,132	0.023%
Mark Hughes	30,873	0.013%	80,269	0.010%
Richard Johnson	20,000	0.008%	52,000	0.006%
Andrew McDonald	4,108	0.002%	10,680	0.001%
Bob Spooner	80,000	0.033%	208,000	0.025%
Mark Vickery	37,119	0.015%	96,509	0.012%
Total	1,471,647	0.614%	5,207,795	0.632%

Notes:

1. The figures specified (i) disregard any Ordinary Shares which may be issued after the Reference Date as a result of the vesting or exercise of any awards under the Share Plans and (ii) assume that each specified individual takes up in full his or her entitlement to subscribe for New Ordinary Shares under the Rights Issue. Each Director who is a Shareholder has irrevocably undertaken to take up in full his or her entitlement to subscribe for New Ordinary Shares under the Rights Issue.
2. The above interest represents Charles Miller Smith's underlying beneficial interest in the shares, which is held by way of one or more contracts for difference.

(B) Directors' and Senior Managers' share awards

CEO Co-Investment Award

As at the Reference Date, the Chief Executive Officer held awards over Ordinary Shares granted under the CEO Co-Investment Award as follows:

	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Ordinary Share price at award date (£)</i>	<i>Total number of Ordinary Shares under awards</i>
Directors						
Gavin Darby	1,477,572	22/02/2013	one third on 01/05/2014, one third on 01/05/2015 and one third on 01/05/2016	30/06/17	0.9475	1,477,572

LTIP

As at the Reference Date, the Directors held awards over Ordinary Shares granted under the LTIP as follows:

<i>Directors</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Share price at award date²</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Gavin Darby	1,477,572	22/02/2013	22/02/2016	21/02/2020	0.9475	1,477,572
Alastair Murray	–	–	–	–	–	–

Note:

2. These LTIP awards were granted in the form of nil-cost options.

In addition, as at the Reference Date, Senior Managers held awards over Ordinary Shares granted under the LTIP as follows:

<i>Senior Managers</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Share price at award date (£)³</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Brian Carlton	51,486	23/05/2011	23/05/2016	22/05/2018	3.331	51,486
	182,608	20/03/2012	20/03/2017	19/03/2019	1.20	182,608
Ian Deste	191,304	20/03/2012	20/03/2017	19/03/2019	1.20	191,304
Mark Hughes	63,494	23/05/2011	23/05/2016	22/05/2018	3.331	63,494
	192,608	20/03/2012	20/03/2017	19/03/2019	1.20	192,608
Richard Johnson	156,521	20/03/2012	20/03/2017	19/03/2019	1.20	156,521
Bob Spooner	86,760	23/05/2011	23/05/2016	22/05/2018	1.20	86,760
	278,260	20/03/2012	20/03/2017	19/03/2019	3.331	278,260
Andrew McDonald	139,130	20/03/2012	20/03/2017	19/03/2019	1.20	139,130
Mark Vickery	55,943	23/05/2011	23/05/2016	22/05/2018	3.331	55,943
	174,782	20/03/2012	20/03/2017	19/03/2019	1.20	174,782

Note:

3. These LTIP awards were granted in the form of nil-cost options.

DSBP

As at the Reference Date, none of the Directors or Senior Managers held awards over Ordinary Shares under the DSBP.

Sharesave Plan

As at the Reference Date, the Directors held awards over Ordinary Shares granted under the Sharesave Plan as follows:

<i>Directors</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Exercise price</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Gavin Darby	2,106	11/10/2013	02/12/2016	01/06/2017	1.111	2,106

In addition, as at the Reference Date, Senior Managers held awards over Ordinary Shares granted under the Sharesave Plan as follows:

<i>Senior Managers</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Exercise price</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Brian Carlton	2,321	19/10/2010	02/12/2013	01/06/2014	1.520	2,321
	980	18/10/2011	02/12/2014	01/06/2015	0.915	980
	1,902	19/10/2012	02/12/2015	01/06/2016	0.515	1,902
	2,106	11/10/2013	02/12/2016	01/06/2017	1.111	2,106
Ian Deste	1,902	19/10/2012	02/12/2015	01/06/2016	0.515	1,902
Bob Spooner	2,321	19/10/2010	02/12/2013	01/06/2014	1.520	2,321
	1,507	18/10/2011	02/12/2014	01/06/2015	0.915	1,507
	1,902	19/10/2012	02/12/2015	01/06/2016	0.515	1,902
	2,106	11/10/2013	02/12/2016	01/06/2017	1.111	2,106
Andrew McDonald	2,106	11/10/2013	02/12/2016	01/06/2017	1.111	2,106
Mark Vickery	2,321	19/10/2010	02/12/2013	01/06/2014	1.520	2,321
	980	18/10/2011	02/12/2014	01/06/2015	0.915	980
Mark Hughes	2,321	19/10/2010	02/12/2013	01/06/2014	1.520	2,321
	980	18/10/2011	02/12/2014	01/06/2015	0.915	980
	1,902	19/10/2012	02/12/2015	01/06/2016	0.515	1,902
	2,106	11/10/2013	02/12/2016	01/06/2017	1.111	2,106

RSP

As at the Reference Date, Senior Managers held awards over Ordinary Shares granted under the RSP as follows:

<i>Senior Managers</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Share price at award date (£)⁴</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Brian Carlton	222,176	22/02/2013	22/02/2015	21/02/2020	0.9475	222,176
Ian Deste	284,960	22/02/2013	22/02/2015	21/02/2020	0.9475	284,960
Mark Hughes	239,616	22/02/2013	22/02/2015	21/02/2020	0.9475	239,616
Richard Johnson	211,081	22/02/2013	22/02/2015	21/02/2020	0.9475	211,081
Bob Spooner	369,393	22/02/2013	22/02/2015	21/02/2020	0.9475	369,393
	104,347	15/05/2012	15/05/2014	14/05/2019	1.3425	104,347
Andrew McDonald	211,081	22/02/2013	22/02/2015	21/02/2020	0.9475	211,081
Mark Vickery	217,440	22/02/2013	22/02/2015	21/02/2020	0.9475	217,440

Note:

4. These RSP awards were granted in the form of nil-cost options.

ESOS

As at the Reference Date, Senior Managers held awards over Ordinary Shares granted under the ESOS as follows:

<i>Senior Managers</i>	<i>Number of Ordinary Shares over which award was granted</i>	<i>Date of grant of award</i>	<i>Earliest date of exercise</i>	<i>Lapse date</i>	<i>Exercise price (£)</i>	<i>Total number of Ordinary Shares under outstanding awards</i>
Brian Carlton	41,860 ⁵	23/07/2004	23/07/2007	22/07/2014	16.139 ⁶	4,879 ⁷

Notes:

5. The number of shares under the ESOS award have been adjusted a number of times since the date of grant as a result of various corporate transactions (including a reduction by a factor of approximately ten due to a share

consolidation). In addition, a portion of the ESOS award has already been exercised/lapsed. The number set out in the column 'Number of Ordinary Shares over which award was granted' shows the number of Ordinary Shares over which the ESOS award was originally granted and does not reflect the adjustments subsequently made to the ESOS award.

6. The exercise price per share under the ESOS award has been adjusted a number of times since the date of grant as a result of various corporate transactions. The exercise price set out in the column 'Exercise price (£)' shows the exercise price per Ordinary Share under the ESOS award as at the Reference Date and, as such, reflects the adjustments described above.
7. The number of shares under ESOS award have been adjusted a number of times since the date of grant as a result of various corporate transactions (including a reduction by a factor of approximately ten due to a share consolidation). In addition, a portion of the ESOS award has already been exercised/lapsed. The number set out in the column 'Total number of Ordinary Shares under outstanding award' shows the number of Ordinary Shares which are under the ESOS award as at the Reference Date and, as such, reflects the adjustments described above.

The number of Ordinary Shares subject to the above outstanding awards, (if applicable) the exercise price per Ordinary Share and (in the case of the LTIP) any performance conditions attaching to such awards may be subject to adjustment as a result of the Rights Issue in accordance with the rules or terms (as the case may be) of the Share Plans and, where required, subject to prior approval by HMRC, the Irish Revenue and the Trustee. Further information relating to such adjustments is available in section 10 of Part V (*Terms and Conditions of the Rights Issue*) of this document. Further details on the above Share Plans are set out in section 12 of this Part X.

5. Executive Directors' service contracts, emoluments and pensions

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice. Both Executive Directors have a 12 month rolling contract of employment.

The following table sets out details relating to the terms and notice periods of the Executive Directors' service contracts:

<i>Name</i>	<i>Date of contract</i>	<i>Term</i>	<i>Notice period by Premier Food at the Reference</i>	<i>Notice period by Director</i>	<i>Current age</i>
			<i>Date (months)</i>	<i>(months)</i>	
Gavin Darby	4 February 2013	Rolling	12	12	58
Alastair Murray	30 September 2013	Rolling	12	12	53

The service contracts will continue until terminated by notice by either the Company or the relevant Executive Director.

Both Executive Directors' service contracts provide that the Company may terminate that Executive Director's employment at any time by paying to the Executive Director the value of his/her base salary, benefits (excluding bonuses) and pension contributions for the notice period of 12 months or until such earlier date that alternative employment is secured, subject to mitigation.

In accordance with the Group's remuneration policy, the base salary of Executive Directors is intended to recognise the complexity of the business, the challenges it faces and the need for Executive Directors with significant experience to continue the business turnaround. The following table sets out the annual rates of base salary, as at 31 December 2013, for the Executive Directors:

<i>Name</i>	<i>Role</i>	<i>Base Salary as at 31 December 2013</i>
Gavin Darby	CEO	£700,000
Alastair Murray	CFO	£400,000

The Remuneration Committee believes that the Executive Directors should be provided with competitive pension arrangements. The Company contributes each year an amount equivalent to 20 per cent. of Gavin

Darby's salary in lieu of pension provision. Alastair Murray receives a cash payment reviewed annually by the Company in line with the Retail Price Index ("RPI") and participates in the Company's defined contribution pension scheme, receiving a Company contribution of 7.5 per cent. of the Earnings Cap set annually by the Company on the basis of calculations previously used by HMRC.

The Remuneration Committee believes that it is important to incentivise the Executive Directors, by ensuring that a portion of their total remuneration is conditional upon achievement of business objectives across both annual and longer term periods. An annual cash bonus may be earned for the attainment of stretching performance targets. These targets are set by the Remuneration Committee at the start of each financial year or upon appointment. The maximum annual bonus for Gavin Darby is 150 per cent. of his base salary and for Alastair Murray is 75 per cent. of his base salary. The annual bonus is determined by the Remuneration Committee, taking account of the internal and external business and market context. Seventy-five per cent. of any bonus earned by Gavin Darby will be paid following the end of the relevant financial year, in accordance with the performance achieved. The remaining 25 per cent. of such bonus will be delivered in the form of Ordinary Shares. The Remuneration Committee determines the extent to which it considers the objectives have been met and the annual bonus payable.

The CEO Co-Investment Award was granted to facilitate the recruitment of Gavin Darby as CEO in 2013 and is intended to align the CEO with Shareholders by encouraging the CEO to deliver share price growth. On his appointment as CEO, Gavin Darby purchased Ordinary Shares worth 100 per cent. of his annual base salary and the Company made a matching award (the CEO Co-Investment Award) of Ordinary Shares worth 200% of his annual base salary, which, subject to certain conditions being met, usually (in three equal tranches) on 1 May in the first, second and third years of his appointment. (See section 12.1 of this Part X of this document for further details.)

The LTIP is intended to reflect the Company's strategic goal of returning to profitable growth with sustainable share price growth over the long term. The LTIP comprises two key elements - Performance Share Awards and Matching Share Awards - and the maximum award for each financial year under both these elements is 200 per cent. of a participant's annual base salary. Performance Share Awards can be granted in the form of conditional share awards, forfeitable share awards or nil-cost options over Ordinary Shares all of which normally vest after three years subject to performance conditions being met. Matching Share Awards are similar to Performance Share Awards but can only be granted if participants invest in Ordinary Shares. Any investment may receive a maximum match of 2:1 subject to performance conditions being met. It is the Remuneration Committee's current policy for awards under the LTIP to be granted only as Performance Share Awards in the form of nil-cost options, however the Committee retains flexibility to use Matching Shares. (See section 12.2 of this Part X of this document for further details.)

The DSBP has been designed to operate alongside the annual bonus but with a longer term focus. Awards may be granted in the form of conditional share awards, forfeitable share awards or nil-cost options over Ordinary Shares with a normal vesting period of up to two years in order to focus on medium term share price performance. Annual bonus targets are based on in-year Group-wide strategic performance targets with any award under the DSBP being made following the announcement of the results for the financial year. (See section 12.3 of this Part X of this document for further details.)

The Sharesave Plan offers UK employees the opportunity to build a shareholding in a tax-efficient manner. The Sharesave Plan is an HMRC-approved scheme. Invitations to participate in the Sharesave Plan are usually sent out annually in September. Under the Sharesave Plan, participants may save a maximum of £3,000 per annum (but this limit is expected to increase to £6,000 with effect from 6 April 2014 in line with the UK Government's proposed changes to the applicable sharesave legislation that were announced in the 2013 Autumn Statement) over a three-year or five-year period, following which they have the opportunity to buy Ordinary Shares at a price which was set at the beginning of the savings period. (See section 12.4 of this Part X of this document for further details.)

As at the Reference Date, one Senior Manager holds an award over Ordinary Shares granted under the ESOS. The ESOS is an old discretionary share plan, which was adopted on flotation of the Company in 2004. The last award under the ESOS was made in 2004 and Premier Foods does not intend to grant further

awards under this plan before it expires in July 2014. (See section 12.7 of this Part X of this document for further details.)

The following table sets out details relating to the Executive Directors' emoluments for FY 2013. Gavin Darby was appointed Group CEO on 4 February 2013 and Alastair Murray was appointed as Group CFO on 30 September 2013. The figures below reflect the period for which they served as Executive Directors.

<i>Name</i>	<i>Basic salary/ fees</i>	<i>Pension allowance</i>	<i>Benefits- in-kind</i>	<i>Bonus in respect of 2013</i>	<i>2013 total</i>
Gavin Darby	£638,480	£127,750	£17,194	£863,492	£1,646,916
Alastair Murray	£101,587	£8,046	£4,705	–	£114,338

Gavin Darby was awarded an annual bonus of £175,000 representing 25 per cent. of his salary in respect of 2013. In addition, the first tranche of his Co-Investment Award which comprises 492,524 Shares will vest on 1 May 2014. For the purposes of the table above, the award has been valued at £688,492, based on the average share price for the last quarter of 2013.

Benefits received by both Executive Directors include private health insurance, car allowance and fuel cost, life insurance, telecommunication services, allowance for personal tax and financial planning, benefits generally in line with those granted to management across the Group and, in addition, Gavin Darby has the use of a chauffeured car for business purposes.

Save as disclosed in this section 5, there are no existing service contracts between any Executive Director and any member of the Group which provide for benefits upon termination of employment.

In accordance with the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 the remuneration policy of the Company for Directors will be put to a binding Shareholder vote at the Company's Annual General Meeting on the 29 April 2014.

6. Non-Executive Directors' letters of appointment

The Non-Executive Directors, including the Chairman, do not hold service contracts. Each of the Non-Executive Directors has been appointed pursuant to a letter of appointment, which contains a three month notice period (except for Charles Miller Smith's letter of appointment, which contains a one month notice period). Terms of appointment are for three years or the date of the AGM immediately preceding the third anniversary of appointment, unless terminated for cause or on the period of notice.

<i>Name</i>	<i>Date of appointment as a Non- Executive Director</i>	<i>Date of letter of appointment/ amendment letter</i>	<i>Expiry date</i>	<i>Notice period by Premier Foods plc</i>	<i>Notice period by Non- Executive Director</i>
David Beever	22 January 2008	16 January 2014	AGM 2017	3 months	3 months
Ian Krieger	1 November 2012	22 May 2013	AGM 2015	3 months	3 months
Jennifer Laing	1 October 2012	12 August 2012	AGM 2015	3 months	3 months
Charles Miller Smith*	16 June 2009	12 June 2009	N/A	1 month ¹	1 month ¹
Pam Powell	7 May 2013	3 May 2013	AGM 2016	3 months	3 months
David Wild	7 March 2011	22 May 2013	AGM 2014	3 months	3 months

* The appointment of Charles Miller Smith is governed by the Relationship Agreement between the Company and Warburg Pincus under which he may terminate his appointment as a Director by giving one month's notice in writing. As set out in Part 1 of this document, the Company and Warburg Pincus agreed that the terms of the Relationship Agreement will cease to have effect from the date of this document and will terminate automatically on completion of the Capital Refinancing Plan Warburg Pincus and the Company has also agreed that the Relationship Agreement shall continue to have full force and effect if the Capital Refinancing Plan does not complete.

6.1 *The following table sets out details relating to the Non-Executive Directors' fees for FY 2013:*

<i>Name</i>	<i>Salary/fees (£)</i>	<i>Benefits- in-kind (£)</i>	<i>2013 total (£)</i>	<i>2012 total (£)</i>
David Beever	265,000	–	265,000	174,373
Ian Krieger	70,000	–	65,864	9,500
Jennifer Laing	57,000	–	57,000	14,250
Charles Miller Smith	57,000	–	57,000	81,750
Pam Powell	57,000	–	37,380	–
David Wild	72,500	–	70,909	61,375

Save as disclosed in this section 6, there are no existing letters of appointment or other contracts between any Non-Executive Director and any member of the Group which provide for benefits upon termination of appointment.

7. Aggregate remuneration and pension benefits granted to the Directors and Senior Managers

The aggregate amount of remuneration paid (including contingent or deferred compensation), and benefits-in-kind granted, by the Group to both the Directors and the Senior Managers for FY 2013 was £9.7 million.

No amount has been set aside or accrued by the Group to provide pension, retirement or similar benefits for the Directors. The aggregate amounts set aside or accrued by the Group to provide pension, retirement or similar benefits for certain Senior Managers for FY 2013 was £102,255.86.

8. Board practices

The Board is fully committed to high standards of corporate governance and corporate responsibility throughout the Group. The Board is committed to applying the principles of corporate governance set out in the UK Corporate Governance Code and as at the date of this document is in compliance with all of the provisions of the UK Corporate Governance Code.

The roles of the Non-Executive Chairman and Chief Executive Officer are distinct and separate, with a clear division of responsibilities approved by the Board. The Board has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

The UK Corporate Governance Code recommends that at least half the members of the board of directors (excluding the chairman) of a listed company incorporated in the United Kingdom should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The Board is made up of two Executive Directors and six Non-Executive Directors, one of whom is also the Chairman. Of the other five Non-Executive Directors, four are considered to be independent.

The Board recognises that Charles Miller Smith, as Non-Executive Director, is currently not independent. Charles Miller Smith, whilst fully independent of management, is a Shareholder appointed Director representing the Group's largest shareholder, Warburg Pincus. However, on termination of the Relationship Agreement, Charles Miller Smith will cease to be a nominee of Warburg Pincus. The Board has asked him to remain as a Director, independent of Warburg Pincus, on account of his beneficial knowledge and experience (in which case, he would stand for re-election at the next annual general meeting of the Company).

Committees

(A) Audit Committee

The current members of the Company's Audit Committee are Ian Krieger (Chairman), Jennifer Laing, Pam Powell and David Wild. All members of the Audit Committee are Independent Non-Executive Directors and at least one meets the requirement of the UK Corporate Governance Code for recent

relevant financial experience. In addition to the Committee members, the following individuals are regularly invited to the Committee's meetings: the Chairman, the CFO, the Director of Internal Audit & Risk, External Audit Lead Partner and CEO. The General Counsel & Company Secretary attends in his capacity as Secretary of the Committee. The Audit Committee meets at least four times per financial year and meets with the internal and external auditors without management present at least twice a year.

The Board has delegated to the Audit Committee responsibility for overseeing the financial reporting, internal risk management and control functions and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors.

The responsibilities of the Audit Committee include:

- (i) monitoring financial reporting, including the annual and interim reports, preliminary results announcements and formal announcements relating to financial performance, and ensuring that the annual report and accounts taken as a whole are fair, balanced and understandable;
- (ii) ensuring the effectiveness of the Group's internal controls and risk management systems;
- (iii) reviewing and updating the Group's whistleblowing, bribery and fraud arrangements;
- (iv) monitoring and reviewing the effectiveness of the Group's internal audit function, including the approval of any appointment or removal of the Director of Internal Audit and Risk;
- (v) considering and making recommendations to the Board on the appointment, reappointment and removal of external auditors in accordance with the Company's audit tender policy, including the setting of their remuneration;
- (vi) reviewing the external auditors' independence and objectivity and the effectiveness of the external audit processes; and
- (vii) preparing reports to Shareholders to include any significant issues in relation to the financial statements and how those issues were addressed.

(B) *Remuneration Committee*

The current members of the Company's Remuneration Committee are David Wild (Chairman), Ian Krieger, Jennifer Laing, Pam Powell and David Beever. All members of the Remuneration Committee are Independent Non-Executive Directors (the Non-Executive Chairman was considered independent on appointment). Meetings of the Committee are held at least twice a year. Meetings are also regularly attended by the CEO, Group HR Director and New Bridge Street (remuneration advisers to the Committee). No one attending a Committee meeting may participate in discussions relating to his/her own terms and conditions of service or remuneration.

The Remuneration Committee is constituted in accordance with the recommendations of the UK Corporate Governance Code. Its principal terms of reference are to establish, maintain, monitor and report on formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages for individual executive directors of the Company. It also makes recommendations to the Board.

The responsibilities of the Committee include:

- (i) designing the Directors' Remuneration Policy for Executive Directors and senior management and making recommendations to the Board for submission to Shareholders;
- (ii) reviewing and approving the remuneration packages for the chairman, Executive Directors, the general counsel, the company secretary and senior management;

- (iii) agreeing the terms of employment, including the recruitment and termination terms of Executive Directors, and ensuring that any payments on departure are in line with the Directors' Remuneration Policy;
- (iv) approving the design of all share incentive plans, including all employee share schemes and, where appropriate overseeing any subsequent changes; and
- (v) recommending appropriate performance conditions and targets for the variable element of remuneration packages and determining the extent to which performance targets have been achieved.

(C) *Nomination Committee*

The current members of the Nomination Committee are David Beever (Chairman), Ian Krieger, Jennifer Laing, Charles Miller Smith, Pam Powell and David Wild. A majority of members of the Nomination Committee are Independent Non-Executive Directors. Meetings are also attended by the Group Company Secretary. Meetings are held at least twice a year. The responsibilities of the Nominations Committee include:

- (i) leading the formal, rigorous and transparent process for appointments to the Board, including a review of the skills, experience and knowledge of the existing Directors to ensure that any potential shortlisted candidates would benefit the balance of the Board;
- (ii) giving full consideration to succession planning, taking into account the challenges and opportunities facing the Group and which skills and expertise would benefit the Board in the future;
- (iii) regularly reviewing the structure, size and composition (including in relation to independence, experience and diversity) of the Board and making recommendations to the Board regarding any changes; and
- (iv) agreeing the job specification for the chairman, including an assessment of the time commitment expect, recognising the need for availability in the event of a crisis.

(D) *Group Executive*

Responsible under the leadership of the CEO for the day to day management of the business, setting performance targets and implementing the Group's strategy and direction as determined by the Board. Members of the Committee include the CEO, CFO and the heads of the Group's main functions.

(E) *Sustainability Steering Group*

Responsible for providing direction to, and oversight of, the implementation of the Group's sustainability programme which is built around the five core themes, these being: Buying Responsibly, Sustainable Manufacturing, Nutrition & Quality, Our People and Giving. Its objective is to identify and mitigate, both environmental and social risks in order to protect and enhance the Group's reputation and build trust among its many stakeholders. The Sustainability Steering Group is made up of members of the Group Executive and senior operational management.

(F) *Treasury Risk Management Committee*

Responsible for the oversight of designated material foreign currency and commodity exposures and agreeing with Senior Management appropriate mitigating actions. Members of the committee include members of the Group Executive and senior operational management.

Directors' loans

There are no outstanding loans made by the Company or any member of the Group to any of the Directors, nor have any guarantees been provided by the Company or any member of the Group for the benefit of the Directors.

9. Employees

The following table sets out the monthly average number of employees within each operating division of the Group for each of FY 2011, FY 2012 and FY 2013:

	2013	2012	2011
Management	1,236	1,417	1,769
Administration	712	894	1,116
Production, distribution and other	6,431	7,476	10,916
Total	8,379	9,787	13,801

Note:

Within the employee numbers above nil, 4,096 (2013) and 5,058 (2012) relate to discontinued operations.

10. Principal property, plant and equipment

The Group operates from a number of freehold, long leasehold and short leasehold properties in the United Kingdom. A number of the leases will come to the end of their contractual term within the next five years and consequently there may be a financial burden with regard to renewal or relocation works and potential dilapidations claims by the relevant landlord. The Group also has a number of non-operational properties within its portfolio. In addition, the Group may also have contingent liabilities under leases previously held but which have been assigned.

Bread Business

The bread business is operated through ten bakeries, six mills, three depots/regional distribution centres and a head office and laboratory, which is situated in High Wycombe, Buckinghamshire.

Grocery division

The Grocery division is operated through nine manufacturing sites and seven distribution/logistics centres (four of which are operated on a leasehold basis or part leasehold, with the other three being owned/operated by third parties).

Other

The Group's main office is located at Premier House, Centrium Business Park, Griffiths Way, St Albans, AL1 2RE.

11. Pensions

The Group has operated a defined contribution scheme (in the form of a Group Personal Pension plan) for the majority of its current employees in the UK since 1 October 2013; however, it retains significant obligations from its legacy defined benefit plans (providing retirement benefits for its former and current employees). The accrual of benefit ceased under the Premier Foods Pension Scheme, the Premier Grocery Products Pension Scheme and the RHM Pension Scheme (the Relevant Pension Schemes) from 30 September 2013 and pension provision for current and future employees is through the defined contribution scheme.

On ceasing the accrual of benefit under the Relevant Pension Schemes at 30 September 2013, the then current members became deferred members with their accrued pensions being linked to the retail price index subject to the minimums and maximums set out in the governing documentation of each scheme. The exact level of indexation varies between the Relevant Pension Schemes. The assets of the Relevant Pension Schemes are held in separately administered trusts which are managed independently of the Group's finances by external investment managers appointed by the Relevant Pension Schemes' trustees, in accordance with the investment strategy set by such investment managers (which broadly targets an investment return of three per cent. above UK gilts). The Relevant Pension Schemes currently share in security, including first ranking fixed charges over certain real estate and intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company and share security over the shares in certain of the material subsidiaries of the Company, up to a maximum amount of £375 million at 1 January 2014, amortising with any contributions paid to the Relevant Pension Schemes from 1 January 2014, subject to a minimum of £300 million.

In terms of the funding obligations of the Group in relation to the Relevant Pension Schemes, the triennial valuations carried out at 31 March/5 April 2010 revealed a combined funding deficit of £531.3 million (there was an additional deficit of £1.8 million in respect of the Premier Foods Ambient Products Pension Scheme which has subsequently merged into the other Premier Food Pension Scheme) resulting in the Pension Trustees and the Group agreeing a deficit recovery plan. Subsequently, on the refinancing of the Group in 2012, the deficit recovery plan was varied by agreement and deficit contributions were suspended from March 2012 to December 2013, resuming from January 2014 with payments totalling £81.3 million in 2014, £78.4 million in 2015, £77.2 million in 2016, £44.8 million in 2017 to 2021 and £11.2 million in 2022.

Should a wind-up of any of the Relevant Pension Schemes occur, this would trigger a debt to the schemes. As for all UK occupational pension schemes, this debt is required to be calculated as the shortfall of the Relevant Pension Schemes' assets against the cost of securing the liabilities with an insurer measured at the future date that the event occurs. This debt is typically larger than the deficit for ongoing cash funding purposes. If an insolvency event were to occur in relation to the employer of any Relevant Pension Schemes, this would also trigger a debt calculated in the same manner at the date of insolvency. Each of the Relevant Pension Schemes has the benefit of security in each of the material subsidiaries of the Company up to the security cap. The amount of total security is capped at £450m reducing to £350m with contributions to the RHMPs from April 2016 (Please see paragraph (vii) (2) above for further details). Any debt due above the security cap that applies at the insolvency date would be unsecured.

As part of the Capital Refinancing Plan, Premier Foods has agreed with the Pension Trustees revised schedules of contributions, associated funding arrangements and other matters pursuant to the New Framework Agreement in respect of the Relevant Pension Schemes. The New Framework Agreement is in respect of the 2013 triennial valuations and will become effective upon the successful implementation of the Capital Refinancing Plan.

The New Framework Agreement provides certainty on pension contributions over the medium term in that they will not be altered until the end of 2019. The agreed contributions are deficit payments totalling £33.4 million in 2014, £7 million in 2015, £40 million in 2016, £47.5 million in 2017, £42.5 million in 2018, £40 million in 2019, £50 million in each year from 2020 to 2022 and £60 million per annum from 2023, increasing at 3 per cent. per annum until the scheduled contributions are expected to end in 2032. When the Irish Pension Scheme contributions of £2 million per annum until 2022 are added to the revised contributions schedule, the Group expects to make cash contributions in aggregate of 35.4 million in 2014, £9 million in 2015, £42 million in 2016, £49.5 million in 2017, 44.5 million in 2018, £42 million in 2019, £52 million in each year from 2020 to 2022 and £60 million in 2023, increasing by 3 per cent. per annum until the scheduled contributions are expected to end in 2032. Premier Foods will pay administration costs and Pension Protection Fund levies in addition. A breakdown of the agreed contributions between the Relevant Pension Schemes is set out below:

<i>Contributions under revised funding arrangement</i>					
<i>Year</i>	<i>Total contributions agreed under 2012 Pensions Agreement (£ million)</i>	<i>Total contributions under revised funding arrangement (£ million)</i>	<i>RHM Pension Scheme (£ million)</i>	<i>Premier Foods Pension Scheme (£ million)</i>	<i>Premier Foods Grocery Products Pension Scheme (£ million)</i>
2014	81.33	33.44	20.63	11.91	0.90
2015	78.40	7.00	–	6.30	0.70
2016	77.17	40.00	–	36.00	4.00
2017	44.79	47.50	–	42.75	4.75
2018	44.79	42.50	–	38.25	4.25
2019	44.79	40.00	12.00	25.20	2.80
2020	44.79	50.00	20.00	27.00	3.00
2021	44.79	50.00	20.00	27.00	3.00
2022	11.20	50.00	20.00	27.00	3.00
2023	–	60.00*	24.00*	32.40*	3.60*

* Contributions increase after 2023 at 3 per cent. per annum. until the scheduled contributions are expected to end in 2032

The technical provisions deficit in respect of the Relevant Pension Schemes at the 2013 valuations was £1,041.7 million and, including the Irish Pension Schemes, an approximate deficit valuation of £1,062 million. The contributions meet a funding requirement less than the technical provisions deficit which reflects both a partial allowance for improvements in market conditions for the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme since the valuation date and a future prudent allowance for returns on all the pension schemes' investments.

As part of the investment strategy set by the independent investment managers of the Relevant Pension Schemes' assets, a material proportion of the liabilities under such schemes are hedged against interest rate and inflation risk. The table below sets out, for illustrative purposes only, how movements in certain financial and demographic factors could impact such hedging arrangements and the liabilities under the Relevant Pension Schemes:

<i>Sensitivity (£ million)⁽¹⁾</i>	<i>Movement in cash funding liabilities (5 April 2013)</i>	<i>Movement in accounting liabilities (31 December 2013)⁽²⁾</i>	<i>Offset from asset hedging arrangements (31 December 2013)</i>
10 bp rise in interest rates	(77)	(63)	53
10 bp fall in interest rates	79	65	(52)
10 bp rise in expected RPI rates	31	27	(20)
10 bp fall in expected RPI rates	(30)	(26)	20
10 bp rise in expected AA credit spreads	nil	(63)	No express strategy ⁽³⁾
10 bp rise in expected AA credit spreads	nil	65	No express strategy ⁽³⁾
Future expected earnings increases	No link	No link	N/A
One year increase in future life expectancy	141	121	No express strategy

- (1) The table above is provided for illustrative purposes only. The figures included above are estimates based on a number of assumptions, namely that changes to interest rates, inflation and credit spread apply to all market measures at all duration. In addition, as regards RPI inflation, assumptions have been made as to the proportion of pension liabilities that will be impacted by caps and minimum increases on benefit indexation. As a result, a larger variation in inflation will not have a directly proportional effect on liabilities as shown above. Approximately 20 per cent. of benefits under the Relevant Pension Schemes are linked to CPI inflation (which is generally lower than RPI inflation).
- (2) The investment strategies set by the trustees of the Relevant Pension Schemes do not expressly hedge against accounting liabilities which, unlike the cash liabilities (which are hedged), represent liabilities required to be set out pursuant to applicable accounting requirements (and which can increase or decrease regardless of any increase or decrease in the cash funding deficit, for example, the accounting deficit increased in FY 2013 but the cash funding deficit decreased over the same period).
- (3) Although there is no express hedging strategy, corporate bond assets held by the Relevant Pension Schemes provide an element of matching. This arises as any changes in credit spreads will be offset to some degree by changes in the value of the corporate bond asset portfolios. However a limited proportion of the assets are invested in corporate bonds.

12. Share Plans

Premier Foods has established the Share Plans summarised in sections 12.2 to 12.8 below. In addition, the Trustee has granted a one-off, standalone award, known as the CEO Co-Investment Award, which is summarised in section 12.1 below.

12.1 A standalone award granted to the CEO (the "CEO Co-Investment Award")

Grant of CEO Co-Investment Award

On 22 February 2013, the Trustee granted a one-off, standalone award over 1,477,572 Ordinary Shares to Gavin Darby to match his investment in acquiring 750,268 Ordinary Shares in the Company in accordance with the terms of his appointment as Chief Executive Officer of the Company. The award was granted in the form of a nil-cost option and is known as the CEO Co-Investment Award. The Trustee may decide to satisfy the award in cash.

No payment was required for the grant of the CEO Co-Investment Award. The CEO Co-Investment Award is not transferable and is not pensionable.

Performance condition

The vesting of the CEO Co-Investment Award is subject to the Remuneration Committee being satisfied with Mr Darby's performance up to each relevant vesting date. This performance condition will be deemed to have been satisfied if a bonus has been paid in respect of the financial year ending immediately before the relevant vesting date.

Vesting/exercise of the CEO Co-Investment Award

The CEO Co-Investment Award will normally vest to the extent the performance condition has been satisfied in three equal tranches on 1 May 2014, 1 May 2015 and 1 May 2016, and vesting will ordinarily be dependent on Mr Darby still being employed in his capacity as Chief Executive Officer of the Company.

The CEO Co-Investment Award will then ordinarily be exercisable until 30 June 2017, unless it lapses earlier. A shorter exercise period applies in connection with certain corporate events.

Leaving employment

As a general rule, if Mr Darby ceases employment in his capacity as Chief Executive Officer of the Company before the relevant vesting date then any unvested portion of the CEO Co-Investment Award will lapse.

However, if Mr Darby ceases to be the Chief Executive Officer of the Company because of his death, injury, disability, redundancy or in other circumstances at the discretion of the Remuneration Committee, then any unvested portion of the CEO Co-Investment Award may vest on the date of cessation at the discretion of the Remuneration Committee. The extent to which any unvested portion of the CEO Co-Investment Award may vest in these situations will depend upon two factors: (i) the extent to which the performance condition has been satisfied at that time; and (ii) the pro-rating of the CEO Co-Investment Award to reflect the reduced period of time between 1 May 2013 and vesting, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of the CEO Co-Investment Award if it regards it as appropriate to do so in the particular circumstances.

In addition, if Mr Darby's employment as the Chief Executive Officer of the Company is terminated as a result of gross misconduct, any vested but unexercised portion of the CEO Co-Investment Award shall also lapse.

Corporate events

In the event of a takeover of the Company (not being an internal corporate reorganisation), the CEO Co-Investment Award will vest early in full.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, or payment of a special dividend or similar event which the Remuneration Committee considers appropriate, the Remuneration Committee may, subject to the Trustee's agreement, make such adjustment as it considers appropriate to the number of Ordinary Shares under the CEO Co-Investment Award with a view to ensuring that the value of the CEO Co-Investment Award remains the same.

Source of Ordinary Shares

The CEO Co-Investment Award may only be satisfied with Ordinary Shares held in the Trust.

Mr Darby's rights

The CEO Co-Investment Award will not confer any Shareholder rights until the option has been exercised and Mr Darby has received the underlying Ordinary Shares (if any).

Alterations

The Company may, at any time, amend the terms of the CEO Co-Investment Award, in any respect, to get or keep favourable tax, exchange control, or regulatory treatment for Mr Darby or the Company, and the Company may make minor changes to the terms of the CEO Co-Investment Award to ease administration, provided that, in both cases: (i) no change may be made which would adversely affect Mr Darby's rights under the award without his written consent, and (ii) no change may be made which is to Mr Darby's advantage without the approval of the Shareholders.

12.2 The Premier Foods Long Term Incentive Plan (the "LTIP")

Operation

The Remuneration Committee supervises the operation of the LTIP.

Eligibility

Any employee (including an executive director) of the Group is eligible to participate in the LTIP at the discretion of the Remuneration Committee.

Structure and grant of awards

The LTIP has two distinct elements, namely Performance Share Awards and Matching Share Awards (together, the "**LTIP Awards**"), each of which may be granted over Ordinary Shares.

Performance Share Awards may be granted to any eligible employee at the discretion of the Remuneration Committee. Matching Share Awards may be granted to those eligible employees invited by the Remuneration Committee to participate in the LTIP and who have agreed to hold and/or commit Ordinary Shares under the LTIP ("**Investment Shares**").

The Remuneration Committee may grant Performance Share Awards and issue Matching Share Award invitations within six weeks following the Company's announcement of its results for any period. The Remuneration Committee may also grant Performance Share Awards and issue Matching Share Award invitations at any other time when the Remuneration Committee considers there are exceptional circumstances which justify the issue of Matching Share Award invitations and the grant of LTIP Awards, or (in the case of Matching Share Awards only) within six weeks of the date of payment of a cash bonus to an eligible employee. The Remuneration Committee may also decide to grant Performance Share Awards within six weeks of the date of issue of a Matching Share Award invitation.

Matching Share Awards will be granted within six weeks of the date of the Matching Share Award invitation.

The Remuneration Committee may grant LTIP Awards to acquire Ordinary Shares as conditional awards, as options or as awards over forfeitable Ordinary Shares. The Remuneration Committee may also decide to grant cash-based LTIP Awards of an equivalent value to share-based LTIP Awards or to satisfy share-based LTIP Awards in cash, although it does not currently intend to do so.

Performance Share Awards may not be granted and Matching Share Award invitations may not be issued more than ten years after the LTIP was approved by Shareholders.

No payment is required for the grant of an LTIP Award other than, in the case of Matching Share Awards only, the requirement to purchase and/or agree to commit and hold Investment Shares under the LTIP. LTIP Awards are not transferable, except on death. LTIP Awards are not pensionable.

Purchase, commitment and holding of Investment Shares under the LTIP

Matching Share Awards shall only be granted to employees who have been invited by the Company to participate in the LTIP and who have purchased a new holding of Ordinary Shares and/or committed an existing holding of Ordinary Shares as Investment Shares under the LTIP on or prior to the date of grant. The Remuneration Committee may also, in its discretion, permit an eligible

employee to commit Ordinary Shares held by that employee under an outstanding deferred share bonus award, which was granted to him before 1 January 2011.

The method(s) for purchasing, committing and holding Investment Shares under the LTIP shall be determined by the Remuneration Committee, in its discretion, from time to time. In particular, the Remuneration Committee may permit Investment Shares to be purchased by a nominee on behalf of a participant, or by or on behalf of a participating employee's spouse or civil partner, or the trustees of a trust of which the participating employee, his spouse or civil partner and/or children are beneficiaries.

Ordinary Shares already held and committed as Investment Shares under any existing Matching Share Award or a matching award under the CEO Co-Investment Plan immediately prior to grant may not be committed again as Investment Shares until such time as those Ordinary Shares have been acquired by the employee or, in the case of Investment Shares held under outstanding matching awards, the linked matching award has either vested or lapsed.

Valuing Investment Shares

For the purposes of the LTIP the aggregate market value of an existing holding of Ordinary Shares committed under the LTIP shall be determined by reference to the average of the middle market quotations of an Ordinary Share during a period determined by the Remuneration Committee on the date of invitation. Where Matching Share Award invitations are issued during the six weeks following the date of approval of the LTIP or the date of announcement of results for any period, the market value of an Ordinary Share will normally be an average of the middle-market quotations during a period not exceeding the five dealing days starting with the dealing day immediately following the date of approval of the LTIP or the date of announcement of results (as the case may be).

Individual limits

An employee may not receive Performance Share Awards and Matching Share Awards in any financial year over Ordinary Shares having a combined aggregate market value in excess of 200 per cent. of his annual base salary in that financial year. Furthermore, in any financial year of the Company an eligible employee may not be granted Matching Share Awards over Ordinary Shares that have an aggregate market value greater than the aggregate market value of Ordinary Shares held under Performance Share Awards granted to that individual in the same year.

For the purposes of Performance Share Awards the market value of an Ordinary Share will be equal to the middle-market quotation of an Ordinary Share (or an average of the middle-market quotations over a period not exceeding five dealing days) either immediately prior to the date of grant of a Performance Share Award or the date of issue of a Matching Share Award invitation.

The maximum number of Matching Shares awarded shall not exceed two times the number of Investment Shares committed by an employee. The Remuneration Committee may, in its discretion, impose a lower matching ratio.

Performance conditions

The vesting of LTIP Awards will be subject to challenging and stretching performance conditions to be measured over, or at the end of, a three year period as determined by the Remuneration Committee.

The Remuneration Committee may also vary the performance conditions applying to existing LTIP Awards if an event has occurred which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of LTIP Awards

LTIP Awards normally vest three years after grant to the extent that:

- (a) the applicable performance conditions (see above) have been satisfied;
- (b) in the case of Matching Share Awards only, the Investment Shares have been retained by the participant; and
- (c) the participant is still an officer or employee in the Group.

Awards that have been structured as options are then exercisable up until the seventh anniversary of grant unless they lapse earlier.

On the vesting of a Matching Share Award, the participant will be able to sell or otherwise transfer his related Investment Shares.

If a participant transfers, charges or otherwise disposes of his Investment Shares (or approves such transfer, charge or disposal) or his committed Investment Shares lapse or are forfeited for any reason before the vesting of the Matching Share Award associated with those Investment Shares then that Matching Share Award will lapse pro rata to the number of related Investment Shares so transferred, charged, disposed or lapsed etc.

Clawback and malus

The Remuneration Committee may, in its discretion, reduce the number of Ordinary Shares subject to an unvested LTIP Award if it determines that the number of Ordinary Shares originally granted was higher than that which would have been granted as a result of reliance upon any material misstatement of financial results or any inaccurate or misleading information or assumptions. The Remuneration Committee may also claw back the value of vested Ordinary Shares if the number of Ordinary Shares that vested was higher than the number which should have vested because the Remuneration Committee relied on materially misstated financial results or inaccurate or misleading information or assumptions. Clawback provisions may also apply in the event an employee ceases to be an officer or employee as a result of misconduct.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting of their LTIP Awards, of an amount equivalent to the dividends that would have been paid on those Ordinary Shares between the time when the LTIP Awards were granted and the time when they vest or, in the case of options, are exercised and Ordinary Shares are transferred. This amount may assume the reinvestment of dividends. Alternatively, participants may have their LTIP Awards increased as if dividends were paid on the Ordinary Shares subject to their LTIP Award and then reinvested in further Ordinary Shares.

Leaving employment

As a general rule, an LTIP Award will lapse upon a participant ceasing to hold employment or ceasing to be a director within the Group. However, if a participant ceases to be an employee or a director because of his injury, disability, redundancy, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then his LTIP Award will vest on the date when it would have vested if he had not ceased such employment or office. The extent to which an LTIP Award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions have been satisfied over the original performance period; and (ii) the pro-rating of the LTIP Award to reflect the reduced period of time between its grant, the date of cessation and vesting, although the Remuneration Committee can decide not to pro-rate an LTIP Award if it regards it as inappropriate to do so in the particular circumstances.

If a participant ceases to be an employee or director in the Group for one of the “good leaver” reasons specified above, the Remuneration Committee can decide that his LTIP Award will vest on the date when he leaves, subject to: (i) the extent to which the Remuneration Committee determines that the performance conditions have, in its opinion, been satisfied at the time of cessation or, in the opinion of the Remuneration Committee, would have been satisfied had the performance conditions been measured over the original performance period; and (ii) pro-rating by reference to the time of cessation as described above.

In the event of a participant’s death his awards will normally vest on the date of death, subject to the satisfaction of the performance conditions and a time pro rata reduction as described above. Alternatively, the Remuneration Committee may decide that LTIP Awards will vest on the normal vesting date, again subject to satisfaction of the performance conditions and a time pro rata reduction.

In respect of Matching Share Awards, the LTIP Award will only vest to the extent that the participant holds his committed Investment Shares on the date of cessation.

LTIP Awards granted as options shall be exercisable for 12 months following cessation for one of the “good leaver” reasons stated above.

Corporate events

In the event of a takeover or winding-up of the Company (not being an internal corporate reorganisation) all LTIP Awards will vest early subject to: (i) the extent to which the Remuneration Committee determines that the performance conditions have, in its opinion, been satisfied at that time or, in the opinion of the Remuneration Committee, would have been satisfied had the performance conditions been measured over the original performance period; and (ii) the pro-rating of the LTIP Awards to reflect the reduced period of time between their grant and vesting, although the Remuneration Committee can decide not to pro-rate an LTIP Award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, LTIP Awards will be replaced by equivalent new awards over shares in a new holding company unless the Remuneration Committee decides that LTIP Awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may decide that LTIP Awards will vest on the basis which would apply in the case of a takeover as described above.

In respect of Matching Share Awards, the LTIP Award will only vest to the extent that the participant holds his committed Investment Shares on or shortly prior to the date of the relevant corporate event.

Participants’ rights

LTIP Awards in the form of conditional awards and options will not confer any Shareholder rights until the LTIP Awards have vested or the options have been exercised and the participants have received their Ordinary Shares. Holders of LTIP Awards in the form of awards over forfeitable Ordinary Shares will have Shareholder rights from when such LTIP Awards are made except they may be required to waive their rights to receive dividends.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted when an award vests or is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company’s share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares,

the Remuneration Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an LTIP Award and/or the exercise price payable (if any).

Overall limits

The LTIP may operate over new issue Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than: (i) 10 per cent. of the issued ordinary share capital of the Company under the LTIP and any other employee share plan adopted by the Company, and (ii) 5 per cent. of the issued ordinary share capital of the Company under the LTIP and any other executive share plan adopted by the Company.

Treasury Ordinary Shares will count as new issue Ordinary Shares for the purposes of these limits unless institutional investors decide that they need not count.

Alterations

The Remuneration Committee may, at any time, amend the LTIP and the terms of an LTIP Award in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of treasury Ordinary Shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares or cash to be acquired and the adjustment of LTIP Awards.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an LTIP Award.

Overseas plans

The Shareholder resolution to approve the LTIP allows the Board to establish further plans for overseas territories, any such plan to be similar to the LTIP, but modified to take account of local tax, exchange control or securities laws, provided that any Ordinary Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the LTIP.

12.3 *The Premier Foods plc Deferred Share Bonus Plan (the "DSBP")*

The DSBP was adopted by the Board on 28 April 2011.

Operation

The Remuneration Committee supervises the operation of the DSBP.

Eligibility and individual limit

Any employee (including an executive director) of a Group company will be eligible to participate in the DSBP to the extent that the Remuneration Committee determines that some or all of such employee's discretionary cash bonus for a particular financial year (if any) should be deferred into an award under the DSBP.

No payment is required for the grant of an award. Awards are not transferable, other than to the participant's personal representative in the event of his death. Benefits provided under the DSBP are not pensionable.

Grant of awards under the DSBP

The Remuneration Committee may grant awards to acquire Ordinary Shares as conditional awards, as nil-cost options or as awards over forfeitable Ordinary Shares to eligible employees. The Remuneration Committee may also decide to satisfy options and/or conditional awards in cash.

Where awards are granted in the form of awards over forfeitable Ordinary Shares, either the legal ownership of the Ordinary Shares will be held by a nominee on behalf of the participant or the title documents for such forfeitable Ordinary Shares and a signed transfer instrument shall be deposited by the participant with such person as the Company shall decide.

Timing of grants

The Remuneration Committee may grant awards at any time, subject to certain approvals and consents being obtained.

Performance and other conditions

Except for awards granted to Directors, the vesting of awards may be subject to performance conditions or other conditions set by the Remuneration Committee.

Dividend equivalents

Except for awards granted in the form of awards over forfeitable Ordinary Shares where a participant is entitled to receive dividends on the Ordinary Shares under award, the Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the transfer of the Ordinary Shares underlying their awards of an amount equivalent to the dividends (which may exclude special dividends or any other dividends at the discretion of the Remuneration Committee acting fairly and reasonably) that would have been paid on the relevant Ordinary Shares between the date when the awards were granted and the date when the awards vest.

Vesting/exercise of awards

Awards normally vest to the extent that any performance conditions have been satisfied and vesting will ordinarily be dependent on the participant still being employed within the DSBP Group (as defined below).

Awards normally vest on the second anniversary of grant. Options are then ordinarily exercisable for six months (or, at the discretion of the Remuneration Committee, up to 12 months) unless they lapse earlier. Shorter exercise periods may apply in the case of “good leavers” and/or in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group or certain companies designated as part of the Company’s group for the purposes of the DSBP (the “**DSBP Group**”).

However, if the participant ceases to be an employee or a director within the DSBP Group because of his death, injury, disability, redundancy, his employing company or the business for which he works being sold out of the DSBP Group or in other circumstances at the discretion of the Remuneration Committee, then his award will vest on the date of such cessation.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early.

In the event of an internal corporate reorganisation, awards may, at the discretion of the Remuneration Committee, be replaced by equivalent new awards over shares in a new holding company, provided that the board of directors of the new holding company agrees. If such replacement is not agreed

before the internal corporate reorganisation takes place, then the awards will vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may decide that awards will vest on such terms as the Remuneration Committee may determine.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award.

Clawback and malus

Before an award vests, the Remuneration Committee may decide that the number of Ordinary Shares under that award shall be reduced in certain circumstances (including where, broadly, there has been a material misstatement in the Company's financial results or an error in the basis for the level of grant) to the extent that such misstatement or error would have resulted in the participant receiving additional value from that award.

If a participant ceases to be a director or employee of the DSBP Group as a result of misconduct, the Remuneration Committee may decide within two years of an award vesting that that participant's award will be subject to clawback in certain circumstances (including where, broadly, there has been a material misstatement in the Company's financial results or an error in the basis for the level of grant) to the extent that the Remuneration Committee determines is appropriate up to the post-tax value of the award being clawed back.

The Remuneration Committee may also decide between the date when an award has vested early and the date when that award would have vested in the normal course of events that such award will be subject to clawback to the extent that such misstatement or error resulted in the participant receiving additional post-tax value from that award (as determined by the Remuneration Committee).

The clawback may be satisfied in a number of ways, including by way of a reduction in the amount of any future bonus, the vesting of any subsisting or future share awards granted under certain share incentive plans, the number of Ordinary Shares under any vested but unexercised option granted under certain share incentive plans and/or a requirement to make a cash payment.

The clawback provisions will not apply following the occurrence of certain corporate events.

Source of Ordinary Shares

Awards granted under the DSBP may only be satisfied with Ordinary Shares purchased in the market or currently held in the Trust.

Participants' rights

Subject to the provisions of any agreement entered into in relation to an award in the form of an award over forfeitable Ordinary Shares, awards will not confer any Shareholder rights until the awards have vested or the options have been exercised, as relevant, and the participants have received their Ordinary Shares (if any) or, as relevant, their forfeitable Ordinary Shares have been released from their restrictions (if at all).

Alterations

The Remuneration Committee may, at any time, amend the DSBP or the terms of any award, provided that, for any amendment to the material disadvantage of participants each participant is invited to approve the alteration and a majority of those who give an indication approve the alteration.

12.4 *The Premier Foods plc Sharesave Plan (the “Sharesave Plan”)*

The Sharesave Plan was adopted by the Board on 19 July 2004 and its tax status was approved by HMRC on 7 February 2005.

Status

The Sharesave Plan is an all-employee share ownership plan. The Sharesave Plan was designed to comply with the relevant legislation and subsequently received HMRC approval in order to provide Ordinary Shares to UK employees in a tax-efficient manner. The Finance Act 2013, which came into force on 17 July 2013, automatically amended certain provisions of the Sharesave Plan.

Under the Sharesave Plan, the Remuneration Committee or, as the case may be, the trustees of any relevant employee benefit trust (the “**Sharesave Scheme Organiser**”) may, within certain limits, grant UK tax-favoured awards over Ordinary Shares in the form of options to eligible employees (the “**Sharesave Options**”). No payment is required for the grant of a Sharesave Option.

The Sharesave Plan is due to expire in July 2014. As such, the Company currently intends to seek Shareholder approval at the 2014 Annual General Meeting for a new all-employee share ownership plan on substantially similar terms as the Sharesave Plan.

Eligibility

Each time the Sharesave Scheme Organiser decides to operate the Sharesave Plan, all UK resident tax-paying employees (including an executive director on terms requiring him to devote at least 25 hours a week to his duties) must be offered the opportunity to participate. The Remuneration Committee may require employees to have completed a qualifying period of employment of up to five years before the date of grant of the Sharesave Options.

Limits

The Sharesave Plan may operate over new issue Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market.

The rules of the Sharesave Plan provide that, in any period of ten calendar years, not more than ten per cent. of the Company’s issued ordinary share capital may be issued under the Sharesave Plan and under any other employees’ share scheme adopted by the Group. Ordinary Shares issued out of treasury for the Sharesave Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before the Company was listed on the London Stock Exchange or in consideration for the release of an award over shares in Premier Foods (Holdings) Limited will not count towards these limits.

Grant of Sharesave Options

The Sharesave Scheme Organiser (but, where the trustees of any relevant employee benefit trust are the Sharesave Scheme Organiser, taking into account the recommendations of the Remuneration Committee) may issue invitations to eligible employees to apply for the grant of Sharesave Options. Invitations may be issued during the period of 42 days following:

- (i) the day immediately following the announcement of the Company’s interim or final results for any period;
- (ii) the Remuneration Committee resolving that exceptional circumstances exist which justify the issue of invitations outside the usual invitation periods;
- (iii) the announcement of amendments to be made to applicable sharesave legislation or the coming into force of such amendments; or
- (iv) the announcement of a new prospectus for certified sharesave savings arrangements approved by HMRC or the coming into force of such new prospectus.

If applications for the grant of Sharesave Options over Ordinary Shares are received which in aggregate exceed the number of Ordinary Shares which has been made available for the purpose of that issue of invitations, the applications will be scaled down accordingly.

No Sharesave Options may be granted more than ten years after the date when the Sharesave Plan was adopted. Sharesave Options are not transferable other than to the participant's personal representatives in the event of his death.

It is a condition of participation in the Sharesave Plan that an eligible employee enters into a savings contract under a "certified SAYE savings arrangement" (as defined in the relevant legislation) maturing after three, five, or (for savings contracts issued before 23 July 2013 and entered into within 30 days of 23 July 2013) seven years.

Ordinary Shares subject to a Sharesave Option granted under the Sharesave Plan may be acquired only out of the proceeds (including any interest or bonus) due under the related savings contract. The number of Ordinary Shares subject to a Sharesave Option is that number which, at the exercise price per Ordinary Share under the Sharesave Option, may be acquired out of the expected proceeds of the related savings contract (including any interest or bonus).

The minimum amount which an employee may save under a savings contract is currently £5 per month pursuant to the applicable sharesave legislation, and the maximum amount is currently £250 per month (but this limit is expected to increase to £500 from 6 April 2014 in line with the UK Government's proposed changes to the applicable sharesave legislation that were announced in the 2013 Autumn Statement) pursuant to the applicable sharesave legislation but may be such lower amount as the Remuneration Committee may determine.

Exercise Price

A Sharesave Option will entitle the holder to acquire Ordinary Shares at a price determined by the Sharesave Scheme Organiser, which may not be less than the higher of:

- (i) 80 per cent. of the average middle market quotation of an Ordinary Share for the one or, if the Remuneration Committee so decides, three dealing day(s) immediately preceding the day on which invitations to apply for the grant of Sharesave Options are issued; and
- (ii) if Sharesave Options are to be satisfied with newly issued Ordinary Shares, the nominal value of an Ordinary Share.

Exercise of Sharesave Options

Sharesave Options may normally only be exercised during the six month period following the bonus date (being the third, fifth or (for savings contracts issued before 23 July 2013 and entered into within 30 days of 23 July 2013) seventh anniversary of the commencement of the related savings contract) or, if a participant dies within six months after the bonus date, for 12 months following the bonus date.

For Sharesave Options granted before 17 July 2013, early exercise is permitted during the six month period following an employee reaching the age of 60.

Cessation of employment

As a general rule, a Sharesave Option will lapse immediately upon a participant ceasing to be employed by or hold office with a participating Group company or an associated company before the bonus date. However, if a participant so ceases because of his injury, disability, redundancy, retirement, or his employing company being transferred out of the Group or the business for which he works being transferred out of the Group other than to an associated company, his Sharesave Option will be exercisable for six months from the date of cessation to the extent of any savings made up to the point of exercise.

If a participant dies before the bonus date, his Sharesave Option will be exercisable for 12 months from the date of his death to the extent of any savings made up to the point of exercise.

If Sharesave Options are not so exercised, they will lapse at the end of the relevant period.

Corporate events

In the event of a change of control, employees will normally be able to exercise their Sharesave Options for (in the case of a general offer) six months or (in the case of a scheme of arrangement) one month from the date of the relevant event occurring to the extent of any savings made up to the point of exercise. Alternatively, any Sharesave Options held by employees over Ordinary Shares may be exchanged for equivalent options over shares in the new holding company by agreement with the new holding company provided that certain conditions are met which ensure that such exchange is a “qualifying exchange” for the purposes of the relevant legislation.

In the event of the voluntary winding up of the Company, employees will be able to exercise their Sharesave Options for one month from the date when the Company passes such resolution to the extent of any savings made up to the point of exercise.

If Sharesave Options are not so exercised or exchanged, they will lapse at the end of the relevant period.

Variation of capital

If there is a capitalisation issue, or in the event of any offer or invitation made by way of rights, subdivision, consolidation, reduction or other variation in the share capital of the Company which is fair and reasonable, then the Sharesave Scheme Organiser (but, where the trustees of any relevant employee benefit trust are the Sharesave Scheme Organiser, taking account of the recommendations of the Remuneration Committee) shall make such adjustments as it considers appropriate to the number of Ordinary Shares under Sharesave Option and (subject to certain restrictions) the exercise price, subject to the prior approval of HMRC and provided that, following any adjustment, the Ordinary Shares shall continue to satisfy the conditions set out in the relevant legislation.

Rights attaching to Ordinary Shares

Sharesave Options will not confer any Shareholder rights on any employee holding such Sharesave Options until the relevant Sharesave Option has been exercised and the employee in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when a Sharesave Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Amendments

The Remuneration Committee may at any time (but only with the prior consent of the trustees of any relevant employee benefit trust if there are subsisting Sharesave Options which have been granted by such trustees) amend the rules of the Sharesave Plan.

The prior approval of Shareholders must be obtained in the case of any amendment to the advantage of participants, save where there are exceptions for any minor amendment to benefit the administration of the Sharesave Plan, to obtain or maintain HMRC tax approval, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Group.

Any change to the key features of the Sharesave Plan (being provisions necessary to meet the requirements of the relevant legislation) requires the prior approval of HMRC.

Overseas plans

The Remuneration Committee may, subject to HMRC approval, adopt additional sections to the Sharesave Plan for overseas territories, any such section to be similar to the Sharesave Plan rules but

expanded or modified to take account of local tax, exchange control, securities laws or regulations or practices which may apply to the participant, the Company or other participating Group company.

12.5 ***The Schedule to the Sharesave Plan (the “Irish Sharesave Plan”)***

The Irish Sharesave Plan is structured as a schedule to the Sharesave Plan, which was adopted by the Board on 19 July 2004, and its provisions are substantially similar to the provisions of the Sharesave Plan in all material respects. The tax status of the Irish Sharesave Plan was approved by the Irish Revenue on 17 September 2007.

Awards were last granted under the Irish Sharesave Plan in 2011 and Premier Foods does not intend to grant any further awards under the Irish Sharesave Plan before its expiry in July 2014.

12.6 ***The Premier Foods Restricted Stock Plan (the “RSP”)***

The RSP was adopted by the Board on 3 May 2012.

Operation

The Remuneration Committee supervises the operation of the RSP.

Eligibility

Any Group employee other than a Director of the Company will be eligible to participate in the RSP at the discretion of the Remuneration Committee.

No payment is required for the grant of an award. Awards are not transferable, other than to the participant’s personal representative in the event of his death. Benefits provided under the RSP are not pensionable.

Grant of awards under the RSP

The Remuneration Committee may grant awards to acquire Ordinary Shares as conditional awards, as options or as awards over forfeitable Ordinary Shares to eligible employees. The Remuneration Committee may also decide to grant cash-based conditional awards of an equivalent value to share-based conditional awards or to satisfy share-based awards in cash.

If awards are granted in the form of options, any exercise price may be reduced or waived at the discretion of the Remuneration Committee on or prior to exercise.

Where awards are granted in the form of awards over forfeitable Ordinary Shares, either the legal ownership of the Ordinary Shares will be held by a nominee on behalf of the participant or the title documents for such forfeitable Ordinary Shares and a signed transfer instrument shall be deposited by the participant with such person as the Company shall decide.

Timing of grants

The Remuneration Committee may grant awards at any time, provided that an award may not be granted more than ten years after the date on which the RSP was adopted.

Performance and other conditions

The vesting of awards may be subject to performance conditions or other conditions set by the Remuneration Committee. The Remuneration Committee may alter any performance condition applying to existing awards.

Individual limit

An employee may not receive awards in any financial year over Ordinary Shares having a market value in excess of 200 per cent. of his annual base salary in that financial year.

Dividend equivalents

Except for awards granted in the form of awards over forfeitable Ordinary Shares where a participant is entitled to receive dividends on the Ordinary Shares under award, the Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the transfer of the Ordinary Shares underlying their awards of an amount equivalent to the dividends (which may exclude special dividends or any other dividends at the discretion of the Remuneration Committee acting fairly and reasonably) that would have been paid on the relevant Ordinary Shares between the time when the awards were granted and the time when the underlying Ordinary Shares are transferred to the participant (or such earlier date as determined by the Remuneration Committee). This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Ordinary Shares subject to their award and then reinvested in further Ordinary Shares.

Vesting/exercise of awards

Awards normally vest to the extent that any performance conditions have been satisfied and vesting will ordinarily be dependent on the participant still being employed within the RSP Group (as defined below).

Awards normally vest on the third anniversary of grant (but in the case of conditional awards, no later than the seventh anniversary of grant and, in the case of options, no later than the sixth anniversary of grant) or, if later, when the Remuneration Committee determines the extent to which any performance conditions have been satisfied. Options are then ordinarily exercisable up until the seventh anniversary of grant (or such shorter period specified by the Remuneration Committee on or prior to grant) unless they lapse earlier. Shorter exercise periods apply in the case of “good leavers” and/or in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group or certain companies designated as part of the Company’s group for the purposes of the RSP (the “**RSP Group**”).

However, if the participant ceases to be an employee or a director within the RSP Group because of his injury, disability, redundancy, his employing company or the business for which he works being sold out of the RSP Group or in other circumstances at the discretion of the Remuneration Committee, then his award will vest on the date when it would have vested if he had not so ceased to be an employee or director within the RSP Group. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which any performance conditions have been satisfied at that time; and (ii) the pro-rating of the award to reflect the period of time between its grant and such cessation as a proportion of the normal vesting period, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or director within the RSP Group for one of the “good leaver” reasons specified above, the Remuneration Committee can decide that his award will vest early, subject to (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above.

If a participant dies, his award will vest early (unless the Remuneration Committee decides that his award will vest on the date when it would have vested if he had not died) subject to: (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early, subject to: (i) the extent that the performance conditions

have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the period of time between their grant and vesting, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards may, at the discretion of the Remuneration Committee, be replaced by equivalent new awards over shares in a new holding company, provided that the board of directors of the new holding company agrees. If such replacement is not agreed before the internal corporate reorganisation takes place, then the awards will vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and, in the case of awards granted in the form of an option, the exercise price payable (if any).

Clawback and malus

Before an award vests, the Remuneration Committee may decide that the number of Ordinary Shares under that award shall be reduced in certain circumstances (including where, broadly, there has been a material misstatement in the Company's financial results or an error in the basis for the level of grant) to the extent that such circumstances would have resulted in the participant receiving additional value from that award.

The Remuneration Committee may decide within two years of an award vesting that a participant's award will be subject to clawback in certain circumstances (including where, broadly, there has been a material misstatement in the Company's financial results or an error in assessing any applicable performance condition or other condition or if the participant's employment is terminated for gross misconduct) to the extent that (i) either such misstatement or error would have resulted in the participant receiving additional value from that award, or (ii) in any other case, the Remuneration Committee determines is appropriate, in both cases, up to the post-tax value of the award being clawed back.

The clawback may be satisfied in a number of ways, including by way of a reduction in the amount of any future bonus, the vesting of any subsisting or future share awards granted under certain share incentive plans, the number of Ordinary Shares under any vested but unexercised option granted under certain share incentive plans and/or a requirement to make a cash payment.

The clawback provisions will not apply following the occurrence of certain corporate events.

The number of Ordinary Shares under an RSP award may also be reduced (including to zero) to give effect to clawback provisions in other share-based or cash-based incentive plans operated by the Group.

Source of Ordinary Shares

Awards granted under the RSP may only be satisfied with Ordinary Shares purchased in the market or currently held in the Trust.

Participants' rights

Subject to the provisions of any agreement entered into in relation to an award in the form of an award over forfeitable Ordinary Shares, awards will not confer any Shareholder rights until the awards have vested or the options have been exercised, as relevant, and the participants have received their Ordinary Shares (if any) or, as relevant, their forfeitable Ordinary Shares have been released from their restrictions (if at all).

Alterations

The Remuneration Committee may, at any time, amend the RSP or the terms of any award in any respect, provided that, for any amendment to the material disadvantage of participants (other than a change to a performance condition) each participant is invited to approve the alteration and a majority of those who give an indication approve the alteration.

12.7 The Premier Foods plc Executive Share Option Scheme (the “ESOS”)

The ESOS was adopted by the Board on 19 July 2004 and the tax status of its “UK approved section” was approved by HMRC on 7 February 2005. Awards were last granted under the ESOS in 2004 and Premier Foods does not intend to grant any further awards under the ESOS before its expiry in July 2014.

Status

The “UK approved section” of the ESOS incorporates all the rules set out in the main body of the ESOS with some modifications, which are summarised below. The “UK approved section” was designed to comply with the relevant legislation and subsequently received HMRC approval in order to provide Ordinary Shares to certain UK employees in a tax-efficient manner. The Finance Act 2013, which came into force on 17 July 2013, automatically amended certain provisions of the “UK approved section”.

Operation

The Remuneration Committee will supervise the operation of the ESOS. For awards granted under the “UK approved section”, the Remuneration Committee must act fairly and reasonably in exercising any discretion.

Eligibility

Any full-time employee (including an executive director) of any participating Group company will be eligible to participate in the ESOS at the discretion of the Remuneration Committee, provided they are not bound to retire within six months of the date of grant.

For awards granted under the “UK approved section”, directors of any participating Group company must also be employed on terms requiring him to devote at least 25 hours a week to his duties in order to be eligible to participate in the ESOS, and employees who hold (or held within the previous 12 months) a “material interest” (broadly, 30 per cent. of the ordinary share capital in the Company) and their associates are not allowed to participate in the “UK approved section” of the ESOS.

No payment is required for the grant of an award. Awards are not transferable, other than to the participant’s personal representative in the event of his death.

Grant of awards

The Remuneration Committee or, as the case may be, the trustees of any relevant employee benefit trust (the “**ESOS Scheme Organiser**”) may grant awards to acquire Ordinary Shares in the form of options to eligible employees. The ESOS Scheme Organiser (but, where the trustees of any relevant employee benefit trust are the ESOS Scheme Organiser, taking into account any recommendations of the Remuneration Committee), may decide to satisfy awards in cash.

An award will entitle the holder to acquire Ordinary Shares at a price (the “**Exercise Price**”) determined by the ESOS Scheme Organiser (but, where the trustees of any relevant employee benefit trust are the ESOS Scheme Organiser, taking into account any recommendations of the Remuneration Committee), which must not be less than the average middle market quotation of an Ordinary Share on the one or, if the Remuneration Committee so decides, three dealing day(s) immediately preceding the date of grant, where each such dealing day falls within the Grant Period (defined below) or, for awards granted under the “UK approved section”, which must not be manifestly less than the market value on the date of grant.

Timing of grants

Awards may only be granted where the dealing days for determining the Exercise Price fall within:

- (a) the period of 42 days commencing on the day following the announcement of the Company’s interim or final results for any financial period; or
- (b) such period as the Remuneration Committee may determine if the Remuneration Committee considers that exceptional circumstances apply which justify the grant of awards in circumstances where the dealing days for determining the Exercise Price fall outside the period stated in (a),

(the “**Grant Period**”).

An award may not be granted more than ten years after the date on which the ESOS was adopted.

Performance and other conditions

The vesting of awards will be subject to performance conditions set by the ESOS Scheme Organiser (but, where the trustees of any relevant employee benefit trust are the ESOS Scheme Organiser, taking into account any recommendations of the Remuneration Committee). The vesting of awards may also be subject to other conditions set by the Remuneration Committee. For awards granted under the “UK approved section”, such performance conditions and other conditions require prior HMRC approval and must be objective.

The Remuneration Committee may alter or waive the performance conditions or any other condition applying to existing awards if an event has occurred which causes the Remuneration Committee to consider that the performance conditions or any other condition are no longer appropriate, provided that any new performance conditions are (i) equally demanding as the original performance conditions would have been but for the event in question and (ii) for performance conditions attaching to awards granted under the “UK approved section”, no more difficult to satisfy than the performance conditions they replace, and fair and reasonable.

Individual limit

For awards granted under the “UK approved section”, the aggregate market value of the Ordinary Shares under award at the date of grant for each participant (together with the aggregate market value of the Ordinary Shares under any other outstanding award granted pursuant to the “UK approved section” of the ESOS or certain other HMRC-approved share option schemes established by the Company or any associated company of the Company) must not exceed £30,000.

Overall limits

The ESOS may operate over new issue Ordinary Shares, treasury Ordinary Shares or Shares purchased in the market.

In any ten year period, the Company may not issue (or grant rights to issue) more than: (i) 10 per cent. of the issued ordinary share capital of the Company under the ESOS and any other (executive or otherwise) share incentive plan adopted by the Company and/or (ii) 5 per cent. of the issued ordinary

share capital of the Company under the ESOS and any other executive share plan adopted by the Company.

Treasury Ordinary Shares will count as new issue Ordinary Shares for the purposes of these limits for so long as it is market practice for such shares to be so counted. Ordinary Shares issued out of treasury for the ESOS will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted before the Company was listed on the London Stock Exchange or in consideration for the release of an award over shares in Premier Foods (Holdings) Limited will not count towards these limits.

Vesting/exercise of awards

Awards are normally exercised to the extent that the performance conditions and any other conditions have been satisfied or waived, and will ordinarily be dependent on the participant still being employed in the Group.

Awards normally become exercisable on the third anniversary of grant or such other date as the Remuneration Committee may specify. Options are then ordinarily exercisable up until the tenth anniversary of grant unless they lapse earlier. Shorter exercise periods apply in the case of “good leavers” and/or in connection with corporate events.

For awards granted under the “UK approved section”, an employee who obtains a “material interest” prior to exercise will be prohibited from exercising his award.

Other than in respect of an award granted under the “UK approved section”, the Remuneration Committee may, in its absolute discretion, before the expiry of three months after the cessation of full-time employment or full-time directorship or a relevant corporate event, permit a participant’s award to vest early subject to the satisfaction or waiver of the performance conditions and any other conditions in circumstances where a participant’s award would otherwise not vest or lapse on the cessation of full-time employment or full-time directorship or on the occurrence of certain corporate events. If the performance conditions have not been achieved, the Remuneration Committee may waive the performance conditions having due regard to the performance of the Company since the date of grant.

Leaving full-time employment

As a general rule, an award will lapse upon a participant ceasing to hold full-time employment or be a full-time director within the Group unless the Remuneration Committee determines otherwise.

However, if the participant ceases to be a full-time employee or a full-time director in a participating Group company because of his injury, disability, (for awards not granted under the “UK approved section”) retirement after reaching the age of 55, (for awards granted under the “UK approved section”) retirement, redundancy, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then his award will vest early subject to the satisfaction or waiver of the performance conditions and any other conditions.

If a participant dies, his awards will vest early subject to the satisfaction or waiver of the performance conditions and any other conditions.

The Remuneration Committee may, on a case-by-case basis, determine that a participant shall be deemed to remain employed or to remain a director within the Group on a full-time basis until such participant ceases to be employed or to be a director within the Group on a part-time basis or ceases to provide services to the Group on a self-employed basis.

Corporate events

In the event of a takeover or winding up of the Company, all awards will vest early, subject to the satisfaction or waiver of the performance conditions and any other conditions. Alternatively, any awards held by employees over Ordinary Shares may be exchanged for equivalent awards over shares

in the new holding company by agreement with the new holding company, provided that (for awards granted under the “UK approved section”) certain conditions are met which ensure that such exchange is a “qualifying exchange” for the purposes of the relevant legislation.

If a demerger is proposed which, in the opinion of the Remuneration Committee, would affect the current or future value of any awards, then the Remuneration Committee may notify participants that awards will vest on the basis which would apply in the case of a takeover as described above. If the performance conditions have not been achieved, the Remuneration Committee may waive the performance conditions having due regard to the performance of the Company since the date of the grant.

Variation of capital

In the event of any variation of the Company’s share capital arising from or in connection with a capitalisation issue, an offer to the holders of Ordinary Shares by way of rights, a subdivision, consolidation, reduction or other variation of share capital which would materially affect the value of an award, the ESOS Scheme Organiser may make such adjustments as it considers appropriate to the number of Ordinary Shares under award and (subject to certain restrictions) the Exercise Price, subject to the Company’s auditors confirming in writing that, in their opinion, the adjustment is fair and reasonable and (for awards granted under the “UK approved section”) subject to prior HMRC approval.

Participants’ rights

Awards will not confer any Shareholder rights until the awards have been exercised and the participants have received their Ordinary Shares.

Rights attaching to Shares

Any Ordinary Shares allotted when an award is exercised will rank equally with the Ordinary Shares then in issue (except for rights arising by reference to a record date prior to the date of exercise).

Alterations

The Remuneration Committee may, at any time, amend the ESOS in any respect, provided that the prior approval of Shareholders is obtained for any amendments made to certain key provisions of the ESOS that are to the advantage of participants.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any alteration made to benefit the administration of the ESOS or to take account of a change in legislation or developments in the law. Shareholder approval will also not be required for any permitted amendments to the performance conditions or any other conditions applying to an award.

Any amendment to the material disadvantage of participants (other than a permitted alteration to the performance conditions or any other conditions) requires the written consent of each so disadvantaged participant or the passing of a notional resolution by participants (as if their awards constituted a separate class of shares) in favour of such amendment.

Any change to the key features of the “UK approved section” (being provisions necessary to meet the requirements of the relevant legislation) requires the prior approval of HMRC.

Overseas plans

The Remuneration Committee may adopt additional sections to the ESOS for overseas territories, any such section to be similar to the ESOS rules (and must not widen the overall limits of the ESOS in favour of participants) but expanded or modified to take account of local tax, exchange control, securities laws or regulations or practices which may apply to the participant, the Company or other participating Group company.

12.8 *The Premier Foods plc Deferred Bonus Plan (the “Old DBP”)*

The Old DBP was adopted by the Remuneration Committee on 5 May 2006. Awards were last granted under the Old DBP in 2010 and Premier Foods does not intend to grant any further awards under the Old DBP before its expiry in May 2016.

Operation

The Remuneration Committee supervise the operation of the Old DBP in respect of awards to executive directors and, in respect of awards to other Group employees, another duly authorised and appointed committee of the Board supervises the operation of the Old DBP (each, a “**Committee**”).

Eligibility and individual limit

Any employee (including an executive director) of a Group company will generally be eligible to participate in the Old DBP to the extent that the Committee or, as applicable, the trustees of an employee benefit trust (each, a “**Grantor**”) determines that some or all of such employee’s cash bonus under the Company’s Executive Annual Bonus Plan for a particular financial year (if any) should be deferred into an award under the Old DBP.

No payment is required for the grant of an award. Awards are not usually transferable, other than to the participant’s personal representative in the event of his death. Benefits provided under the Old DBP are not pensionable.

Grant of awards under the Old DBP

The Grantor may grant awards to acquire Ordinary Shares as conditional awards, as nil-cost options to eligible employees or in any other form that the Grantor may determine would have a substantially similar purpose or effect. The Grantor may also decide to grant cash-based conditional awards and nil-cost options of an equivalent value to share-based conditional awards and nil-cost options or to satisfy awards in cash.

The Grantor may, in its absolute discretion prior to the date of vesting, determine that some or all of the Ordinary Shares underlying a conditional award will be made subject to a nil-cost option.

Timing of grants

The Grantor may, in its absolute discretion, grant awards at any time, subject to certain legal or regulatory constraints, up to ten years from the date when the rules of the Old DBP were adopted.

Dividend equivalents

The Grantor may decide that the number of Ordinary Shares underlying a participant’s award will be increased to reflect the number of Ordinary Shares which could have been purchased if an amount equivalent to the dividends (either gross or net-of-tax) that would have been paid on the relevant Ordinary Shares between the date when the awards were granted and the date when the awards vest (or, at the discretion of the Grantor, when the underlying Ordinary Shares are transferred to the relevant participant) had been re-invested in Ordinary Shares at the relevant dividend payment date.

Vesting/exercise of awards

Awards normally vest on the third anniversary of grant (or such other date determined by the Grantor) and, in certain circumstances, vesting will be dependent on the participant still being employed within the Group. Options are then ordinarily exercisable until the tenth anniversary of grant, unless they lapse earlier. Shorter exercise periods may apply in the case of “good leavers” and/or in connection with corporate events.

Leaving employment

As a general rule, an award will vest in full as a result of a participant ceasing to hold employment or be a director within the Group either on the normal vesting date or (if the Grantor so decides) on the cessation of such employment or office.

However, if the participant ceases to be an employee or a director within the Group by reason of dismissal for gross misconduct or the participant's material breach of his employment contract then his award will lapse on the date of such cessation (including any vested but unexercised awards), unless the Grantor determines otherwise.

Corporate events

In the event of a takeover or voluntary winding up of the Company (not being an internal corporate reorganisation), all awards will vest early (and, in the case of a voluntary winding up of the Company, conditional on the relevant resolution being passed).

In the event of an internal corporate reorganisation, awards may, if the relevant participant wishes, be replaced by equivalent new awards over shares in the new holding company, provided that the board of directors of the new holding company agrees, and will otherwise lapse at the end of a specified exchange period.

If a demerger, special dividend or other similar event is proposed or has occurred which, in the opinion of the Remuneration Committee, could affect the current or future value of any award, then the Grantor may, acting fairly, reasonably and objectively, allow awards to vest on such terms and to such extent as it may determine.

Variation of capital

In the event of any capitalisation issue, any offer or invitation made by way of rights, subdivision, consolidation, reduction or other variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which the Remuneration Committee reasonably considers justifies an adjustment, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or any exercise or acquisition price.

Source of Ordinary Shares

Awards granted under the Old DBP may only be satisfied with Ordinary Shares purchased in the market or currently held in the Trust.

Participants' rights

Awards will not confer any Shareholder rights until the awards have vested or the options have been exercised, as relevant, and the participants have received their Ordinary Shares (if any).

Alterations

Except as described below, the Remuneration Committee may, at any time, amend the Old DBP in any way.

Where there are outstanding awards which the trustee of an employee benefit trust has agreed to satisfy, the relevant trustee must give its prior written consent to any amendment which would affect such awards.

Any amendment to the disadvantage of participants can only be made if 75 per cent. of the affected participants (by number of Ordinary Shares under award) approve the alteration in writing or 75 per cent. of participants vote in favour of a resolution to make such amendment at a meeting of the participants.

Overseas plans

The Remuneration Committee may, at any time, establish further plans for overseas territories, any such plan to be similar to the Old DBP but modified as may be necessary or desirable to take account of local tax, exchange control or securities laws, provided that the terms of awards granted under such plans are not overall materially more favourable than the terms of awards granted under the Old DBP.

13. Share-related incentives

Under the Share Plans, awards to acquire a total of 15,146,169 Ordinary Shares were outstanding as at the Reference Date, as listed in the table below. Of these, it is intended that awards to acquire a total of 9,632,923 Ordinary Shares will be satisfied with newly issued Ordinary Shares. It is intended that the remainder will be satisfied with Ordinary Shares currently held in the Trust or to be purchased in the market.

	Number of Ordinary Shares under outstanding awards				
	CEO				
Date of grant of award	Co-Investment Plan	LTIP	Sharesave Plan	RSP	ESOS
23.07.04	—	—	—	—	131,884
19.10.10	—	—	1,052,593	—	—
23.05.11	—	380,729	—	—	—
18.10.11	—	—	1,105,243	—	—
20.03.12	—	1,315,213	—	—	—
15.05.12	—	—	—	104,347	—
18.10.12	—	—	1,822,835	—	—
22.02.13	—	1,477,572	—	—	—
22.02.13	1,477,572	—	—	—	—
22.02.13	—	—	—	3,647,588	—
15.10.13	—	—	—	283,739	—
15.10.13	—	—	2,346,854	—	—
Total	1,477,572	3,173,514	6,327,525	4,035,674	131,884

No awards are outstanding under the DSBP.

All the awards detailed in the table above were granted for nil consideration. All such awards may vest or be exercised (as the case may be) for nil consideration, except for those awards granted in the form of options under the ESOS, in respect of which the exercise price was set at the mid-market closing price immediately prior to the date of grant, and the Sharesave Plan, where the exercise price was set at a 20 per cent. discount to the average mid-market closing price of an Ordinary Share for the three days immediately prior to the invitation date.

The number of Ordinary Shares subject to outstanding awards (if applicable), the exercise price per Ordinary Share and (in the case of the LTIP) the performance conditions will be subject, where required or otherwise determined in accordance with the relevant rules or terms (as the case may be) of the Share Plans, to adjustment following (and as a result of) the Rights Issue pursuant to the rules or terms (as the case may be) of the Share Plans and subject, where required, to the prior approval of HMRC, the Irish Revenue and the Trustee.

Save as disclosed in section 4.4 of this Part X, no share or loan capital of the Company or any member of the Group is under award or is agreed, conditionally or unconditionally, to be put under award.

14. Interests of persons involved in the Placing and the Rights Issue

The interests of the Directors in the issued share capital of the Company are set out in section 4.4 of this Part X.

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected during any earlier financial year and remains in any respect outstanding or unperformed.

15. Major holders of interests in the Company's share capital

As at the Reference Date, and so far as is known to the Company by virtue of the notifications made to it pursuant to the Companies Acts and/or the Disclosure and Transparency Rules, the name of each person (other than any Director) who, directly or indirectly, is interested in 3 per cent. or more of the Company's share capital, and the amount of such person's interest, is set out in the left-hand column of the table below:

<i>Name</i>	<i>Number of Ordinary Shares as at the Reference Date</i>		<i>Number of Ordinary Shares immediately following the Placing and the Rights Issue¹</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
Warburg Pincus	41,573,972	17.33%	108,092,327	13.12%
Paulson & Co. Inc.	25,830,000	10.77%	67,158,000	8.15%
Schroders (Cazenove Capital Management Limited)	24,024,331	10.02%	62,463,260	7.58%
Total	91,428,303	38.12%	237,713,587	28.86%
Standard Life Investments Ltd	12,178,274	5.08%	31,663,512	3.84%
JPMorgan Asset Management U.K. Limited	11,953,403	4.98%	31,078,847	3.77%
Norges Bank Investment Management (NBIM)	9,220,355	3.84%	23,972,923	2.91%
Arcadian Asset Management LLC	8,286,640	3.46%	21,545,264	2.62%
Dimensional Fund Advisers, LP	8,146,816	3.40%	21,181,721	2.57%
Total	141,213,791	58.90%	367,155,854	44.6%

Note:

- 1 The figures specified (i) disregard any Ordinary Shares which may be issued after the Reference Date as a result of the vesting or exercise of any awards under the Share Plans and (ii) assume that each major Shareholder does not participate in the Placing but takes up in full its entitlement to subscribe for New Ordinary Shares under the Rights Issue. Warburg Pincus, Paulson & Co, Inc. and Cazenove Capital Management Limited have each confirmed their intention to participate in the Placing pro rata to their current interests in the Company, further details of which can be found at Section 9 of Part I of this document.

None of the major Shareholders in the Company has different voting rights.

As at the Reference Date, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

As at the Reference Date, the Company is not aware of any person who, following the Placing and the Rights Issue, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

16. Related party transactions

Save as disclosed in the 2013 Financial Statements, Note 29 on page 122 of the 2012 Financial Statements, and Note 30 on page 136 of the 2011 Financial Statements, each incorporated by reference into this document, the Group did not enter into any related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/2002) during any of FY 2013, FY 2012 and FY 2011. The table below sets out the remuneration for the Directors and Senior Managers in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures".

	<i>Year ended 31 December 2013 (£m)</i>	<i>Year ended 31 December 2012 (£m)</i>	<i>Year ended 31 December 2011 (£m)</i>
Salaries and other short-term employee benefits	5.8	5.6	7.3
Post-employment benefits	0.3	0.2	0.3
Termination benefits	—	0.2	2.0
Share-based payments	3.6	1.3	1.2
Total	9.7	7.3	10.8

WP X Investments I Limited (“**Warburg Pincus**”) is considered to be a related party of the Group by virtue of its 17.3 per cent. (2013: 17.3 per cent.) equity shareholding in Premier Foods plc and of its power to appoint a member to the Board of Directors, which has been exercised. Paulson & Co. Inc. (“**Paulson**”) is also considered to be a related party of the Group by virtue of its 10.77 per cent. (2013: 10.0 per cent.) equity shareholding in Premier Foods plc. There were no related party transactions during FY 2013.

For the period between 1 January 2014 and the Reference Date, the Group has not entered into any related party transactions.

17. Subsidiaries

The following is a list of the Company’s significant subsidiaries as at the Reference Date:

<i>Subsidiary</i>	<i>Activity</i>	<i>Country of incorporation and principal operations</i>	<i>Percentage held by Premier Foods plc or its subsidiary undertakings</i>
Premier Foods Group Limited	Manufacture and distribution of ambient food products, cakes, bread, own label and other food products	England	100
Premier Foods Group Services Limited	Head Office company	England	100
Premier Foods Investments Limited	Financing company	England	100

Each of the principal subsidiary undertakings has the same year-end as Premier Foods plc. The companies listed above are those that materially affect the results and the assets of the Group.

18. Articles of Association

The following is a summary of the Articles of Association, which are available for inspection as set out in section 28 of this Part X.

(i) **Unrestricted objects**

The objects of the Company are unrestricted.

(ii) **Limited Liability**

The liability of the Company’s members is limited to any unpaid amount on the shares in the Company held by them.

(iii) **Change of Name**

The Articles of Association rely on the Companies Act 2006 provisions dealing with the change of name. Under the Companies Act 2006, the Company may change its name by a special resolution passed by the shareholders.

(iv) **Share Rights**

Subject to applicable statutes, and without prejudice to any special rights conferred on existing shareholders, the Company may issue shares with any rights or restrictions attached to them. These rights or restrictions can be decided by an ordinary resolution passed by the shareholders or, in the absence of such resolution, decided by the directors. Redeemable shares may be issued, subject to the applicable statutes. The directors can decide on the terms and conditions and the manner of redemption of any redeemable share, provided that this is done before the shares are allotted.

(v) ***Voting Rights***

Subject to applicable statutes, any rights or restrictions attached to any existing shares, and to any suspension or abrogation of voting rights under the Articles of Association, every member who, being an individual is present in person or by proxy or being a corporation, is present by one or more duly authorised representatives, on a show of hands shall have one vote and on a poll shall have one vote for every share of which he is the holder.

On a vote by a show of hands every proxy present who has been duly appointed by one member has one vote and where the same proxy has been appointed by several members, he will have only one vote on a show of hands if instructed to vote the same way by all the appointing members. A proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution and the proxy has been instructed by, or exercises a discretion given by, one or more of those members to vote for the resolution and has been instructed by, or exercises a discretion given by, one or more others of those members to vote against it.

If more than one joint shareholder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

(vi) ***Restrictions***

No member shall, unless the Directors determine otherwise, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or exercise any rights as a member in relation to the meeting or poll, unless all calls or other amounts payable by him in respect of that share have been paid. No member shall be entitled to vote in respect of shares held by him which are subject to sanctions under the Articles of Association after failure by the shareholder to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

(vii) ***Dividends and Other Distributions***

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, not exceeding the amount recommended by the directors. Subject to the applicable statutes, the directors may pay interim dividends if it appears to them that the profits of the Company justify this. The directors may pay interim dividends on shares which confer deferred or non-preferred rights with regards to dividend as well as on shares which confer preferential rights, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights, if at the time of payment, any preferential dividend is in arrears. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits justify the payment. Provided that the directors act in good faith, they shall not incur any liability to the holders of shares conferring preferential rights for any loss they may suffer by the lawful payment of an interim or fixed dividend on any shares having deferred or non-preferred rights.

The Company may withhold any sums payable in respect of dividends, and the member shall not be entitled to elect to receive shares instead of that dividend, and the Company shall have no obligation to pay interest on any sum in respect of the shares representing 0.25 per cent. or more in nominal value of the issued shares of their class (calculated excluding any shares held as treasury shares) if the shares are subject to sanction under the Articles of Association after failure by the shareholder to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Unless the rights attached to any shares or the Articles of Association say otherwise, all dividends shall be declared and paid according to the amounts paid up on the shares. If the share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid. Subject to the rights attached to the share, dividends may be declared or paid in any currency.

Subject to approval by the Company at any annual general meeting, the directors may offer shareholders (excluding any member holding shares as treasury shares) the right to choose an allotment of additional shares credited as fully paid instead of some or all of their cash dividend.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment will be forfeited and go back to the Company unless the directors decide otherwise.

The Company is not obliged to send or transfer a dividend or other amount payable in respect of a share until notified of an address or account to be used for that purpose by the person entitled to the payment if a cheque, dividend warrant or money order has been returned undelivered or remains uncashed, or a transfer is not accepted, in respect of (i) at least two consecutive dividends payable on the share, or (ii) in respect of one dividend, and reasonable enquiries have failed to establish a new address or account of the person entitled to the payment.

(viii) ***Variation of Rights***

If legislation allows rights attached to any class of shares may be varied or abrogated in such manner as may be provided by those rights or, in the absence of such provisions, with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or by a special resolution passed at a separate meeting of the holders of the shares of that class. At every such class meeting (except an adjourned meeting) the quorum is two persons holding or representing by proxy at least one third in nominal amount of the issued shares of the class (calculated excluding any shares of that class held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

(ix) ***Allotment***

Subject to statute and to any resolution passed by the Company, the directors shall have general and unconditional authority to (i) allot (with or without conferring rights of renunciation), grant options over, or rights to subscribe for, dispose or otherwise deal with all unissued shares, (ii) dispose of or deal with all shares held by the Company as treasury shares, and (iii) convert any security into shares to each person, at such times and on such terms as they think proper provided that no share shall be issued at a discount.

(x) ***Transfer of Shares***

The shares are in registered form. Any shares in the Company may be held in uncertificated form and, unless the uncertificated securities regulations (as defined in the Articles of Association) say otherwise, the transfer of any such shares shall be effected in accordance with the uncertificated securities regulations and there is no requirement for a written instrument of transfer. Where any provisions of the Articles of Association are inconsistent with the terms of uncertificated securities regulations, the regulations will be treated as effective and the directors shall have the power to implement such procedures as they think fit to accord with the uncertificated securities regulations for the recording and transferring of the uncertificated shares.

Unless the Articles say otherwise, a shareholder may transfer his certificated shares. The transfer must be either in writing in any usual standard form, or in any other form which the directors may approve, and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

The person transferring the shares will continue to be treated as a shareholder until the name of the person to whom it is transferred is put on the register of members in respect of the shares.

The directors may refuse to register the transfer of any shares in the following circumstances.

Certificated shares

- (A) Any of the shares to be transferred are not fully paid.
- (B) If the instrument of transfer is not lodged, duly stamped (or otherwise shown to the directors to be exempt from stamp duty) at the transfer office or such other place as the directors may appoint and is not accompanied by the certificate(s) for the share(s) to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person).
- (C) The instrument of transfer is being used to transfer more than one class of shares.
- (D) The transfer is in favour of more than four transferees.

Uncertificated shares

- (E) Registration of a transfer of uncertificated shares can be refused in the circumstances set out in the uncertificated securities regulations and the requirements of the relevant system concerned.

The directors may refuse to register a transfer of any certificated shares by a person with 0.25 per cent. or more in nominal value of the issued shares of their class (calculated excluding any shares held as treasury shares) if the shares are subject to sanction under the Articles of Association after failure by the shareholder to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts unless: (i) the member and the transferee are not in default as regards supplying the information required, (ii) the transfer is an approved transfer (as defined in the Articles of Association), or (iii) registration of the transfer is requested by the uncertificated securities regulations.

(xi) ***General Meetings***

An annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by at least 14 clear days' notice. These provisions are subject to the Companies Act 2006 which states that, as the Company is a "traded company", it is required to give at least 21 days' notice of any other general meeting unless a special resolution reducing the period to not less than 14 days has been passed at the immediately preceding annual general meeting or at a general meeting held since that annual general meeting. Under the Companies Act 2006 notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every director. Under the articles, it will also be sent to the auditors. The notice must state the time, the date and the place of the meeting and the general nature of the business to be dealt with at the meeting. The notice must also state if the meeting is convened to consider a special resolution, include the names of any retiring directors offering themselves for re-election, state the website address where information about the meeting can be found in advance of the meeting, state the procedures for attending and voting at the meeting, contain a statement regarding proxies, state the place where instruments of proxy are to be deposited if different from the office, state the procedures for electronic voting, and state the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each director can attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The chairman of a meeting can also allow anyone to attend and speak where he considers that they are equipped by experience or knowledge of the Company's affairs to assist in the business being transacted at the meeting.

(xii) **Directors**

Number of directors

The Company must have a minimum of two directors and a maximum of 15 directors (disregarding alternate directors), but the shareholders can change these restrictions by passing an ordinary resolution.

Directors' shareholding qualification

The directors are not required to hold any shares in the Company.

Appointment of directors

Directors may be appointed by the Company's shareholders by ordinary resolution or by the directors. A director appointed by the directors must retire from office at the first annual general meeting after his appointment. A director who retires in this way is then eligible for re-election. A director may be appointed at a general meeting if he is recommended by the directors or if not less than 14 days and not more than 35 days before the date appointed for holding the meeting, notice executed by a member qualified to vote on the appointment has been given to the Company stating his intention to propose such person for election together with the required particulars and notice by that person of his willingness to be appointed.

The directors can appoint one or more directors to the office of Chief Executive or to any other executive office, on such terms and for such period as they think fit and they shall terminate if he ceases to be a director.

Retirement of directors

At every annual general meeting of the Company, one third of the directors shall retire from office by rotation. All directors holding office on the day of the notice convening such meeting and who also held office at the time of both of the two immediately preceding annual general meetings and did not retire at such meeting, shall retire from office and shall be counted in the number required to retire. The method of selecting directors to retire by rotation is subject to statute and the Articles of Association. The directors to retire shall include: (i) any director who wishes to retire and not offer himself for re-election, and (ii) those directors who have been longest in office since their last appointment or reappointment (and by lot if appointed or reappointed on the same day). Provided that each director shall always be required to retire and offer himself for re-election at least every three years. Any director who retires at an annual general meeting may offer himself for reappointment by the shareholders.

Removal of directors by ordinary resolution

The Company's shareholders can by ordinary resolution remove any director before the expiration of his period of office.

Vacation of office

Any director automatically stops being a director if:

- (A) he gives the Company a written notice of resignation or he offers to resign and the directors decide to accept this offer;
- (B) he is requested in writing by all the other directors to resign;
- (C) he is or has been suffering from mental disorder and is either admitted to hospital under the Mental Health (Scotland) Act 1984 or the Mental Health Act 1983, or an order is made by a court for his detention or for the appointment of any person to exercise powers with respect to his property or affairs, and the directors resolve that his office should be vacated;

- (D) he and his alternate directors are absent for more than six consecutive months without permission from the directors from meetings of the directors and the directors resolve that his office should be vacated;
- (E) a bankruptcy order or an interim receiving order is made against him or he makes any arrangement or composition with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement under the Insolvency Act 1986;
- (F) he ceases to be a director by virtue of any provision of statute or becomes prohibited from being a director by law; or
- (G) in the case of a director who holds any executive office, his appointment is terminated or expires and the directors resolve that his office be vacated

If a director stops being a director for any reason, he will also automatically cease to have any position on any committee set up by the directors.

Alternate director

Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director appointed by him.

Directors' meetings

Subject to the Articles of Association, the directors can decide when and where to have meetings and how they will be conducted. They can also adjourn their meetings as they think fit. If no other quorum is fixed by the directors, two directors are a quorum. A directors' meeting at which a quorum is present can exercise all the powers and discretions of the directors.

The directors can appoint any director as chairman or as vice-chairman and can remove him from that office at any time. Matters to be decided at a directors' meeting will be decided by a majority vote.

Any director can take part in a meeting of the directors by means of a conference telephone, video conferencing facility or other similar communicating equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to each other. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum.

Subject to the Articles, proceedings of any committee of directors shall be conducted in accordance with terms which may be prescribed by the directors. Where the directors resolve to delegate any of their powers, authorities and discretions to a committee, it is not necessary to give notice of a meeting of that committee to directors other than to those who form the committee.

Remuneration of directors

The total fees for services paid to all of the directors (excluding any payments made under any other provision of the Articles) must not exceed £1,000,000.00 a year or any higher sum decided on by an ordinary resolution of the shareholders.

The salary or remuneration of any director appointed to hold any employment or any executive office may be either a fixed sum of money or may be related in whole or in part to business done or profits made or otherwise as the directors may determine, and may be in addition to or in lieu of any fee payable to him of his services.

Any director who at the request of the directors resides abroad or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of the director, may be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

The directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of their duties as directors.

Pensions and gratuities for directors

The directors may provide benefits, whether by the payment of gratuities or pension or by purchasing and maintaining insurance or otherwise, for the benefit of any persons who are or were at any time directors or the holders of any executive or comparable office of employment with the Company or any other company or undertaking which is or has been (a) a subsidiary of the Company, (b) otherwise allied to or associated with the Company or a subsidiary of the Company or (c) a predecessor in business of the Company or of any such subsidiary, and (d) for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) establish, maintain, subscribe and contribute to any fund and pay premiums for the purchase or provision of any such benefit.

Directors' interests

The directors may, subject to the Articles, authorise any matter which would otherwise involve a director breaching his duty under the legislation to avoid conflicts of interest. Where the directors give authority in relation to a conflict of interest the directors may (i) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation; (ii) impose upon the relevant director such other terms for the purpose of dealing with the conflict of interest or situation as they think fit; and (iii) provide that where the relevant director obtains (otherwise than through his position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The directors may revoke or vary such authority at any time.

If a director has disclosed the nature and extent of his interest in accordance with the legislation, a director can do any one or more of the following:

- (A) have any kind of interest in a contract with or involving the Company or another company in which the Company has an interest;
- (B) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including as to remuneration, as the directors may decide;
- (C) alone, or through a firm with which he is associated, do paid professional work for the Company or another company in which the Company has an interest (other than as auditor);
- (D) be or become a director or other officer of, or employed by, or otherwise be interested in any body corporate promoted by the Company or in which the Company has an interest or has any powers of appointment; and

save as otherwise agreed by the Director, a Director does not have to hand over to the Company or the shareholders any benefit he receives or profit he makes as a result of a conflict of interest authorised by the directors or anything allowed under the above provisions nor is any contract which is allowed or authorised under these provisions liable to be avoided.

Restrictions on voting

A director cannot vote or be counted in the quorum on a resolution relating to appointing that director to a position with the Company or a company in which the Company has an interest or the terms or termination of the appointment save to the extent permitted specifically in the Articles.

Subject to certain exceptions set out in the Articles, a director cannot vote on, or be counted in a quorum in relation to, any resolution of the directors on any contract in which he has an interest and, if he does vote, his vote will not be counted.

Subject to the legislation, the shareholders may by ordinary resolution suspend or relax to any extent the provisions relating to directors' interests or restrictions on voting or ratify any contract which has not been properly authorised in accordance with such provisions.

Borrowing and other powers

The directors shall manage the Company's business and can use all the Company's powers subject to the provisions of statute and the Articles of Association. The directors are also subject to any regulations laid down by the shareholders by passing a special resolution at a general meeting.

In particular, the directors may exercise all the Company's powers to borrow money, to pledge or grant any security over all or any part of its undertaking, property and assets and uncalled capital and, subject to statute, to issue debentures, debenture stock and other securities whether terminable, redeemable or perpetual and whether outright or as collateral security for any guarantee, debt, liability or obligations of the Company or of any third party. The directors will restrict the borrowings of the Company and, so far as they are able, its subsidiary undertakings to ensure that the aggregate principal amount outstanding of all moneys borrowed by the Company and its group does not exceed a sum equal to five times the adjusted capital and reserves (as defined in the Articles of Association) unless an ordinary resolution of the Company has been passed to sanction this. Pursuant to the Capital Refinancing Resolution, it is proposed that the Company's Articles of Association be amended such that the aggregate principal amount outstanding of all moneys borrowed by the Company and its subsidiaries and subsidiary undertakings shall not at any time, save with the previous sanction of an ordinary resolution of the Company, exceed a sum equal to the higher of: (i) six times the adjusted capital and reserves (as defined in the Articles of Association); and (ii) £1,500 million.

Indemnity of directors

As far as the legislation allows this, the Company can indemnify any director or former director of the Company or of any associated company against any liability and can purchase and maintain insurance against any liability for any director or former director of the Company or of any associated company.

19. Takeover bids

19.1 Mandatory bids

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to an interest in Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

19.2 Squeeze-out

Under the Companies Act 2006, if an offeror were to acquire, or unconditionally contract to acquire, 90 per cent. of the shares in the Company to which the offer relates and 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. of the shares in the Company. The offeror would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for

outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

19.3 *Sell-out*

The Companies Act 2006 would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

19.4 *Takeover bids*

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

20. **Legal and arbitration proceedings**

- 20.1 Save as described below in paragraphs 20.2 to 20.5, there have been no governmental, legal or arbitration proceedings nor (so far as the Company is aware) have there been any such proceedings which are pending or threatened, during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.
- 20.2 Over a period of several years, one of Premier's suppliers, Q Cold Limited, incorrectly charged VAT at the standard rate on supplies which were eligible to be zero-rated. The invoiced VAT was paid first by Premier to its supplier, and then by the supplier to HMRC. The VAT paid was recovered by Premier as input tax on its VAT returns.
- 20.3 Q Cold Limited has claimed repayment of the VAT from HMRC and, in turn, HMRC requires Premier to repay it with the amount over-claimed. To ensure parity between the parties, Q Cold Limited should then pass the repayment to Premier. Q Cold Limited has since gone into administration and HMRC have refused to return the overpaid VAT directly to Premier.
- 20.4 The appointed administrator does not agree to pay the repaid VAT to Premier but has acknowledged that Premier will be able to make a claim as an unsecured creditor, so that Premier would have no priority right to receive the repaid VAT as against any other unsecured creditor and would rank behind any secured creditor. HMRC has, in the meantime, raised assessments against Premier for the recovered input tax and has indicated that it intends to enforce those assessments unless Premier is able to demonstrate that it would be seriously disadvantaged by having to pay over the recovered input tax whilst the proceedings referred to in 20.5 below are ongoing. The total VAT in dispute is approximately £3.7 million.
- 20.5 An application for judicial review of the decisions of HMRC has been issued and is currently awaiting a decision on permission. It is anticipated that permission will be granted to proceed with the judicial review. In the interim, Premier is resisting HMRC's decision to enforce their assessments and is seeking a binding undertaking from HMRC not to repay the VAT to the supplier.

21. Material contracts

No contracts have been entered into (other than in the ordinary course of business) by any member of the Group either: (i) within the two years immediately preceding the date of this document which are, or may be, material to the Group; or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document, save as disclosed below.

Financing agreements, etc.

21.1 Current Facilities Agreement

The Current Facilities Agreement dated 3 December 2006 (as amended from time to time, most recently on 30 March 2012) provides for the Current Term Facilities and the Current Revolving Facility (including in part by way of ancillary facilities) of £886 million in aggregate as at the Reference Date and was entered into by the Company and certain of its subsidiaries (including Premier Foods Investments Limited) as borrowers and guarantors and, among others, the financial institutions listed therein as lenders and Lloyds Bank plc as facility agent and security agent. Absent early prepayment, the Current Facilities would mature on 30 June 2016.

The Current Facilities were made available to finance certain acquisitions and associated transaction costs, to refinance certain existing indebtedness of the Group and for the general corporate and working capital purposes of the Group.

The Current Facilities are guaranteed by certain subsidiaries of the Company. The Current Facilities are also secured by first ranking fixed charges over certain real estate and intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company and share security over the shares in the material subsidiaries of the Company, in each case granted to the security agent (for the benefit of the lenders and certain other secured parties (including certain hedging banks, up to a maximum amount of the lower of (i) £35 million and (ii) an amount equal to the aggregate mark-to-market exposure of the borrowers determined for each period until the scheduled termination date of each hedging agreement and the Pension Trustees, up to a maximum aggregate secured amount of approximately £375 million)).

Interest is payable on the loans under the Current Facilities at a floating rate equal to LIBOR plus the applicable margin and mandatory costs, if any. The margin that applies to the Current Facilities is 3.25 per cent. per annum.

The Current Facilities Agreement provides for payment of certain fees. A commitment fee is payable on available but unused commitments. Deferred fees are also payable to the lenders calculated as a percentage of the total commitments under the Current Facilities and accruing over certain periods. Certain of these deferred fees are payable upon the date on which the Current Facilities are repaid or prepaid in full and the total commitments cancelled in their entirety. Accordingly, upon implementation of the Capital Refinancing Plan, it is expected that deferred fees of approximately £25 million will be payable to the existing lenders.

The Current Facilities Agreement contains interest cover and leverage financial covenants to be tested at the end of each annual accounting period and half-yearly on a rolling 12 month basis. The Current Facilities Agreement also contains a capital expenditure covenant which imposes limitations on the amount which the Group can spend on capital expenditure in each financial year.

The Current Facilities Agreement contains certain mandatory prepayment events, including upon certain disposals by the Group, certain equity issues by the Group and a change of control of the Company.

The Current Facilities Agreement contains representations, covenants and events of default, subject to certain qualifications and exceptions. The covenants include an obligation to provide certain financial and other information as well as restrictions on granting security and giving guarantees, incurring financial indebtedness, disposing of assets and acquiring or investing in shares or businesses, subject to various carve-outs and thresholds.

21.2 *New Facility Agreement*

The New Facility Agreement provides for the New Revolving Facility of £300 million in aggregate and was entered into by the Company and certain of its subsidiaries as borrowers and guarantors with, among others, the financial institutions listed therein as lenders, HSBC Bank plc as facility agent and HSBC Corporate Trustee Company (UK) Limited as security agent. The New Revolving Facility will mature in March 2019. Subject to existing lenders agreeing or bringing in new lenders, the New Revolving Facility may be increased by up to £50 million through an accordion facility.

The New Revolving Facility will be available following (among other things) receipt by the facility agent of evidence that (i) the Company has received gross proceeds from the Rights Issue and Placing and the issue of the New Bonds (including where the New Bonds have been acquired by the Backstop Banks pursuant to the backstop commitment) such that together with the New Revolving Facility there will be an aggregate amount of £1,128 million in gross proceeds from the various elements of the Capital Refinancing Plan available to the Group and (ii) the necessary amount of those proceeds will be utilised in prepayment and cancellation of the Current Facilities in full. The New Revolving Facility will be available to refinance the Current Facilities and for general corporate and working capital purposes of the Group other than payments of dividends and share buy-backs.

The New Facility Agreement will be guaranteed by the Company and certain of its subsidiaries. Under the New Facility Agreement, the Company is required to ensure that the guarantor group covers more than 85 per cent. of each of the consolidated EBITDA, gross tangible assets and consolidated turnover of the Group (respectively) (in each case, excluding intra-group liabilities) and that each material group company (exceeding 5 per cent. of each of the consolidated EBITDA, gross tangible assets or consolidated turnover of the Group (in each use, excluding intra-group liabilities)) is a guarantor. To the extent that a group company constitutes a material group company, the relevant company is required to accede to the New Facility Agreement as a guarantor. The guarantors of the New Facility Agreement as at the date of this document are:

Premier Foods plc	Centura Foods Limited	H.L. Foods Limited
Premier Foods Investments Limited	Manor Bakeries Limited	Premier Brands Foods Limited
Premier Foods Group Limited	RHM Overseas Limited	CH Old Co Limited
	Premier Foods (Holdings) Limited	Hillsdown Ambient Foods Group Limited
Premier Foods Investments No. 1 Limited	London Superstores Limited	Hillsdown International Limited
RHM Limited	RHM Foodbrands+ Limited	Hillsdown Investments Limited
RHM Group Holding Limited	RHM Food Solutions Limited	MF Old Co Limited
	Premier Grocery Products Ireland Limited	Premier Ambient Products (UK) Limited
RHM Group Three Limited	Premier Financing Limited	Premier Brands Limited
Premier Foods Group Services Limited	Premier Grocery Products Limited	Premier International Foods UK Limited
		RHM Group Two Limited

It is anticipated that the New Bonds Issuer will accede to the New Facility Agreement as a guarantor on the day it is brought into the Group (see section 21.3 for more information on when it is anticipated that the New Bonds Issuer will be brought into the Group).

Guarantors which (i) become dormant companies or (ii) have distributed all of their assets (other than assets with a book value of no more than £5,000) to other guarantors subject to existing security and which are to be struck off or wound up pursuant to a solvent reorganisation or a solvent liquidation can be removed as guarantors without consent of any finance party in order to facilitate the rationalisation of the Group.

The New Facility Agreement will be secured by first ranking fixed charges over certain real estate and certain intellectual property rights, floating charges over all of the assets of each of the material subsidiaries of the Company and share security over shares in the material subsidiaries of the Company granted to the security agent for the benefit of the lenders and certain other secured parties, including:

- certain hedging banks, in respect of interest rate and foreign exchange hedging in respect of secured debt and, up to an amount of £20 million (increasing to £30 million if the JV Transaction does not happen), in respect of commodities hedging and other foreign exchange hedging in the ordinary course of trading; and
- the Pension Trustees up to a maximum aggregate secured amount of £450 million (such amount to amortise from 1 April 2016 as a result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million).

The security will be shared on a *pari passu* basis by the finance parties under the New Facility Agreement, the holders of the New Bonds and lenders and related finance parties under certain permitted refinancing indebtedness utilised to refinance existing secured indebtedness. See section 21.2 of this Part X for further information on the security being provided.

Interest is payable on the loans under the New Revolving Facility at a floating rate equal to LIBOR or, in relation to any loan drawn in euro, EURIBOR, plus the applicable margin. The margin that applies to the New Revolving Facility is determined in accordance with a ratchet based on the leverage ratio as follows:

<i>Leverage Ratio</i>	<i>% per annum</i>
> 4.0:1	4.00
≤ 4.0:1 and > 3.5:1	3.75
≤ 3.5:1 and > 3.0:1	3.50
≤ 3.0:1 and > 2.5:1	3.00
≤ 2.5:1 and > 2.0:1	2.75
≤ 2.0:1	2.50

The initial margin is expected to be 3.50 per cent.

The New Facility Agreement provides for the payment of certain fees. An arrangement fee is payable in connection with entry into the New Facility Agreement. A commitment fee is payable on available but unused commitments.

The New Facility Agreement requires that Premier Foods and its subsidiaries maintain certain financial ratios for (i) consolidated EBITDA to net interest payable (the “**Interest Cover Ratio**”) and (ii) consolidated total net debt to consolidated EBITDA (the “**Leverage Ratio**”).

The financial ratios are tested half-yearly, for each annual accounting period and half-yearly accounting period, in each case in respect of the immediately preceding 12 month period.

Currently, the Group’s annual accounting period ends on 31 December each year and its half-yearly accounting period ends on 30 June each year. The tables below set out the covenant levels for the Interest Cover Ratio and Leverage Ratio assuming that these reporting dates are maintained.

<i>12 months ended</i>	<i>Interest Cover Ratio to be no less than</i>	<i>Leverage Ratio to be no more than</i>
30 June 2014	2.25:1	5.50:1
31 December 2014	2.25:1	5.50:1
30 June 2015	2.45:1	5.25:1
31 December 2015	2.50:1	5.00:1
30 June 2016	2.55:1	4.90:1
31 December 2016	2.65:1	4.60:1
30 June 2017	2.70:1	4.30:1
31 December 2017	2.75:1	4.20:1
30 June 2018	2.80:1	3.85:1
31 December 2018	3.00:1	3.65:1

The Group is considering changing its financial year end to 31 March. Accordingly, if the year end change is implemented there will be a change in its reporting dates to 31 March, in the case of its annual accounting period, and 30 September, in the case of its half-yearly accounting period. If this change is made, it will result in the annual accounting period during which such change is made being extended for three months, such that it will end on the next succeeding 31 March as opposed to the next succeeding 31 December. In such circumstances, the covenant levels for the Interest Cover Ratio and Leverage Ratio will apply and be tested as set out above on the relevant 31 December (notwithstanding that the annual accounting period of the Group will not end on that date) and the revised covenant levels for the Interest Cover Ratio and Leverage Ratio set out below will apply on and from the relevant 31 March.

<i>12 months ended</i>	<i>Interest Cover Ratio to be no less than</i>	<i>Leverage Ratio to be no more than</i>
31 March 2015	2.30:1	5.35:1
30 September 2015	2.45:1	5.20:1
31 March 2016	2.50:1	4.95:1
30 September 2016	2.60:1	4.85:1
31 March 2017	2.65:1	4.35:1
30 September 2017	2.70:1	4.25:1
31 March 2018	2.75:1	3.90:1
30 September 2018	3.00:1	3.80:1

The New Facility Agreement also contains limitations on capital expenditure in each calendar year and specific limits on capital expenditure in respect of certain projects.

To the extent that the JV Transaction does not complete by 31 May 2014, the Company and the lenders will enter into good faith discussions to agree revised covenant levels (including revised limitations on capital expenditure) and, failing agreement, the revised financial covenants will reflect 25 per cent. headroom and the numbers in the financial model.

The New Facility Agreement contains certain mandatory prepayment, cancellation and default provisions and certain representations and covenants, subject to certain qualifications and exceptions, including:

- provisions permitting each lender under the New Facility Agreement to require mandatory prepayment of all amounts due to it under the New Facility Agreement with not less than 30 days' notice upon the sale of all or substantially all of the assets of the Group or a change of control of the Company (which will occur if any person or group of persons acting in concert gains control of the Company);
- covenants that impose other restrictions on the way that the Company and other members of the Group may operate their business, including restrictions on their ability to incur additional financial indebtedness, enter into joint ventures, grant security and provide guarantee, dispose

of assets and acquire shares, businesses or undertakings, make voluntary payments of pensions amounts subject to various exceptions, carve-outs and other thresholds;

- provisions requiring, in certain circumstances and when leverage is above a certain level, mandatory prepayment of loans with the proceeds of permitted disposals, subject to certain exceptions and including a 12 month period during which such disposal proceeds can be re-invested in Premier Foods's business;
- provisions permitting voluntary prepayment of loans (subject to minimum amounts and prior notice); and
- events of default such as non-payment, failure to comply with financial covenants, breaches of other covenants (subject to a grace period), breaches of representations, insolvency, litigation and cross-default (subject to a threshold amount of £10 million).

21.3 *New Bonds*

The New Bonds are expected to be issued under an indenture entered into by Premier Foods Finance plc as the New Bonds Issuer and HSBC Corporate Trustee Company (UK) Limited as the New Bonds Trustee. It is expected that the proceeds from the offering of the New Bonds will be deposited into one or more escrow accounts pursuant to an escrow agreement entered into by the New Bonds Issuer, the New Bonds Trustee and the New Bonds Escrow Agent. On the issue date of the New Bonds, the New Bonds Issuer will be a wholly-owned subsidiary of GLAS Nominees Limited who will hold the shares of the New Bonds Issuer on charitable trust (the “**Orphan SPV Shareholder**”). Premier Foods Investments Limited will have a call option to acquire the entire issued share capital of the New Bonds Issuer from the Orphan SPV Shareholder at its market value (which is expected to be a nominal amount).

Upon completion of the principal elements of the Capital Refinancing Plan, including the Placing and the Rights Issue and the satisfaction or waiver of the conditions precedent to drawdown under the New Facility Agreement (other than purely procedural steps and conditions relating to the inter-conditionality of the Capital Refinancing Plan), the New Bonds Escrow Agent will release the proceeds from the offering of the New Bonds to the New Bonds Issuer. It is intended that Premier Foods Investments Limited will exercise its call option to acquire the entire issued share capital of the New Bonds Issuer from the Orphan SPV Shareholder immediately prior to such escrow release.

It is intended that the New Bonds will comprise floating rate notes expected to mature in 2020 and as fixed rate notes expected to mature in 2021. The interest on the floating rate notes will be payable quarterly in arrear and the interest on the fixed rate notes will be payable semi-annually in arrear. The precise terms of the New Bonds will not be finalised until they are priced. The New Bonds will be backstopped so that, if it is not otherwise possible to procure sufficient investment from the relevant high yield bond markets in respect of the issue of the New Bonds, the Backstop Banks will acquire the New Bonds.

The New Bonds will, from the date on which the proceeds of the New Bonds are released from escrow, be guaranteed by the Company and the same subsidiaries of the Company which guarantee the New Revolving Facility under the New Facility Agreement (see section 21.2 of this Part X) for further information on the guarantors as at the date of this document). The New Bonds will, from the date on which the proceeds of the New Bonds are released from escrow, be secured by the same security being provided in respect of the New Revolving Facility. See section 21.2 of this Part X for further information on the security being provided.

The indenture is expected to include redemption provisions allowing the New Bonds Issuer to redeem all or part of the New Bonds at specified prices, including until a specified date a “make whole” premium, based on the duration from the date of redemption to the maturity date of the New Bonds. In the event of certain developments affecting taxation or certain other circumstances, the New Bonds Issuer is expected to have the ability to redeem all (but not a portion) of the outstanding New Bonds

at a redemption price of 100 per cent. of the principal amount, plus accrued and unpaid interest (if any) from the date of the issue of the New Bonds to the date of redemption.

If the conditions to release of the proceeds from the escrow account have not been satisfied on or prior to a specified date, or upon the occurrence of certain other events, the New Bonds will be redeemed at a price equal to 100 per cent. of the aggregate principal amount of the New Bonds, plus accrued and unpaid interest (if any) from the date of the issue of the New Bonds to the date of redemption as well as additional amounts (if any). In such circumstances, it is expected that the New Bonds Issuer will not be brought within the Group and will be liquidated following the redemption of the New Bonds.

Upon the occurrence of certain change of control events, the New Bonds Issuer will be required to offer to repurchase all (or a portion) of the outstanding New Bonds at a purchase price equal to 101 per cent. of the aggregate principal amount of the New Bonds, plus accrued and unpaid interest (if any) from the date of the issue of the New Bonds to the date of the purchase.

The indenture is expected to include certain covenants for the benefit of the holders of the New Bonds which limit the ability of the Group to (among other things) (i) incur indebtedness, (ii) make certain payments, including dividends or other distributions, (iii) create certain liens and other security interests, (iv) engage in certain transactions with affiliates and (v) consolidate, merge or sell a certain proportion of assets, in each case unless certain conditions are met.

The indenture is expected to provide for events of default that will include (among other things) (i) a failure for 30 days to pay when due interest on the New Bonds, (ii) a failure to pay principal on the New Bonds, (iii) a failure to comply within 60 days after written notice with certain provisions of the indenture, (iv) a failure to pay at final maturity principal of, or acceleration of, any indebtedness of the Group in an amount equal to, or greater than, £20 million, (v) certain events of bankruptcy or insolvency of the Company and other members of the Group, (vi) the failure by the Company or the New Bonds Issuer to comply with any of its obligations upon the occurrence of certain events which constitute a change of control event under the indenture and (vii) a failure by the New Bonds Issuer or the guarantors to comply with the restrictions on their respective ability to merge, consolidate or sell certain parts of their assets.

The indenture is expected to provide that, upon the occurrence of an event of default (other than an event of default relating to certain events of bankruptcy or insolvency), the New Bonds Trustee or holders of at least 25 per cent. of the aggregate principal of the then outstanding New Bonds may declare all amounts in respect of the New Bonds to be due and payable immediately. Upon any such declaration, such amount shall become due and payable immediately. The indenture is expected to further provide that, upon the occurrence of any event of default relating to certain events of bankruptcy or insolvency, all outstanding New Bonds shall be due and payable immediately without further action or notice.

It is also expected that the indenture will include (i) provisions relating to the issuance, delivery, transfer and exchange of the New Bonds, (ii) provisions relating to the rights, duties and liabilities of the New Bonds Trustee, (iii) provisions relating to defeasance and discharge of the indenture and the New Bonds and (iv) provisions relating to amendments to and waivers with respect to the terms of the indenture and the New Bonds.

21.4 ***Backstop Agreement***

The Company, the New Bonds Issuer and the banks arranging the issuance of the New Bonds (being Barclays Bank PLC, BNP Paribas, London Branch, Credit Suisse Securities (Europe) Limited, HSBC Bank plc and Lloyds Bank plc, together the “**New Bond Arrangers**”) have entered into a backstop commitment letter (the “**Backstop Agreement**”) governed by the laws of the State of New York in respect of the issuance of the New Bonds. Under the terms of the Backstop Agreement, the New Bond Arrangers have agreed that, if sufficient investors for the New Bonds in the high yield bond market cannot be found on or before 7 March 2014 extendable to 12 March 2014 in the sole discretion of the

New Bond Arrangers, the New Bond Arrangers will agree to subscribe up to the full proposed principal amount of the New Bonds (on a several and not a joint basis), subject to certain conditions and a commission payable to the New Bond Arrangers.

The purchase of the New Bonds by the New Bond Arrangers under the Backstop Agreement is subject to certain customary conditions (including the Company and the New Bond Arrangers agreeing the maximum weighted average yield of the New Bonds at issuance and the indicative credit rating assigned to the New Bonds on or around the date of this Prospectus not being downgraded below a specified level prior to the time at which the New Bonds are priced (which is expected to be by 7 March 2014)) and customary termination rights (including on the occurrence of a material adverse change in the condition of the Group). The purchase of the New Bonds pursuant to the Backstop Agreement will complete prior to Admission.

Under the terms of the Backstop Agreement, the Company and the New Bonds Issuer have given certain customary representations and warranties and indemnities to the New Bond Arrangers.

21.5 *New Intercreditor Agreement*

The Company and certain of its subsidiaries, the lenders under the New Facility Agreement, after the New Bonds Issuer has been brought within the Group, the New Bonds Issuer and the New Bonds Trustee and the Pension Trustees and the counterparties in relation to certain hedging arrangements, among others, have entered into or will enter into a new intercreditor agreement to regulate the relationship between those parties.

The New Intercreditor Agreement provides, among other things, that the liabilities of the Group in respect of the New Revolving Facility, the New Bonds, certain hedging liabilities, certain liabilities due under the Relevant Pension Schemes, certain liabilities under permitted refinancing indebtedness utilised to refinance existing secured indebtedness or otherwise permitted under the relevant finance documents and other debt liabilities of the Group will be regulated as follows:

- secured debt in the form of: (i) the New Facility Agreement, (ii) the New Bonds, (iii) certain permitted hedging arrangements in respect of (a) interest rate hedging and foreign exchange hedging in relation to secured debt and (b) commodities hedging and foreign exchange hedging in the ordinary course of trading, but in relation to commodities hedging and other foreign exchange hedging in the ordinary course of trading only up to a maximum amount of £20 million in aggregate (increasing to £30 million if the JV Transaction does not complete), (iv) the Relevant Pension Schemes (up to a maximum aggregate secured amount of £450 million (such amount to amortise from 1 April 2016 as result of all cash contributions made to the RHM Pension Scheme and cash contributions from disposal proceeds applied to the Premier Foods Pension Scheme and the Premier Grocery Products Pension Scheme, subject to a minimum aggregate secured amount for the Relevant Pension Schemes of £350 million)) and (v) certain permitted refinancing indebtedness utilised to refinance existing secured indebtedness (together being the “**Senior Secured Debt**”); and
- unsecured debt in the form of liabilities of the Group owed to the Relevant Pension Schemes to the extent not covered by the paragraph above, the liabilities of the Group in respect of commodities hedging and foreign exchange hedging in the ordinary course of trading over the threshold detailed above and the liabilities of the Group in respect of any other unsecured debt provided to refinance existing indebtedness as permitted under the terms of the existing finance documents.

The New Intercreditor Agreement regulates enforcement action as between the different finance parties. The creditors of the Senior Secured Debt (other than in respect of the Relevant Pension Schemes) will be entitled to take acceleration action (including making demand under any guarantee) to the extent permitted by the relevant finance documents. However, the finance parties may not enforce security or instruct the security agent to enforce security except with the consent of the required “Instructing Group”. “Instructing Group” is defined in the New Intercreditor Agreement to

mean senior secured creditors (including the finance parties under the New Facility Agreement, the holders of the New Bonds, the providers of any additional secured debt and certain hedge counterparties, but excluding the Pension Trustees) representing 50.1 per cent. in aggregate principal amount of the senior credit participations relating to outstanding Senior Secured Debt of those senior secured creditors. A reference to a senior credit participation in the New Intercreditor Agreement in relation to hedging counterparties (other than a hedging counterparty which provides commodities hedging or foreign exchange hedging in the ordinary course of trading) will be calculated on the basis of the aggregate of the amounts (if any) that would be payable to that hedging counterparty as a result of terminating or closing out each relevant hedging transaction on the date on which the vote is taken as determined by the relevant hedging counterparty acting in good faith and in accordance with the terms of the relevant hedging agreement. If that calculation determines that an amount is to be paid from the relevant hedging counterparty to any member of the Group, then the senior credit participation in relation to that particular hedging transaction will be zero. The senior credit participation of each hedging counterparty providing commodities hedging and foreign exchange hedging in the ordinary course of trading will be calculated on the same basis but subject to a maximum of its allotted proportion of the £20 million maximum amount (increasing to £30 million if the JV Transaction does not complete). Other than in circumstances where the security has become enforceable as a result of an insolvency event, the security trustee is required to: (i) give the Pension Trustees at least five business days' notice prior to appointing any financial adviser in respect of the Group; (ii) (subject to complying with certain conditions) provide the Pension Trustees with a copy of any report provided by that financial adviser and allow them to discuss such report with such financial adviser and allow them to comment on it; and (iii) give the Pension Trustees at least five business days' notice prior to taking any initial enforcement action.

The New Intercreditor Agreement will permit the Senior Secured Debt to be repaid, prepaid, redeemed, defeased or discharged as per the finance documents relating to the Senior Secured Debt (provided that standard provisions on early close-out of hedging will apply) and such amounts are not required to be shared with the other creditors of the Senior Secured Debt, in each case so long as transaction security has not become enforceable following the occurrence of an acceleration event. If the transaction security has become enforceable on the occurrence of an acceleration event, no party to the New Intercreditor Agreement will be entitled to receive any payment (other than certain payment such as consent fees) except in accordance with the application of proceeds provisions in the New Intercreditor Agreement (see below).

The New Intercreditor Agreement also contains provisions in relation to:

- Turnover of proceeds: prior to the discharge date of all Senior Secured Debt, any distributions, payments or proceeds received (by way of set-off or otherwise) by a creditor of the Senior Secured Debt, the provider of any permitted refinancing indebtedness utilised to refinance existing secured indebtedness or otherwise permitted under the relevant finance documents or any member of the Group which are not permitted under the New Intercreditor Agreement or are otherwise received in contravention of the New Intercreditor Agreement must be held on trust for the benefit of the creditors of the Senior Secured Debt and turned over to the security trustee for application as set out below under the application of proceeds provisions in the New Intercreditor Agreement (see below);
- Order of application of enforcement proceeds: any monies received as a result of any enforcement action (including enforcement of the transaction security) or that has been turned over to the security trustee as a result of the turnover or sharing provisions are to be applied (to the extent permitted by applicable law) in the following order:
 - first, *pro rata* and *pari passu*, the costs and expenses of the security trustee, the new facility agent and any additional agent in respect of any permitted refinancing indebtedness utilised to refinance existing secured indebtedness or otherwise permitted under the relevant finance documents;

- second, *pro rata* and *pari passu*, amounts owed to the creditors of the Senior Secured Debt;
 - third, *pro rata* and *pari passu*, all other amounts owed to the liabilities of the Group owed to the Relevant Pension Schemes to the extent not covered by the paragraph above, the liabilities of the Group in respect of commodities hedging and foreign exchange hedging on the ordinary course of trading over the threshold detailed above and the liabilities of the Group in respect of any other unsecured debt provided to refinance existing indebtedness as permitted under the terms of the existing finance documents and having acceded to the Intercreditor Agreement; and
 - fourth, the balance, if any, to the relevant obligor; and
- Release of guarantees and security, including mechanics for the release of security granted by an obligor to the extent it is no longer an obligor and mechanics for the release of security over assets which are the subject of a disposal permitted under the New Facility Agreement and the terms governing the New Bonds.

Subject to certain exceptions in relation to consent rights of the Pension Trustees, the New Intercreditor Agreement does not generally contain any restrictions on amendments to the New Facility Agreement or the indenture in respect of the New Bonds. However, certain fundamental amendments to terms of the finance documents will require the consent of specified majorities, whether under the relevant finance document or in the New Intercreditor Agreement itself.

In terms of the rights of the Pension Trustees, certain amendments and waivers to or in respect of the terms of the New Facility Agreement in relation to (i) guarantor coverage, (ii) provisions on mandatory prepayment of disposal proceeds affecting the Pension Trustees, (iii) increases to permitted joint venture baskets above a certain threshold and (iv) the addition of events of default in relation to additional pensions contributions as a result of actions by the Pensions Regulator require the consent of the Pension Trustees. In addition, any amendments to the Intercreditor Agreement that would adversely affect the ranking, *pro rata* sharing or subordination of the Pension Trustees require their consent.

In addition to the above, any waiver, consent or amendment to the New Intercreditor Agreement must (with certain exceptions) be agreed by the requisite level of consent set out below in the case of each of the lenders under the New Senior Credit Facility Agreement, the holders of the Notes and certain hedging counterparties.

The requisite levels of consent are as follows:

- the consent of the lenders under the New Senior Credit Facility Agreement will require 66⅔ per cent. of lenders to consent to the relevant waiver, consent or amendment (save that all lender consent will be required for consent to be given in respect of any amendment, waiver or consent which relates to the order or priority of application of enforcement proceeds or any of the other matters which would customarily require all bank debt consent in intercreditor agreements);
- the consent of the holders of the Notes will require the Trustee to consent under instruction from the requisite proportion of the holders of the Notes under the terms of the Indenture, provided that if the relevant waiver, consent or amendment would not be prohibited under the Indenture, no consent from holders of the Notes will be required; and
- the agreement of relevant hedging counterparties will only be required in respect of certain key waivers, consents or amendments which would adversely affect their interests (in which case the exposures of the relevant hedging counterparties will be calculated in the same way as set out above in respect of acceleration and enforcement of security and on the basis that such hedging counterparties will be deemed to be lenders under the New Senior Credit Facility Agreement).

Notwithstanding the above, to the extent that an amendment to the New Intercreditor Agreement only affects the rights and obligations of particular parties to the New Intercreditor Agreement and could not reasonably be expected to be adverse to the interests of the other parties, only the affected parties need to agree to the waivers, consents or amendments.

Provisions will be included to allow the Trustee to sign any amendments consented to pursuant to the above paragraphs on behalf of parties to the New Intercreditor Agreement.

21.6 ***Hedging Arrangements***

The Group borrows principally in pounds sterling, in many cases at floating rates of interest, and has sought or will seek to mitigate the effect of movements in interest rates by entering into interest rate swaps that will reduce the Group's level of exposure to floating rates of interest. Amounts owed to the hedge counterparties under the swaps which will be entered into in connection with the New Bonds and the New Revolving Facility will rank *pari passu* with amounts owed to the lenders under the New Facility Agreement, amounts owed to the holders of the New Bonds and will share in the same security package.

21.7 ***Security Arrangements relating to the Senior Secured Debt***

Subject to the below, the Senior Secured Debt will be secured by first ranking fixed charges over certain real estate, fixed charges over certain key brand intellectual property rights, floating charges over all of the assets of certain material subsidiaries of the Company and share security over the shares in certain material subsidiaries of the Company. There will be no fixed security over shares held by any Group company in any permitted joint venture structure. For the avoidance of doubt, the New Bonds will not have any security at the date of issue and will only share in security once the proceeds of the New Bonds have been released from escrow, the Current Facilities have been prepaid in full and the new security documents come into effect.

The key brand intellectual property rights will be, until disposed of, the intellectual property rights in respect of (i) *Mr. Kipling*, (ii) *Ambrosia*, (iii) *Sharwood's*, (iv) *Batchelors*, (v) *Bisto*, (vi) *Oxo*, (vii) *Bird's*, (viii) *Homepride*, (ix) *Angel Delight*, (x) *Brands*, (xi) *Lyons*, (xii) *Be-Ro*, (xiv) *Saxa* and (xv) *McDougall*. There is no security over the licensed brands (being *Loyd Grossman* and *Cadbury*) on account of restrictions in the licence agreements, but the New Facility Agreement will require the chargors to grant security over the relevant licensed brand if the restriction on granting security is discharged.

As of the date of this document, no security will be provided over assets which are proposed to be disposed of to facilitate the JV Transaction, subject to a right to take security over those assets if the disposals to facilitate the permitted joint venture do not take place by 31 May 2014.

21.8 ***Current Receivables Securitisation Agreement***

Premier Foods Group Limited and Premier Foods Collections Limited have entered into a receivables securitisation agreement and related documentation dated 30 March 2012 as most recently amended and restated on 16 December 2013. Under the terms of the Current Receivables Securitisation Agreement, Premier Foods Group Limited has agreed to hold on bare trust for Premier Foods Collections Limited certain receivables owed to Premier Foods Group Limited and others by various trade debtors in relation to retail consumer food and beverage-related products in return for upfront payment contributions funded by the issuance of purchaser discount notes by Premier Foods Collections Limited to certain funding agents. Premier Foods Group Limited must ensure that the aggregate face value of all outstanding receivables held on trust (minus any partial payments) does not exceed a specified funding limit at any time. The specified funding limit is £120,000,000.

The Current Receivables Securitisation Agreement includes covenants common to facilities of this type in relation to Premier Foods Group Limited as the originator and the servicer, Premier Foods Collections Limited as the discount note issuer and the receivables. It also includes termination events enabling Premier Foods Collections Limited (on the instructions of the funding agents to whom

purchaser discount notes are issued by it) to terminate the agreement in certain circumstances. These termination events include, but are not limited to: (i) failure by Premier Foods Group Limited as the originator and the servicer to pay amounts due under the Current Receivables Securitisation Agreement; (ii) failure by Premier Foods Group Limited to comply with certain other material obligations under the documentation relating to the Current Receivables Securitisation Agreement; (iii) cross-default by Premier Foods Group Limited or any other member of the Group into other financial indebtedness (subject to a threshold of £5,000,000 or any higher threshold in the New Facility Agreement); and (iv) certain insolvency events in relation to Premier Foods Group Limited and certain material affiliates.

Disposal agreements

21.9 *Sweet Pickles and Table Sauces Disposal Agreement*

On 30 October 2012, PFGL entered into a conditional agreement to sell its Sweet Pickles and Table Sauces Business (the “**Sweet Pickles and Table Sauces Disposal Agreement**”) to Nakano UK Vinegar Limited. The transaction completed on 2 February 2013. The consideration payable under the Sweet Pickles and Table Sauces Disposal Agreement was £92.5 million, subject to a post-completion inventory adjustment.

The Sweet Pickles and Table Sauces Disposal Agreement is governed by English law and each party gave a number of warranties and undertakings which are customary for a transaction of that nature.

The aggregate liability of PFGL for breaches of the Sweet Pickles and Table Sauces Disposal Agreement shall not exceed £46.25 million (subject to the post-completion inventory adjustment). Nakano UK Vinegar Limited is not entitled to recover any amount in respect of warranty claims unless the aggregate value of claims under the warranties exceeds £1.15 million. Any individual warranty claims of a value of less than £230,000 cannot be recovered. Claims must, generally, be notified to PFGL and commenced within 12 months after 2 February 2013 and within four years of 2 February 2013 for claims under the tax warranties.

PFGL has given non-compete undertakings regarding the Sweet Pickles and Table Sauces Business, in each case for a period of two years following 2 February 2013 and with exceptions allowing the Group to continue to operate its retained businesses in the ordinary course and to participate in certain acquisitions and disposals. These undertakings are customary for a transaction of this nature. As part of the transaction certain transitional arrangements were entered into between PFGL and Nakano UK Vinegar Limited.

The Sweet Pickles and Table Sauces Disposal Agreement includes a co-packaging agreement pursuant to which Nakano UK Vinegar Limited will continue to manufacture certain cooking sauces and other products at the Bury St. Edmunds site on behalf of PFGL for a period of 15 years (*see below*).

21.10 *Co-packaging Agreement*

On 30 October 2012, PFGL entered into an agreement with Nakano UK Vinegar Limited, a UK subsidiary of Mizkan, pursuant to which Nakano agreed to manufacture, package and supply on behalf of PFGL certain products in the *Sharwood's*, *Homepride* and *Loyd Grossman* ranges at the Bury St. Edmunds Site for a 15 year period starting from 2 February 2013 (the “**Co-packaging Agreement**”).

Under the Co-packaging Agreement, certain equipment sold to Nakano as part of the disposal (the “**Co-pack Equipment**”) is to be used exclusively to provide the services and products set out in the Co-packaging Agreement. Nakano agreed to certain restrictions in respect of the Co-pack Equipment and in relation to the manufacture of competing products at the Bury St. Edmunds Site.

The Co-packaging Agreement is governed by English law and each party gave a number of warranties and undertakings which are customary for a transaction of that nature. PFGL also gave specific

warranties in relation to the licence held by PFGL to manufacture and supply *Loyd Grossman*-branded products.

21.11 *Sweet Spreads and Jellies Business Disposal Agreement*

On 22 August 2012, Premier Foods entered into a conditional agreement with The Hain Celestial Group Inc. (“Hain”) to sell its Sweet Spreads and Jellies Business (the “**Sweet Spreads and Jellies Business Disposal Agreement**”) for an aggregate consideration of at least £200 million, on a cash-free and debt-free basis. The consideration was satisfied by a cash payment of £170 million on closing and the issue of shares in Hain (the “**Consideration Shares**”) worth at least £30 million as at closing, subject to various customary adjustments including normalised level of stock. The Consideration Shares have since then been sold for approximately £32 million, bringing the total aggregated proceeds for the disposal to £202 million.

The Sweet Spreads and Jellies Business Disposal Agreement is governed by English law and each party gave a number of warranties and indemnities which are customary for a transaction of that nature.

The aggregate liability of Premier Foods for breaches of the provisions of the Sweet Spreads and Jellies Disposal Agreement and the related tax covenant will not exceed £200 million. Claims in respect of the warranties given in the Sweet Spreads and Jellies Disposal Agreement must be brought within 24 months after the date of completion of the Sweet Spreads and Jellies Disposal Agreement.

Premier Foods has given non-compete undertakings regarding the products of the Sweet Spreads and Jellies Business and non-solicit undertakings regarding the business’ employees, in each case for a period of 36 months following closing and with exceptions allowing the Group to continue to operate its retained businesses in the ordinary course. These undertakings are customary for a transaction of this nature. Completion of the Sweet Spreads and Jellies Disposal Agreement took place on 27 October 2012.

As part of the disposal of the Sweet Spreads and Jellies Business, Premier Foods will provide (or procure the provision of) certain transitional services to the business for a period following closing.

21.12 *Elephant Atta Ethnic Flour Agreement*

PFGL entered into an agreement with ABF Grain Products Limited (trading as Westmill Foods) for the sale of the business of the sale of products under the Elephant Atta, Elephant Chakki Gold and Fassal brands on 5 July 2012 (the “**Ethnic Flour Agreement**”). The transaction signed and closed on 5 July 2012. The cash consideration payable in connection with the disposal was £34 million.

PFGL gave customary warranties in the Ethnic Flour Agreement and its liability under the Ethnic Flour Agreement was capped at the total cash consideration payable by the purchaser. No amounts are recoverable by the purchaser until the aggregate warranty claims exceed £375,000 and only individual claims in excess of £100,000 are able to be made. Claims must generally be notified to PFGL within 19 months of 5 July 2012, and legal proceedings commenced within six months of the service of any such notice.

PFGL agreed to non-compete undertakings for a period of three years from 5 July 2012, and to non-solicitation undertakings for a period of 12 months from 5 July 2012. As part of the disposal certain transitional arrangements were entered into between PFGL and the purchaser.

21.13 *Vinegar and Sour Pickles Agreement*

PFGL entered into an agreement with Nakano UK Vinegar Limited and Nakano UK Holding Limited for the sale of the Vinegar and Sour Pickles Businesses belonging to PFGL on 14 June 2012 (the “**Vinegar and Sour Pickles Agreement**”). The transaction closed on 28 July 2012. The consideration payable under the Vinegar and Sour Pickles Agreement was £41 million, subject to adjustments pursuant to stock counts.

PFGL gave customary warranties in the Vinegar and Sour Pickles Agreement and its warranty liability was capped at half of the purchase price. No amounts are recoverable by the purchaser until the aggregate warranty claims exceed £500,000 and only individual claims in excess of £100,000 are able to be made. Claims must generally be brought within 12 months of the closing of the transaction, or four years for claims relating to tax warranties.

PFGL agreed to non-compete and non-solicit undertakings for a period of two years following the closing of the transaction. As part of the disposal, certain transitional arrangements were entered into between PFGL and the purchaser.

21.14 *Pensions Framework Agreement*

Premier Foods and the Pension Trustees are currently parties to certain combined framework agreements dated 11 February 2007, 15 February 2007, 5 March 2009 and 30 March 2012. Most notably, the Combined Premier Foods Pension Schemes Framework Agreement (the “**Framework Agreement**”) was originally entered into on 5 March 2009 by Premier Foods and the Pension Trustees in respect of the Relevant Pension Schemes. The Framework Agreement was amended by a further pensions agreement dated 30 March 2012 (the “**2012 Pensions Agreement**”).

The intention of the Framework Agreement was to provide greater certainty over future cash flows, and, in particular, those which may arise from any future increases in the funding deficit. Following an amendment pursuant to the 2012 Pensions Agreement, it now records the agreement between Premier Foods and the Pension Trustees in relation to the treatment of funding principles and deficit repayments in respect of “**Future Valuations**” (a phrase used to cover Relevant Pension Scheme valuations: (i) with an effective date of 2010; (ii) with an effective date of 2013 (the “**2013 Valuations**”); and (iii) any other Relevant Pension Scheme valuation with an effective date before 31 March 2016 in respect of the Premier Grocery Products Pension Scheme and 5 April 2016 in the case of the Premier Foods Pension Scheme and the RHM Pension Scheme).

More particularly, the Framework Agreement states, among other things, that:

- (A) the Technical Provisions (that is, the amount required to make provision for each Pension Scheme’s accrued or past service liabilities) to be used in any Future Valuation will be consistent with those set out in the RHM Pension Scheme’s Statement of Funding Principles dated 30 May 2008;
- (B) subject to what is said at (C) below:
 - (i) the Relevant Pension Schemes will use the Schedules of Contributions and Recovery Plans as set out in Appendix 4 to the 2012 Pensions Agreement until such time as they are replaced (the “**New Funding Documents**”);
 - (ii) there will be no increase in the amount of the deficit contributions required to be paid by Premier Foods (or any participating employer) pursuant to the New Funding Documents as a result of any Future Valuation until 1 July 2016 (subject to (iii) and (iv), below);
 - (iii) any increased funding deficit arising from a Future Valuation will, to the extent possible, be recovered at a constant level from 1 July 2016 to 31 March 2025 (or the end of any 12 year recovery period arising from any Future Valuation) except that a “cash sweep” mechanism may be applied on 28 February 2014 (with the amount of any “cash sweep” payments being applied to reduce the amount of funding deficit contributions due under the New Funding Documents); and
 - (iv) if Premier Foods renegotiates the terms of the Current Facilities Agreement with effect from a date prior to July 2016 and then pays a dividend (or makes any other distribution) to ordinary shareholders prior to that date, Premier Foods agrees to pay to the Pension

Schemes an amount equal to the balance of the contributions which have been deferred under the terms of the Framework Agreement;

- (C) the parties agree that the Relevant Pension Schemes will receive no additional or accelerated funding, nor any increased or additional security, in connection with certain prescribed events (except as set out in the Framework Agreement) or in connection with any designated disposal in respect of which Premier Foods has reached agreement with a counterparty before July 2016 provided that the designated disposal satisfies certain requirements set out in the Current Facilities Agreement (the proceeds will be used either to pay off debt in the Group or shall be reinvested in Premier Foods's business or shall be used to maintain liquidity in the Group); and
- (D) the parties agree to cooperate and work in good faith in relation to determining the investment strategies for the Relevant Pension Schemes (although Premier Foods's consent is not required in relation to the investment strategies).

21.15 *New Framework Agreement*

Premier Foods and the Pension Trustees, among others, have entered into a new pensions framework agreement (the "**New Framework Agreement**") in respect of the Relevant Pension Schemes which, upon implementation of the Capital Refinancing Plan, will replace and supersede the existing pensions framework agreements described in section 21.14 of this Part X (*Additional Information*) of this document (including the Framework Agreement and the 2012 Pensions Agreement). The effectiveness of the terms of the New Framework Agreement is conditional upon successful implementation of the Capital Refinancing Plan.

Among other things, the New Framework Agreement records the agreement between Premier Foods and the Pension Trustees in relation to the treatment of funding principles and deficit repayments in respect of "**Future Valuations**" (for these purposes, a phrase used to cover Relevant Pension Scheme valuations: (i) with an effective date of 2013; and (ii) any other Relevant Pension Scheme valuation with an effective date before 31 March 2016 in respect of the Premier Grocery Products Pension Scheme and 5 April 2016 in respect of the Premier Foods Pension Scheme and the RHM Pension Scheme).

More particularly, the New Framework Agreement states, among other things, that:

- (A) subject to what is said at (B) below:
 - (i) the Relevant Pension Schemes will use the Schedules of Contributions as set out in Schedule 1 (contributions schedules) to the New Framework Agreement until such time as they are replaced (the "**New 2014 Funding Documents**");
 - (ii) any new Schedule of Contributions agreed to be put in place prior to 1 January 2020 will not result in Premier Foods (or any participating employer) being required to pay any deficit contributions in excess of those required under the New 2014 Funding Documents before 1 January 2020;
- (B) if Premier Foods or any of the Pension Trustees determine (having obtained professional advice and acted reasonably) that there has been a material deterioration in Premier Foods's covenant then the valuation assumptions to be used in future valuations, any agreement as to future contributions and the recovery plan shall be reviewed and, subject to agreement, revised assumptions and/or a revised recovery plan adopted to reflect any such material deterioration in Premier Foods's covenant;
- (C) the Relevant Pension Schemes will have cross-guarantees in respect of the obligations of the participating employers from each company in the Group which is providing a guarantee to the finance parties under the New Facility Agreement and from any company which accedes to be a guarantor under the New Facility Agreement in the future;

- (D) if Premier Foods makes any return to its shareholders generally (including by way of a payment of a dividend or share buy-back) on or before 31 December 2019 (including any dividend which is declared but not paid before 31 December 2019), the Group will make additional cash contributions to the Relevant Pension Schemes on a pound for pound basis (with allocation between the Relevant Pension Schemes being as set out in the New Framework Agreement), provided that if Premier Foods makes a return to its shareholders (i) in 2016 or (ii) in 2017, the first £10 million paid to shareholders in each of those years will be exempt from the operation of the dividend match described above;
- (E) the Relevant Pension Schemes will receive no additional or accelerated funding, nor any increased or additional security, in connection with certain designated disposals (including principally any disposal by the Group to facilitate the JV Transaction); and
- (F) the parties agree to cooperate in good faith in relation to determining the investment strategies for the Relevant Pension Schemes (although Premier Foods's consent is not required in relation to the investment strategies).

21.16 *Cadbury trade mark licence (and renewal of the Cadbury trade mark licence)*

PFGL (the "**Cadbury Licensee**") and Cadbury UK Limited (the "**Cadbury Licensor**"), a subsidiary of Mondelez International, Inc., entered into the *Cadbury* trade mark licence (the "**Cadbury Licence**") on 29 January 2010. The *Cadbury* Licence was amended on 25 October 2010 and on 19 December 2012 and, subject to its terms, will run for a period to expire not earlier than 30 June 2017.

The *Cadbury* Licence is an exclusive licence which covers specified territories including the United Kingdom and Ireland. It grants the right to use the *Cadbury*, *Cadbury Ellipse*, *Cadbury Mini Rolls* and *Flake* trade marks, as well as other relevant brands, on a variety of ambient cake products. At the time the *Cadbury* Licence was entered into, such products included, among others, *Cadbury Mini Rolls*, *Events*, *Cakes Bars* and *Celebration*. The *Cadbury* Licensee may propose any new products which contain *Cadbury* – approved ingredients and which fall into the categories of ambient cakes (including celebration cakes, muffins, brownies and millionaire's shortbread but excluding *Jaffa Cake* products), flapjacks, ambient hot and cold eating desserts and mini versions thereof be added to the *Cadbury* Licence. The *Cadbury* Licence may be extended to encompass other trade marks owned by members of the *Cadbury* Licensor's group of companies, subject to the product approval process and, where relevant, subject also to approval from the relevant proprietor within the *Cadbury* Licensor's group of companies.

The *Cadbury* Licence contains standard termination provisions including if the *Cadbury* Licensee undergoes a change of control to a chocolate confectionery manufacturer with a market share greater than 3 per cent. of the chocolate confectionery market in the United Kingdom and Ireland.

21.17 *Loyd Grossman trade mark licence*

The *Loyd Grossman* trade mark licence (the "**Loyd Grossman Licence**") was entered into on 11 October 2006 between *Loyd Grossman* and Chivers Hartley Limited (assigned to PFGL in 2009 as part of an internal corporate reorganisation) and has a term of 20 years expiring on 10 October 2026.

The *Loyd Grossman* Licence is an exclusive worldwide licence which covers the UK trade mark *Loyd Grossman* and the trade name *Loyd Grossman*. The products included are sauces, accompaniments and toppings for pasta, rice and noodles, marinades, oils, salad dressings, soups and pizza. The *Loyd Grossman* Licence also covers secondary products such as prepared, dried, canned, cooked and frozen fruit and vegetables, pickles, chutney, relishes, condiments, spices, flavourings, salad cream and mayonnaise, prepared meals and snacks, mashed potato and potato-based products, spreads, honey, marmalade, jams, preserves and preserves, jelly, mincemeat, tea, hot beverages and milk.

The *Loyd Grossman* Licence contains certain termination provisions and is terminable under certain circumstances, including a failure of quality control, any material breach of the licence, a failure to

meet certain sales volume-related hurdles and other circumstances which are customary for a licence of this nature.

21.18 *Swire distribution arrangement in China*

On 12 September 2013, PFGL and Swire Foods Holdings Limited (“**Swire**”) entered into a 10-year fixed term agreement whereby Swire was appointed as an exclusive distributor and commercial partner to PFGL for the importation and distribution of certain products into the People’s Republic of China (the “**Swire Agreement**”). The Swire Agreement initially focuses on *Ambrosia* rice products while anticipating an extension in due course to other Power Brands, namely *Sharwood’s* and *Mr. Kipling*.

The Swire Agreement contains customary provisions including *inter alia* marketing investment, minimum purchase obligations and termination. It is further envisaged that during the course of the agreement the parties will discuss the possible formation of a joint venture agreement between them.

21.19 *Underwriting Agreement*

Pursuant to the Underwriting Agreement, Credit Suisse, Jefferies and HSBC in their capacity as Joint Bookrunners have agreed subject to certain conditions, acting severally and not jointly (or jointly and severally) to use reasonable endeavours (i) to procure subscribers for the Placing Shares at the Placing Price pursuant to the Placing and, failing which, the Placing Agents have agreed severally to subscribe themselves for the Placing Shares at the Placing Price and (ii) to procure subscribers for the New Ordinary Shares to the extent not taken up under the Rights Issue at the Rights Issue Price and, failing which, the Underwriters have agreed severally to subscribe themselves for the New Ordinary Shares at the Rights Issue Price. Under the Underwriting Agreement, the Company has also appointed Credit Suisse and Jefferies as its Joint Sponsors and its London Stock Exchange representatives in connection with its applications for Placing Admission and Admission.

In consideration of their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement not having been terminated, the Company has agreed to pay to the Underwriters aggregate commissions of (a) 2.50 per cent. of the gross proceeds from the Placing and (b) 2.50 per cent. of the gross proceeds from the Rights Issue, in each case except in respect of shares which Warburg Pincus commit to take up on the date of Announcement and subsequently take up. The Company may also, in its absolute discretion, pay an incentive fee equal to up to 0.35 per cent. of the gross proceeds from the Placing and Rights Issue. The Company will also pay (whether or not the obligations of the Joint Sponsors and the Underwriters under the Underwriting Agreement become unconditional or are terminated) the costs and expenses of, or in connection with, the Placing and the Rights Issue.

The Company has given certain customary representations and warranties to the Underwriters, the Joint Sponsors and the Co-Manager as to the accuracy of the information contained in this document and other relevant documents, and in relation to other matters relating to the Group and its business. In addition, the Company has given customary indemnities to the Joint Sponsors, the Underwriters and the Co-Manager and certain persons connected with each of them. The Company has also undertaken (subject to certain exemptions) not to offer, issue or grant any rights over any Ordinary Shares or related securities for a period ending 180 calendar days from the last day for acceptance in the Rights Issue.

The obligations of the Underwriters and the Joint Sponsors under the Underwriting Agreement are subject to certain conditions, including (a) the passing (without material amendment) of the Capital Refinancing Resolution and (b) Placing Admission and Admission occurring by not later than 8.00 a.m. on 24 March 2014 (or such later time and date as the Company, the Joint Sponsors and the Joint Bookrunners may agree). If any of the conditions are not satisfied (or waived by the Joint Bookrunners) or shall have become incapable of being satisfied by the required time and date therefor, being no later than Admission, the Underwriting Agreement will be capable of termination. The Underwriting Agreement is not capable of termination after Admission. Certain of the Joint

Bookrunners' rights under the Underwriting Agreement may be exercised by Credit Suisse, Jefferies and HSBC (or a majority of them).

21.20 *JV Agreements*

On 27 January 2014, the Company entered into a conditional agreement to sell 51 per cent. of the assets comprising the Bread Business to Gores, pursuant to the JV Transaction. The JV Transaction will be effected, and the Joint Venture will be established, by way of: (i) the transfer of the Bread Business to Hovis Limited, at that stage a wholly-owned subsidiary of Premier Foods, pursuant to and on the terms of the Hive-Down Agreement (the "**Hive-Down**"); and (ii) the subscription by Gores for shares in Hovis Holdings representing 51 per cent. of Hovis Holdings' total issued share capital (the "**Investment**").

The Bread Business will be transferred to Hovis Limited in consideration for: (i) an issue of shares in Hovis Holdings (such that Premier Foods will, post-Completion, own 49 per cent. of Hovis Holdings' total issued share capital); and (ii) £15,000,000 (the "**Cash Consideration**"), subject to a post-Completion adjustment relating to the amount of stock and certain items of working capital in Hovis Limited at Completion.

At Completion, Gores will subscribe for 51 per cent. of the shares in Hovis Holdings for £15 million (and a further £15 million payable to Premier Foods if certain conditions are met) and invest a further £16.4 million in the form of loan notes, part of which will be used by Hovis Limited to pay the Cash Consideration to Premier Foods. Premier Foods will immediately reinvest this amount, together with £680,000 of existing cash resources, in the JV through a loan note (ranking *pari passu* with Gores's loan note).

The JV Transaction is subject to and conditional upon: (i) the passing of the Resolutions by Shareholders at the General Meeting; (ii) Premier Foods obtaining certain consents and/or waivers from the lenders under the Group's finance facilities; (iii) Premier Foods obtaining certain consents and/or waivers from the trustees of each of the Pension Schemes; and (iv) obtaining competition approval from the European Commission. Conditions (ii) and (iii) will be satisfied upon completion of the Capital Refinancing Plan. The Investment is conditional upon, and will complete one trading day following, completion of the Hive-Down. The Hive-Down Agreement and the Subscription Agreement will terminate if the relevant conditions are not satisfied on or before 30 June 2014.

Premier Foods has agreed to pay Gores' reasonable out-of-pocket costs if the JV Transaction does not complete due to a failure to satisfy the conditions (except that, where the JV Transaction does not complete due to a failure to satisfy the Competition Condition, Premier Foods will only be liable for Gores' costs if it is responsible for such failure). The costs indemnity is capped at the lower of Gores' costs and 1 per cent. of Premier Foods's market capitalisation at the time of signing the JV Transaction.

The Company, Hovis Holdings and Gores will enter into a shareholders' agreement (the "**SHA**") on Completion. Hovis Holdings' board will comprise six directors: two appointed by Premier Foods, two appointed by Gores, the CEO and an independent chairman appointed by Gores (subject to consultation with Premier Foods). The Gores directors will have weighted voting rights, in the event that a consensus decision cannot be reached, thereby giving Gores control of the board.

No transfer of shares in Hovis Holdings is permitted under the SHA prior to the third anniversary of Completion without the prior written consent of the other shareholder (other than intra-group transfers, which are permitted). After the third anniversary of Completion, Gores will only be able to sell its stake by first offering Premier Foods the possibility of buying it at a price to be agreed by the parties (or, in the absence of such agreement, to a third party) (the "**ROFO**") or by giving Premier Foods the option of being bought out by the relevant third party at the same price per share offered to Gores (the "**Tag**"), except that the Tag (and, between the third and fifth anniversary of Completion, the ROFO) will not apply where Gores exercises or reasonably expects to exercise the Drag.

In addition (and, after the fifth anniversary of Completion, subject to the ROFO), after the third anniversary of Completion, if Gores agrees to sell its stake to a third party, where that third party wants to purchase all of the shares in Hovis Holdings, Gores will have a right to compel Premier Foods to sell its stake to that third party at the same price and terms as Gores, but subject to a floor price of the value of Premier Foods's investment plus a margin of 8 per cent. per year (compounded) (the “**Drag**”). The Drag will not be subject to the floor price requirement after the fifth anniversary of Completion. The Drag is uncapped (which will require shareholder approval under the Listing Rules).

Further details of the Joint Venture and JV Agreements are set out in Part III (*Principal terms of the Joint Venture*) of the Circular.

21.21 **Relationship Agreement**

The Group entered into a relationship agreement with WP X Investments I Ltd on 5 March 2009, providing Warburg Pincus with the right to appoint a director to the Board and also governing the retention of its shareholding in the Company and the purchase of further shares (the “**Relationship Agreement**”). Under the Relationship Agreement, Charles Miller Smith was appointed to the Board on 16 June 2009. The Relationship Agreement also provides that, in the event of a change of control of Warburg Pincus or if the shareholding of Warburg Pincus falls below 239,802,158 shares, the Company may give notice to terminate the appointment of Charles Miller Smith. As set out in section 9 of Part 1 of this document, the Company and Warburg Pincus agreed that the terms of the Relationship Agreement will cease to have effect on the date herewith and will automatically terminate upon completion of the Capital Refinancing Plan (but will not in the event that the Capital Refinancing Plan does not complete).

22. **Dividends**

No dividends have been paid by Premier Foods since July 2008 (while the Group rebuilds its balance sheet). Further, the Current Facilities Agreement does not permit Premier Foods, and the New Facility Agreement and the New Bonds will impose certain restrictions on Premier Foods's ability, to make dividend payments. Under the indenture for the New Bonds, the Company will, from the date on which the proceeds of the New Bonds are released from escrow, be restricted in its ability to make dividend payments and certain other restricted payments. Under the New Facility Agreement, a dividend would be permitted once the leverage ratio of the Group is equal to or less than 3.0:1, provided that no default has occurred and is continuing under the New Facility Agreement or would result from the payment of the dividend and the payment of a dividend would be permitted under the New Bonds.

The Board understands the importance of optimising value for Shareholders and believes that implementation of the Capital Refinancing Plan will provide a platform for reinstating the payment of dividends in the future, which the Board will do when it becomes appropriate and permissible to do so.

Pursuant to the terms of the New Framework Agreement, if Premier Foods makes any return to its shareholders generally (including by way of a payment of a dividend or share buy-back) on or before 31 December 2019 (including for this purpose any dividend which is declared but not paid before 31 December 2019), the Group will be required to make additional cash contributions to the Relevant Pension Schemes on a £1 for £1 basis (with allocation between the Relevant Pension Schemes being as set out in the New Framework Agreement), provided that, if Premier Foods makes a return to its shareholders (i) in 2016 or (ii) in 2017, the first £10 million paid to shareholders in each of those years will be exempt from the operation of the dividend match described above.

23. **Working capital**

In the opinion of the Company, taking into account the net proceeds of the Capital Refinancing Plan, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months following the date of this document.

24. Significant change

There has been no significant change in the trading or financial position of the Group since 31 December 2013 (the date to which the FY 2013 results were prepared).

25. Sources of information

The sources and bases for statements relating to certain industry, market and economic data in this document are as follows:

The market, economic and industry data has primarily been derived and extrapolated from reports provided by Kantar Worldpanel, a provider of syndicated consumer panels that monitor the grocery retailer take home habits of 30,000 demographically representative British households and IRI, a market research company providing the Infoscane—a syndicated retail tracking service based on data collected from the Great Britain grocery trade. These third-party sources generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As Premier does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources, Premier is unable to verify such information and cannot guarantee its accuracy or completeness.

Premier Foods confirms that the information sourced from external publications has been accurately reproduced and, so far as Premier Foods is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

26. Announcement of results of the Placing and the Rights Issue

Premier Foods will make an appropriate announcement to a Regulatory Information Service giving details of the results of the Placing and the Rights Issue.

27. General

- 27.1 Each of Jefferies, Shore Capital and Ondra Partners is authorised by the FCA, and each of Credit Suisse, HSBC, BNP Paribas, Barclays and Investec is authorised by the PRA. Each of Jefferies, Shore Capital and Ondra Partners is regulated by the FCA, and each of Credit Suisse, HSBC, BNP Paribas, Barclays and Investec are regulated by the FCA and the PRA.
- 27.2 Credit Suisse is registered in England and Wales (registered number 00891554) and has its registered office at One Cabot Square, London E14 4QJ. Jefferies is registered in England and Wales (registered number 01978621) and has its registered office at Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. HSBC is registered in England and Wales (registered number 00014259) and has its registered office at 8 Canada Square, London E14 5HQ. Ondra Partners is registered in England and Wales (registered number OC340822) and has its registered office at 125 Old Broad Street, London EC2N 1AR. BNP Paribas is registered in France (registered number 662042449) and has its registered office at 16 Boulevard des Italiens, 75009 Paris, France. Barclays is registered in England and Wales (registered number 01026167) and has its registered office at 1 Churchill Place, London E14 5HP. Investec is registered in England and Wales (registered number 00489604) and has its registered office at 2 Gresham Street, London EC2V 7QP. Shore Capital is registered in England and Wales (registered number 01850105) and has its registered office at Bond Street House, 14 Clifford Street, London W1S 4JU.
- 27.3 Lloyds Bank Plc, HSBC, Barclays and BNP Paribas (or their respective affiliates) are lenders to the Group under the Current Facilities Agreement. Barclays, BNP Paribas, HSBC, Lloyds Bank Plc, Banco de Sabadell SA, London Branch, Credit Suisse AG, London Branch and Jefferies Finance LLC (or their respective affiliates) will be lenders to the Group (among others) under the New Facility Agreement, are Underwriters in respect of the Placing and the Rights Issue and are Joint Bookrunners and Backstop Banks in respect of the New Bonds. Other than the foregoing, there is no interest, including any conflict interest, that is material to the issuer/offer.

- 27.4 Each of Credit Suisse and Jefferies has given and not withdrawn its written consent to the issue of this document with the inclusion in this document of its name and references thereto in the forms and contexts in which they appear.
- 27.5 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this document of its report on the pro forma financial information of the Group (as reproduced in Part VII (*Unaudited Pro Forma Financial Information for the Group*) of this document) in the form and context in which it is included and has authorised the contents of that report solely for the purposes of section 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the US Securities Act. As the Ordinary Shares have not been, and will not be, registered under the US Securities Act, PricewaterhouseCoopers LLP has not filed a consent under section 7 of the US Securities Act.
- 27.6 The auditor of the Company for each of FY 2013, FY 2012 and FY 2011 was PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH, United Kingdom, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 27.7 The Registrar of the Company and Receiving Agent in respect of the Placing and the Rights Issue is Equiniti of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.
- 27.8 The total costs, charges and expenses (exclusive of VAT) of the Placing and the Rights Issue are estimated to amount to approximately £9.1 million. The net proceeds of the Placing and the Rights Issue are expected to amount to approximately £344 million.
- 27.9 The Placing Shares and the New Ordinary Shares are not being marketed or made available to the public in whole or in part other than in connection with the Placing and the Rights Issue.

28. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) at the registered office of the Company at Premier Foods House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE, and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY, up to and including the date of Admission:

- (A) the Articles of Association (as defined);
- (B) the Financial Statements;
- (C) the report prepared by PricewaterhouseCoopers LLP on the unaudited pro forma financial information set out in Part VII (*Unaudited Pro Forma Financial Information for the Group*) of this document;
- (D) the consents referred to in sections 27.4 and 27.5 of this Part X;
- (E) the Circular; and
- (F) this document.

PART XI

INFORMATION INCORPORATED BY REFERENCE

The table below sets out the various sections of documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Qualifying Shareholders and others are aware of all information which, according to the particular nature of the Company and of the Placing Shares and the New Ordinary Shares, is necessary to enable Qualifying Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company, and of the rights attaching to the Placing Shares and the New Ordinary Shares. These documents are also available on the Company's website at www.premierfoods.co.uk.

<i>Information incorporated by reference into this document</i>	<i>Page numbers in such document</i>	<i>Location of incorporation in this document</i>	<i>Page number(s) in this document</i>
The following sections from the 2013 Financial Statements:			
Independent auditor's report for FY 2013	3	Part VI (<i>Historical Financial Information</i>)	153
Consolidated income statement for FY 2013	9	Part VI (<i>Historical Financial Information</i>)	153
Consolidated statement of comprehensive income for FY 2013	10	Part VI (<i>Historical Financial Information</i>)	153
Consolidated cash flow statement for FY 2013	13	Part VI (<i>Historical Financial Information</i>)	153
Consolidated balance sheet for FY 2013	11	Part VI (<i>Historical Financial Information</i>)	153
Notes to the Financial Statements for FY 2013	15-72	Part VI (<i>Historical Financial Information</i>)	153
The following sections from the 2012 Financial Statements:			
Audited remuneration information for FY 2012	64	Part VI (<i>Historical Financial Information</i>)	153
Independent auditor's report for FY 2012	70	Part VI (<i>Historical Financial Information</i>)	153
Consolidated income statement for FY 2012	72	Part VI (<i>Historical Financial Information</i>)	153
Consolidated statement of comprehensive income for FY 2012	72	Part VI (<i>Historical Financial Information</i>)	153
Consolidated cash flow statement for FY 2012	74	Part VI (<i>Historical Financial Information</i>)	153
Consolidated balance sheet for FY 2012	73	Part VI (<i>Historical Financial Information</i>)	153
Notes to Financial Statements for FY 2012	75	Part VI (<i>Historical Financial Information</i>)	153

<i>Information incorporated by reference into this document</i>	<i>Page numbers in such document</i>	<i>Location of incorporation in this document</i>	<i>Page number(s) in this document</i>
The following sections from the 2011 Financial Statements:			
Audited remuneration information for FY 2011	80	Part VI (<i>Historical Financial Information</i>)	153
Independent auditor's report for FY 2011	84	Part VI (<i>Historical Financial Information</i>)	153
Consolidated income statement for FY 2011	86	Part VI (<i>Historical Financial Information</i>)	153
Consolidated statement of comprehensive income for FY 2011	87	Part VI (<i>Historical Financial Information</i>)	153
Consolidated cash flow statement for FY 2011	89	Part VI (<i>Historical Financial Information</i>)	153
Consolidated balance sheet for FY 2011	88	Part VI (<i>Historical Financial Information</i>)	153
Notes to Financial Statements for FY 2011	85	Part VI (<i>Historical Financial Information</i>)	153
The following sections from the Circular:			
Risk Factors	Part II (page 30) of the Circular	Introduction (<i>Risk Factors</i>)	25
Principal Terms of the JV Transaction	Part III (page 33) of the Circular	Introduction (<i>Risk Factors</i>)	25
Notice of General Meeting	Appendix (page 58) of the Circular	Part IV (<i>Overview of Business Performance and Operating and Financial Review</i>)	92
Letter from the Chairman of Premier Foods plc	Part I (page 10) of the Circular	Part X (<i>Additional Information</i>)	175

The documents incorporated by reference in this document have been incorporated in compliance with Prospectus Rule 2.4.1. Information that is itself incorporated by reference or referred or cross-referred to in the documents referred to above is not incorporated by reference into this document. Except as set forth above, no other portion of the documents referred to above is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

APPENDIX I

US Purchaser's Letter

Premier Foods plc
Premier Foods House
Centrium Business Park
Griffiths Way, St Albans
Hertfordshire AL1 2RE

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
E14 4BB

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

HSBC Bank plc
8 Canada Square
London E14 5HQ

Investec Bank plc
2 Gresham Street
London EC2V 7QP

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London W1S 4JU

cc:

[You must fax or email a copy of this letter to the financial intermediary through which your existing ordinary shares are held. Accordingly please insert here name, address and contact details of the relevant financial intermediary.]

_____ 2014

Ladies and Gentlemen

In connection with our proposed exercise of any subscription rights with respect to the new ordinary shares (the “**New Shares**”) of Premier Foods plc (“**Premier Foods**”), which are being offered by way of a rights issue by Premier Foods (the “**Rights Issue**”), we represent, warrant, agree and confirm that:

1. To the extent we are an existing shareholder of Premier Foods, we are the beneficial holder of and/or exercise full investment discretion with respect to our ordinary shares of Premier Foods, as applicable.

2. We are an institution which (a) invests in or purchases securities similar to the New Shares in the normal course of business, (b) has such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of our investments in the New Shares, and (c) we, and any accounts for which we are acting, understanding that we must bear and are able to bear the economic risk, and sustain a complete loss, of such investment in the New Shares for an indefinite period of time. We agree that we will not look to any of the Underwriters or any of their affiliates for all or part of any loss we may suffer.
3. We are a “qualified institutional buyer” (a “**QIB**”) as defined in Rule 144A (“**Rule 144A**”) under the US Securities Act of 1933, as amended (the “**Securities Act**”). Further, if we are acquiring the New Shares as a fiduciary or agent for one or more investor accounts, (a) each such account is a QIB, (b) we have investment discretion with respect to each account and (c) we have full power and authority to make the representations, warranties, agreements and acknowledgements herein on behalf of each such account.
4. We acknowledge and agree that our purchase will be made pursuant to this letter and the terms and conditions of the Rights Issue, which is governed by English law as described in Premier Foods’s prospectus dated 4 March 2014 (including the documents incorporated by reference therein (the “**Prospectus**”)).
5. We are aware and understand that an investment in New Shares involves a considerable degree of risk and no U.S. federal or state or non-U.S. agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of any such investment.
6. We will base our investment decision solely on a copy of the Prospectus. We acknowledge that neither Premier Foods nor any of its affiliates nor any other person (including Barclays Bank PLC, BNP Paribas, Credit Suisse Securities (Europe) Limited, HSBC Bank plc, Investec Bank plc and Jefferies International Limited (together, the “**Underwriters**”) and any of their respective affiliates) has made any representations, express or implied, to us with respect to Premier Foods, the Rights Issue, the New Shares or the accuracy, completeness or adequacy of any financial or other information concerning Premier Foods, the Rights Issue or the New Shares, other than (in the case of Premier Foods and its affiliates only) the information contained or incorporated by reference in the Prospectus. We acknowledge and agree that we will not hold the Underwriters or any of their affiliates or any person acting on their behalf responsible or liable for any misstatements in or omissions from any publicly available information relating to Premier Foods. We acknowledge that we have not relied on any investigation that the Underwriters or any person acting on their behalf may or may not have conducted, nor any information contained in any research reports prepared by the Underwriters or any of their respective affiliates, and we have relied solely on our own judgment, examination and due diligence of Premier Foods, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Underwriters or any of their affiliates. We understand that the Prospectus has been prepared in accordance with UK format, style and content, which differ from US format, style and content. In particular, but without limitation, the Prospectus may not be responsive to the disclosure requirements of the Securities Act and the financial information relating to Premier Foods contained in the Prospectus has been prepared in accordance with International Financial Reporting Standards, and thus may not be comparable to financial statements of US companies prepared in accordance with US generally accepted accounting principles.
7. We understand and acknowledge that each of the Underwriters is acting as an underwriter in respect of the New Shares and is assisting Premier Foods in identifying prospective subscribers or purchasers and providing other assistance to Premier Foods in respect of the New Shares, but is acting solely for Premier Foods and no-one else and, in particular, neither the Underwriters nor any of their affiliates are providing us with any service, recommendation or advice regarding the suitability of any transactions we may enter into to subscribe or buy any New Shares or providing advice to us in relation to the Rights Issue or New Shares or Premier Foods. To the extent we deem necessary, we will make our own independent investigation and appraisal of, and satisfy ourselves concerning, the

business, results, financial condition, prospects, creditworthiness, status and affairs of Premier Foods and we will make our own investment decision to acquire the New Shares. We understand that there may be certain consequences under US and other laws, including applicable tax laws, resulting from an investment in the New Shares, and we will make such investigation and consult such tax, legal and/or other advisors with respect thereto as we deem appropriate.

8. We agree that we will not distribute, forward, transfer or otherwise transmit the Prospectus, or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any person (other than a QIB on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than a QIB on behalf of which we act). We acknowledge that we have read and agreed to the matters set forth under “Notice to Overseas Shareholders” in the Prospectus.
9. Any New Shares we acquire will be for our own account (or for the account of a QIB as to which we exercise sole investment discretion and have authority to make the statements contained in this letter) for investment purposes, and not with a view to distribution within the meaning of the US securities laws, subject to the understanding that the disposition of our property shall at all times be and remain within our control.
10. We, and each other QIB, if any, for whose account we are acquiring New Shares has been advised, understands and has acknowledged that the nil paid rights (the “**Nil Paid Rights**”) and the fully paid rights (the “**Fully Paid Rights**”) and the New Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Nil Paid Rights, the Fully Paid Rights and the New Shares are not being and will not be registered under the Securities Act, in reliance on an exemption under Section 4(a)(2) of the Securities Act, or with any state or other jurisdiction of the United States. We acknowledge and agree that our purchase of the New Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act. We understand and agree that, although offers and sales of the New Shares are being made in the United States to QIBs, they are not being made under Rule 144A, and that the New Shares are not eligible for resale pursuant to Rule 144A. We, and each other QIB, if any, for whose account we are acquiring New Shares has been advised, understands and has acknowledged that no representation has been made as to the availability of the exemption provided by Rule 144 or any other exemption under the Securities Act or any applicable securities laws of any state or other jurisdiction of the United States for the reoffer, resale, pledge or transfer of the New Shares.
11. We understand that the New Shares will be “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and we agree that for so long as such New Shares are “restricted securities” (as so defined), they may not be deposited into any unrestricted depository facility established or maintained by any depository bank.
12. As long as the New Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we will not reoffer, resell, pledge or otherwise transfer the Nil Paid Rights, the Fully Paid Rights and the New Shares, except (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act (which, for the avoidance of doubt, includes a sale over the London Stock Exchange) or (b) in another transaction pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States.
13. We are not acquiring New Shares as a result of any “general solicitation” or “general advertising” (as those terms are defined in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television or as a result of any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
14. We understand that, to the extent the New Shares are delivered in certificated form, the certificate delivered in respect of the New Shares will bear a legend substantially to the following effect for so long as the securities are “restricted securities” within the meaning of Rule 144(a)(3) under the

Securities Act:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) IN A TRANSACTION PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

We will notify any person to whom we subsequently reoffer, resell, pledge or otherwise transfer the Nil Paid Rights, the Fully Paid Rights and the New Shares of the foregoing restrictions on transfer.

15. We understand and acknowledge that Premier Foods shall not have any obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that Premier Foods may make notation on its records or give instructions to any transfer agent of the New Shares in order to implement such restrictions.
16. We acknowledge that our acquisition of the New Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this letter. We understand that the foregoing representations, warranties, agreements and acknowledgements are required in connection with US and other securities laws and that Premier Foods, its affiliates, the Underwriters and their respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements and acknowledgements contained herein. We agree that if any of the representations, warranties, agreements and acknowledgements made herein are no longer accurate, we shall promptly notify Premier Foods and the Underwriters. All representations, warranties, agreements and acknowledgements we have made in this letter shall survive the execution and delivery hereof.
17. We confirm that, to the extent we are purchasing the New Shares for the account of one or more other persons, (a) we have been duly authorized to sign this letter and make the confirmations, acknowledgements and agreements set forth herein on their behalf and (b) the provisions of this letter constitute legal, valid and binding obligations of us and any other person for whose account we are acting.
18. We irrevocably authorize Premier Foods, its affiliates, the Underwriters and their respective affiliates and any person acting on their behalf to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings, dispute or official inquiry with respect to the matters covered hereby.
19. The terms and provisions of this letter shall inure to the benefit of Premier Foods and the Underwriters and their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees.
20. We hereby represent and warrant that all necessary actions have been taken to authorize the purchase by us of the New Shares and the execution of this letter.

21. We understand that if we receive any of the New Shares and have failed to return an executed copy of this letter to the Underwriters, we will be deemed to have made for the benefit of the Underwriters, their respective affiliates and others, all of the foregoing representations, warranties, agreements and acknowledgments.
22. This is not a confirmation of sale of or subscription for the New Shares or the terms thereof.
23. This letter shall be governed by, and construed in accordance with, the laws of the State of New York.
24. We and any person acting on our behalf have all necessary consents and authorities to enable us to enter into the transactions contemplated hereby and to perform our obligations in relation thereto.

Yours truly,

[Signature of authorized signatory]

ON BEHALF OF [Institution]

By: [Name of authorized signatory]
[Title of authorized signatory]
[Institution]
[Address]

[Nominee information, if applicable:

Name:

Address:

Phone number:]

GLOSSARY

“Ambient Cakes”	ambient cakes product category, as such term is used by the Group;
“Ambient Desserts”	ambient desserts product category, as such term is used by the Group;
“‘Big Four’ supermarkets”	Tesco, Asda, Sainsbury’s and Morrisons;
“Bread division”	the Group’s division dealing in wrapped bread and morning goods principally under the <i>Hovis</i> brand and also the production of a wide range of bulk flours and branded and non-branded bagged flours;
“consumer”	end consumer of the Group’s products;
“continuing operations”	the Group’s continuing operations for accounting purposes (excluding, for the avoidance of doubt, any assets or items which have been identified as discontinued operations);
“Cooking Sauces & Accompaniments”	cooking sauces and accompaniments product category, as such term is used by the Group;
“customer”	major multiple retailers, including the ‘Big Four’ supermarkets, Waitrose, The Co-operative Group, discounters (including Iceland and Poundland), wholesalers, smaller convenience stores, professional kitchens, food producers and other UK and international retailers;
“discontinued operations”	the Group’s discontinued operations for accounting purposes (including, for the avoidance of doubt, the Bread Business for FY 2013 and FY 2012 (restated));
“discounters”	supermarket retailers which offer food and grocery products at discounted prices, including Iceland and Poundland;
“divisional contribution”	the gross profit of a division after marketing and distribution costs, which is a consistent measure within the Group and reflects the divisions’ underlying trading performance for the period;
“Easy Eating”	easy eating product category, as such term is used by the Group;
“Flavourings & Seasonings”	flavourings and seasonings product category, as such term is used by the Group;
“FMCG”	fast-moving consumer goods, being retail goods that are generally replaced or fully used up by consumers within a period of less than one year;
“Grocery division”	the Group’s division dealing in ambient products, including cooking sauces and accompaniments, stocks, gravies, easy eating, home baking, cake and ambient desserts;
“KPI”	a key performance indicator, being a means by which the Group can assess whether strategic, financial or operational targets are being met;
“major multiple retailers”	a large supermarket retailer, including Tesco, Sainsburys, Morrisons, Asda, Waitrose;

“non-branded”	a product either manufactured by the Group on behalf of a retailer that carries such retailer’s brand or logo or sold to a food producer or manufacturer for use by that producer or manufacturer;
“Power Brands”	The Group’s business is focused on seven power brands, which the Group considers to be the brands with the highest growth potential. The seven power brands of the Group are: <i>Ambrosia</i> , <i>Batchelors</i> , <i>Bisto</i> , <i>Loyd Grossman</i> , <i>Mr. Kipling</i> , <i>OXO</i> and <i>Sharwood’s</i> ;
“SG&A”	selling, general and administrative;
“Support Brands”	all brands of the Group other than the Power Brands including <i>Angel Delight</i> , <i>Atora</i> , <i>Be-Ro</i> , <i>Bird’s</i> , <i>Homepride</i> , <i>Lyons</i> , <i>Marvel</i> , <i>McDougalls</i> , <i>Paxo</i> , <i>Saxa</i> and <i>Smash</i> ; and
“underlying revenue”	revenue derived from the underlying business, which refers to the relevant financial measures excluding all disposals announced in 2011, 2012 and 2013, discrete contract withdrawals (including a high cost to serve Bread division contract and other discrete contracts) and Milling revenue.

DEFINITIONS

The definitions set out below apply throughout this document, unless the context requires otherwise.

“2011 Annual Report”	the audited and consolidated annual report and financial statements (including the relevant accounting policies and notes) of the Company and the audit report thereon for the year ended 31 December 2011;
“2012 Annual Report”	the audited and consolidated annual report and financial statements (including the relevant accounting policies and notes) of the Company and the audit report thereon for the year ended 31 December 2012;
“2012 Pensions Agreement”	has the meaning given in section 21.14 of Part X (<i>Additional Information</i>) of this document;
“Admission”	admission of the New Ordinary Shares (nil paid or fully paid, as the case may be) to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
“Articles of Association”	the articles of association of the Company in force at the date of this document;
“Audit Committee”	the Company’s audit committee, further details of which are set out in section 8(A) of Part X (<i>Additional Information</i>) of this document;
“Backstop Banks”	Barclays, BNP Paribas, Credit Suisse, HSBC and Lloyds Bank plc;
“Barclays”	Barclays Bank PLC of 1 Churchill Place, London E14 5HP;
“BNP Paribas”	BNP Paribas of 16 Boulevard des Italiens, 75009 Paris, France;
“Board”	the board of directors of the Company from time to time;
“Bread Business”	the business undertaken by the Group in relation to the manufacture and supply of products in: (i) the wrapped bread and morning goods categories; and (ii) the bulk and bag flour, wheat flake and other baking mixes categories, but excluding the Charnwood Foods Business and the Retained Flour Business, as more particularly described in the HDA;
“Business Day”	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
“CAGR”	compound annual growth rate;
“Canned Grocery Operations”	the business of manufacturing certain canned grocery products, including <i>Crosse & Blackwell</i> , <i>Farrows</i> , <i>Fray Bentos</i> and <i>Smedley’s</i> ;
“Capital Refinancing Plan”	has the meaning given to it in section 2.2 of Part I (<i>Information on the Placing and the Rights Issue and Joint Venture</i>) of this document;
“Capital Refinancing Resolution”	the special resolution in respect of, among other things, the Placing and the Rights Issue to be proposed at the General Meeting, as set out in the Notice;

“Cazenove”	Cazenove Capital Management Limited, a subsidiary of Schroders;
“CEO Co-Investment Award”	has the meaning given in section 12.1 of Part X (<i>Additional Information</i>) of this document;
“certificated” or “in certificated form”	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
“Charnwood Foods Business”	the business which is undertaken by the Group in relation to the manufacture and supply of pizza base products;
“Chivers 1987 Pension Scheme”	the occupational pension scheme known as the Chivers 1987 Pension Scheme which, as at the date of this document, is governed by a trust deed dated 8 June 1987, and rules adopted thereunder, in each case as subsequently amended;
“Chivers 1987 Supplementary Pension Scheme”	the occupational pension scheme known as the Chivers 1987 Supplementary Pension Scheme which as at the date of this document is governed by a trust deed dated 8 June 1987 and rules adopted thereunder, in each case as subsequently amended;
“Circular”	the circular to Shareholders dated 4 March 2014 in connection with the Joint Venture, the Placing and the Rights Issue, including the Notice;
“City Code”	the UK City Code on Takeovers and Mergers;
“Closing Price”	the closing, middle market quotation of an Existing Ordinary Share, as published in the Daily Official List;
“Co-Lead Managers”	Barclays and Investec;
“Co-Manager”	Shore Capital;
“Companies Act 2006”	the Companies Act of England and Wales 2006, as amended;
“Companies Acts”	every statute (including any orders, regulations or other subordinate legislation passed under it) from time to time in force concerning companies in so far as each such state (including any orders, regulations or other subordinate legislation passed under it) applies to the Company;
“Completion”	the completion of the JV Transaction as a whole;
“Co-packaging Agreement”	has the meaning given to it in section 21.10 of Part X (<i>Additional Information</i>) of this document;
“Co-pack Equipment”	has the meaning given to it in section 21.10 of Part X (<i>Additional Information</i>) of this document;
“Credit Suisse”	Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary

	of Terms promulgated by Euroclear UK on 15 July 1996, as amended);
“CREST member”	a person who has been admitted by Euroclear UK as a system member (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“CREST Shareholders”	Shareholders holding Ordinary Shares in uncertificated form;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Current Facilities”	the Current Term Facilities and the Current Revolving Facility;
“Current Facilities Agreement”	the facilities agreement entered into among the Company, certain of its subsidiaries as borrowers and guarantors and certain financial institutions relating to the Current Facilities, further details of which are set out in section 21.1 of Part X (<i>Additional Information</i>) of this document;
“Current Receivables Securitisation Agreement”	the receivables securitisation agreement entered into among Premier Foods Group Limited, Premier Foods Collections Limited and certain financial institutions, further details of which are set out in section 21.8 of Part X (<i>Additional Information</i>) of this document;
“Current Revolving Facility”	the multicurrency revolving credit facility available under the Current Facilities Agreement (being £500 million in aggregate as at 30 March 2012) which is available in part by way of ancillary facilities, including by way of letters of credit, up to a maximum aggregate amount of £125 million;
“Current Term Facilities”	each of the term facilities available under the Current Facilities Agreement (being £921 million in aggregate as at 30 March 2012);
“Daily Official List”	the daily official list of the London Stock Exchange;
“Directors”	the directors of the Company as at the date of this document, and “ Director ” means any one of them;
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“Drag”	has the meaning given in section 21.20 of Part X (<i>Additional Information</i>) of this document;
“DSBP”	has the meaning given in section 12.3 of Part X (<i>Additional Information</i>) of this document;
“EBITDA”	earnings before interest, taxes, depreciation and amortisation;
“EEA”	the European Economic Area first established by the agreement signed at Oporto on 2 May 1992;
“EEA State”	a state which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, as it has effect for the time being;
“Elephant Atta Ethnic Flour Business”	the business of distribution, sale, marketing and promotion of flour under the <i>Elephant Atta</i> , <i>Chakki Gold</i> and <i>Fassal</i> brands;

“Equiniti”	Equiniti Limited or, in certain circumstances, Equiniti Financial Services Limited, an affiliate of Equiniti Limited, both of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
“ESOS”	has the meaning given in section 12.7 of Part X (<i>Additional Information</i>) of this document;
“Ethnic Flour Agreement”	has the meaning given in section 21.12 of Part X (<i>Additional Information</i>) of this document;
“EU” or “European Union”	the European Union first established by the treaty made at Maastricht on 7 February 1992;
“EURIBOR”	the Euro Interbank Offered Rate;
“euro” or “€”	the single currency of the member states of the European Union that adopt or have adopted the euro as their lawful currency under the legislation of the European Union or European Monetary Union;
“Euroclear UK”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excluded Shareholders”	subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Excluded Territory;
“Excluded Territories”	Australia, Canada, Japan, New Zealand, the United States and any other jurisdiction where the extension or availability of the Placing and/or the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation;
“Executive Directors”	the executive directors of the Company as at the date of this document and “ Executive Director ” means any one of them;
“Existing Holding”	a Qualifying Shareholder’s holding of Ordinary Shares on the Record Date;
“Existing Ordinary Shares”	in relation to a particular date, the Ordinary Shares existing as at that date;
“Ex-Rights Date”	the date on which Ordinary Shares are marked “ex-rights”, which is expected to occur at 8.00 a.m. on 24 March 2014;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the United Kingdom;
“Financial Statements”	for FY 2011 (restated) and FY 2012, the audited and consolidated annual report and financial statements (including relevant accounting policies and notes) of the Group and audit report thereon and, for FY 2013, the audited and consolidated financial statements, and “ 2011 Financial Statements ”, “ 2012 Financial Statements ” and “ 2013 Financial Statements ” are to be construed accordingly;
“Form of Proxy”	the hard copy form of proxy for use at the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Fully Paid Rights”	rights to acquire New Ordinary Shares, fully paid;
“FY”	in relation to a particular year, a financial year ending that year (such that “ FY 2013 ” means the financial year of the Group ending 31 December 2013 and analogous expressions shall be construed accordingly);

“General Meeting”	the general meeting of the Company to be convened pursuant to the Notice in order to (among other things) approve the Placing and the Rights Issue;
“Gores”	Bakers Holdings (Luxembourg) S.à.r.L., an indirect wholly owned subsidiary of The Gores Group LLC;
“Group”	the Company together with its subsidiaries and subsidiary undertakings as at the date of this document;
“Group Personal Pension Plan”	the Premier Foods DC Group Personal Pension provided by Legal & General;
“Hive-Down”	the transfer of the Bread Business to Hovis Holdings, pursuant to and on the terms of the HDA;
“Hive-Down Agreement” or “HDA”	the hive-down agreement entered into on 27 January 2014 between Premier Foods and Hovis Holdings, further details of which are set out in Part III (<i>Principal Terms of the Joint Venture</i>) of the Circular;
“HMRC”	HM Revenue and Customs;
“Hovis Holdings”	Hovis Holdings Limited, a company incorporated in England and Wales with registered number 8846818;
“Hovis Limited”	a wholly owned subsidiary of Hovis Holdings Limited, incorporated in England and Wales with registered number 8846838;
“HSBC”	HSBC Bank plc of 8 Canada Square, London E14 5HQ;
“IFRS”	International Financial Reporting Standards, as adopted by the European Union;
“Independent Non-Executive Directors”	non-executive directors that, in accordance with the recommendations of the UK Corporate Governance Code, are independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement and “Independent Non-Executive Director” means any of them;
“International Accounting Standards”	the accounting standards issued by the Board of the International Accounting Standards Committee;
“Investec”	Investec Bank plc of 2 Gresham Street, London EC2V 7QP;
“Investment”	the subscription by Gores for shares in Hovis Holdings representing 51 per cent. of Hovis Holdings’ total issued share capital, pursuant to and on the terms of the SSA;
“Investment Shares”	has the meaning given in section 12.2 of Part X (<i>Additional Information</i>) of this document;
“Irish Brands”	the business of marketing, distributing and/or selling in certain territories of products under the brands, including <i>Chivers</i> , <i>Gateaux</i> , <i>McDonnells</i> and <i>Erin</i> ;
“Irish Pension Schemes”	Chivers 1987 Pension Scheme, Chivers 1987 Supplementary Pension Scheme, Premier Grocery Products Ireland Pension Scheme, Premier Foods Ireland Pension Scheme (1994);

“Irish Revenue”	the Office of the Revenue Commissioners of the Republic of Ireland;
“Irish Sharesave Plan”	has the meaning given in section 12.5 of Part X (<i>Additional Information</i>) of this document;
“Jefferies”	Jefferies International Limited of Vintners Place, 68 Upper Thames Street, London EC4V 3BJ;
“Joint Bookrunners”	Credit Suisse, Jefferies, HSBC and BNP Paribas;
“Joint Sponsors”	Credit Suisse and Jefferies;
“Joint Venture”	the joint venture between Premier Foods and Gores with respect to the Bread Business established pursuant to the JV Transaction and pursuant to and on the terms of the JV Agreements;
“JV Agreements”	the HDA, SSA and SHA, and any other ancillary documents related to the Joint Venture;
“JV Resolution”	the ordinary resolution in respect of the Joint Venture to be proposed at the General Meeting, as set out in the Notice;
“JV Transaction”	the transaction pursuant to which it is intended that the Bread Business will be managed as a joint venture between Premier Foods and Gores, to be effected pursuant to the Hive-Down and the Investment and the terms of the JV Agreements summarised in Part III (<i>Principal terms of the Joint Venture</i>) of the Circular, to be approved by Shareholders at the General Meeting;
“LIBOR”	the London Interbank Offered Rate;
“Listing Rules”	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“London Stock Exchange”	London Stock Exchange Group plc or its successor(s);
“LTIP”	has the meaning given in section 12.2 of Part X (<i>Additional Information</i>) of this document;
“Meat-Free Business”	the business of manufacturing meat-free products, including the <i>Quorn</i> and <i>Cauldron</i> brands;
“Member State”	a member state of the EEA;
“Milling”	the milling business of Premier Foods, a constituent part of the Bread Business;
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007 No. 2157), as amended;
“MTM”	Many-to-Many, as defined in the CREST Regulations;
“New Bonds”	the high yield bonds due 2020/2021 that may be issued by the New Bonds Issuer on or before Placing Admission and Admission, further details of which are set out in section 21.3 of Part X (<i>Additional Information</i>) of this document;
“New Bonds Escrow Agent”	HSBC Corporate Trustee Company (UK) Limited, the escrow agent under the New Bonds Escrow Agreement;

“New Bonds Escrow Agreement”	the escrow agreement to be entered into by the New Bonds Issuer, the New Bonds Trustee and the New Bonds Escrow Agent in connection with the issue of the New Bonds, further details of which are set out in section 21.3 of Part X (<i>Additional Information</i>) of this document;
“New Bonds Issuer”	Premier Foods Finance plc, the proposed issuer of the New Bonds;
“New Bonds Trustee”	HSBC Corporate Trustee Company (UK) Limited, the trustee of the New Bonds;
“New Facility Agreement”	the facility agreement entered into among the Company, certain of its subsidiaries as borrowers and guarantors and certain financial institutions relating to the New Revolving Facility, further details of which are set out in section 21.2 of Part X (<i>Additional Information</i>) of this document;
“New Framework Agreement”	the pensions framework agreement entered into by, among others, the Company and the Pension Trustees in relation to the modified funding arrangements and associated matters in respect of the Relevant Pension Schemes, further details of which are set out in section 21.15 of Part X (<i>Additional Information</i>) of this document;
“New Intercreditor Agreement”	the intercreditor agreement entered into between, among others, the Company and certain of its subsidiaries, the lenders under the New Facility Agreement, the New Bonds Trustee, the Pension Trustees and the counterparties in relation to certain hedging arrangements;
“New Ordinary Shares”	the Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
“New Revolving Facility”	the £300 multicurrency revolving credit facility available under the New Facility Agreement, which is available in part by way of ancillary facilities, including by way of letters of credit, up to a maximum amount of £80 million and which may be increased by up to £50 million by means of an accordion facility;
“Nil Paid Rights”	rights to subscribe for New Ordinary Shares, nil paid;
“Nomination Committee”	the Company’s nomination committee, further details of which are set out in section 8(C) of Part X (<i>Additional Information</i>) of this document;
“Non-branded Chilled Business”	the business of manufacturing chilled convenience products (including ready meals, pizzas and pies) and of ambient and chilled bakery and dessert products;
“Non-Executive Directors”	the non-executive directors of the Company at the date of this document and “Non-Executive Director” means any one of them;
“Notice”	the notice convening the General Meeting;
“Official List”	the official list of the UK Listing Authority;
“Old DBP”	has the meaning given in section 12.8 of Part X (<i>Additional Information</i>) of this document;
“Ondra Partners”	Ondra LLP of 125 Old Broad Street, London EC2N 1AR;

“Ordinary Shares”	the ordinary shares of 10 pence each in the share capital of the Company;
“Orphan SPV Shareholder”	has the meaning given in section 21.3 of Part X (<i>Additional Information</i>) of this document;
“Overseas Shareholders”	Shareholders with registered addresses outside the United Kingdom or who are incorporated in, registered in or otherwise resident or located in, countries outside the United Kingdom;
“Paulson”	Paulson & Co. Inc;
“PCAOB Standards”	standards of the Public Company Accounting Oversight Board;
“PD Amending Directive”	directive 2010/73/EU of the European Parliament and of the Council;
“Pension Schemes”	the Relevant Pension Schemes and (i) the Premier Foods Grocery Products Ireland Pension Scheme; (ii) the Chivers 1987 Pension Scheme; (iii) the Chivers 1987 Supplementary Pension Scheme; and (iv) the Premier Foods Ireland Pension Scheme (1994);
“Pension Trustees”	each of the trustees of the Relevant Pension Schemes, being Premier Foods Pension Schemes Trustees Limited, Premier Grocery Products Pension Scheme Trustees Limited and RHM Pension Trust Limited, respectively;
“Placees”	the persons with whom Placing Shares are placed;
“Placing”	the placing of Placing Shares as described in this document;
“Placing Admission”	admission of the Placing Shares to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
“Placing Agents”	has the meaning given in section 21.19 of Part X (<i>Additional Information</i>) of this document;
“Placing Price”	130 pence per Placing Share;
“Placing Shares”	the Ordinary Shares to be issued by the Company pursuant to the Placing;
“pound sterling” or “£” or “pence”	the lawful currency of the United Kingdom;
“Power Brands”	the Group’s business is focused on seven power brands, which the Group considers to be the brands with the highest growth potential. The seven power brands of the Group are: <i>Ambrosia</i> , <i>Batchelors</i> , <i>Bisto</i> , <i>Hovis</i> , <i>Loyd Grossman</i> , <i>Mr. Kipling</i> , <i>OXO</i> and <i>Sharwood’s</i> ;
“PRA”	the Prudential Regulation Authority of the United Kingdom;
“Premier Foods” or “the Company”	Premier Foods plc, a company incorporated in England and Wales with registered number 05160050, whose registered office is at Premier Foods House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE;
“Premier Foods Pension Scheme”	the occupational pension scheme known as the Premier Foods Pension Scheme which as at the date of this document is governed by a trust deed dated 16 October 2012 and rules adopted thereunder, in each case as subsequently amended;

“Premier Foods Grocery Products Ireland Pension Scheme”	the occupational pension scheme known as the Premier Foods Grocery Products Ireland Pension Scheme which as at the date of this document is governed by a trust deed dated 20 March 2003 and rules adopted thereunder, in each case as subsequently amended;
“Premier Grocery Products Pension Scheme”	the occupational pension scheme known as the Premier Grocery Products Pension Scheme which as at the date of this document is governed by a definitive trust deed dated 6 September 1999, as subsequently amended;
“Premier Foods Ireland Pension Scheme (1994)”	the occupational pension scheme known as the Premier Foods Ireland Pension Scheme (1994) which as at the date of this document is governed by a trust deed dated 15 January 1975 and rules adopted thereunder, in each case as subsequently amended;
“Prospectus”	this document;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of the European Union on the prospectus to be published when securities are to be offered to the public or admitted to trading, as amended (including pursuant to the PD Amending Directive);
“Prospectus Rules”	the prospectus rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“Provisional Allotment Letter”	a provisional allotment letter to be issued in connection with the Rights Issue;
“QIB”	a “qualified institutional buyer” within the meaning of Rule 144A;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date;
“Receiving Agent”	Equiniti;
“Record Date”	20 March 2014, following conditional allotment of the Placing Shares (unless altered by Premier Foods in consultation with the Joint Sponsors and notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders and Placees);
“Reference Date”	28 February 2014, the last practicable date prior to the date of this document;
“Registrar”	Equiniti;
“Regulation S”	Regulation S under the US Securities Act;
“Regulatory Information Service”	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA;
“Relationship Agreement”	the relationship agreement entered into between the Company and Warburg Pincus dated 5 March 2009, the terms of which are set out in section 21.21 of Part X (<i>Additional Information</i>);

“Relevant Pension Schemes”	the Premier Foods Pension Scheme, the Premier Grocery Products Pension Scheme and the RHM Pension Scheme;
“Remuneration Committee”	the Company’s remuneration committee, further details of which are set out in section 8(B) of Part X (<i>Additional Information</i>) of this document;
“Resolutions”	the JV Resolution and Capital Refinancing Resolution to be proposed at the General Meeting, as set out in the Notice;
“Retained Flour Business”	the business undertaken by the Group in relation to the manufacture and supply of: (i) products in the flour (including bread flour), bread mixes and other bread-making ingredients categories in pack sizes no greater than four kilograms; and (ii) products in the flour, bread mixes, bread-making ingredients and baking mixes categories for distribution to foodservice or catering customers;
“RHM”	RHM plc;
“RHM Pension Scheme”	the pension scheme governed by a trust deed and rules dated 30 June 2011 and effective from 29 July 2011 (as amended from time to time);
“Rights Issue”	the offer by way of rights to Qualifying Shareholders and Placees to subscribe for New Ordinary Shares, on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter;
“RSP”	has the meaning given in section 12.6 of Part X (<i>Additional Information</i>) of this document;
“Rights Issue Price”	50 pence per New Ordinary Share;
“Rule 144A”	Rule 144A under the US Securities Act;
“Schroders”	Schroders plc;
“SDRT”	stamp duty reserve tax;
“SEC”	the United States Securities and Exchange Commission;
“Senior Managers” or “Senior Management”	the senior managers of the Company as set out in section 4 of Part X (<i>Additional Information</i>) of this document;
“Senior Secured Debt”	has the meaning given in section 21.5 of Part X (<i>Additional Information</i>) of this document;
“Shareholder(s)”	the holder(s) of Ordinary Shares from time to time;
“Shareholders’ Agreement” or “SHA”	the shareholders’ agreement to be entered between Premier Foods, Hovis Holdings and Gores on Completion, further details of which are set out in Part III (<i>Principal Terms of the Joint Venture</i>) of the Circular;
“Shareholder Helpline”	the telephone helpline for Shareholders, details of which are set out on page 52 of this document;
“Share Plans”	the CEO Co-Investment Award, the LTIP, the DSBP, the Sharesave Plan, the Irish Sharesave Plan, the RSP, the ESOS and the Old DBP, further details of which are set out in section 12 of Part X (<i>Additional Information</i>) of this document;

“Sharesave Plan”	has the meaning given in section 12.4 of Part X (<i>Additional Information</i>) of this document;
“Share Subscription Agreement” or “SSA”	the share subscription agreement entered into on 27 January 2014 between Premier Foods, Hovis Holdings and the JV Investor, further details of which are set out in Part III (<i>Principal Terms of the Joint Venture</i>) of the Circular;
“Shore Capital”	Shore Capital Stockbrokers Limited of Bond Street House, 14 Clifford Street, London W1S 4JU;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“subsidiary”	a subsidiary as that term is defined in section 1159 of the Companies Act 2006;
“subsidiary undertaking”	a subsidiary undertaking as that term is defined in section 1162 of the Companies Act 2006;
“Support Brands”	all brands of the Group other than the Power Brands including <i>Angel Delight, Atora, Be-Ro, Bird’s, Homepride, Lyons, Marvel, McDougalls, Paxo, Saxa and Smash</i> ;
“Standard Life”	Standard Life Investments Ltd;
“Sweet Pickles and Table Sauces Business”	the business of manufacturing sweet pickles and table sauces, including the <i>Branston, Rothwells</i> and <i>Waistline</i> brands;
“Sweet Pickles and Table Sauces Disposal Agreement”	has the meaning given in section 21.9 of Part X (<i>Additional Information</i>) of this document;
“Sweet Spreads and Jellies Business”	the business of manufacturing sweet spreads and jellies, including the <i>Hartley’s, Robertsons, Frank Cooper, Keiller, Gales</i> and <i>Sun-Pat</i> brands;
“Sweet Spreads and Jellies Business Disposal Agreement”	has the meaning given in section 21.11 of Part X (<i>Additional Information</i>) of this document;
“Swire”	Swire Foods Holdings Limited;
“Swire Agreement”	has the meaning given in section 21.18 of Part X (<i>Additional Information</i>) of this document;
“Trust”	the Premier Foods plc Employee Benefit Trust established by a deed between Premier Foods plc and Abacus Corporate Trustee Limited (the original trustee of the Trust) on 26 May 2005;
“Trustee”	RBC Trustee Limited in its capacity as the current trustee of the Trust;
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA;
“uncertificated” or “in uncertificated form”	refers to a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Underwriters”	Credit Suisse, Jefferies, HSBC, BNP Paribas, Barclays and Investec;

“Underwriting Agreement”	the conditional underwriting agreement dated 4 March 2014 between the Company, the Joint Sponsors and the Underwriters in relation to the Placing and the Rights Issue, further details of which are set out in section 20.19 of Part X (<i>Additional Information</i>) of this document;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US\$” or “US dollar”	the lawful currency of the United States;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“US GAAP”	US Generally Accepted Accounting Principles;
“US GAAS”	US Generally Accepted Auditing Standards;
“US Securities Act”	the United States Securities Act of 1933, as amended;
“VAT”	value added tax;
“Vinegar and Sour Pickles Agreement”	has the meaning given in section 21.13 of Part X (<i>Additional Information</i>) of this document;
“Vinegar and Sour Pickles Business”	the business of manufacturing vinegar and sour pickles, including the <i>Haywards</i> , <i>Sarson’s</i> , <i>Rowat’s</i> and <i>Dufrais</i> brands; and
“Warburg Pincus”	WP X Investments I Limited, an affiliate of Warburg Pincus LLC.

All references to time in this document are references to the time in London, United Kingdom.