Premier Foods

Results for the year ended 31 December 2008

Placing and Open Offer and Firm Placing

Thursday, 5 March 2009

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David Kappler
Chairman

Today's Agenda

• Capital Structure Summary	David Kappler
• Commercial Introduction	Robert Schofield
• 2008 Financials	Paul Thomas
• Capital Structure Detail	Paul Thomas
• 2008 Performance	Robert Schofield

Note: 2007 comparatives are included on a reported basis only, due to legal restrictions associated with the proposed equity issue

Capital Structure Summary

- We have a business that is trading well
- We have a business model that is proving resilient to recession
- We have a capital structure that does not work in the new financial environment
- We considered addressing the problem with disposals
- Today we are announcing an equity issue to solve the problem
- Necessary to do so now as liquidity concerns become pressing from April 2009

What Does the Solution Look Like?

- Significant covenant headroom
- Significant liquidity headroom
- Extended facility maturity reduces refinancing risk
- Long term agreement on pension deficit funding

The Proposed Solution

- Equity issue to raise gross proceeds of £404m
  - Net proceeds of £379m after fees relating to the equity issue

- Agreement with lending banks
  - Significant liquidity and covenant headroom
  - Extended maturity to reduce refinancing risk

- Agreement in principle with pension schemes on future contributions
  - Contributions agreed in principle through to 2014

- Bank and Pensions agreements conditional on equity issue

Capital structure issues resolved

Robert Schofield
Chief Executive

Trading Highlights - 2008

- Sales[1]
  - Total operations - £2,777m
  - Significant momentum building in H2 – Sales up 10.2% to £1,487m
- Trading profit[1,2]
  - Total operations - £320m
  - Synergies delivering to bottom line – H2 Trading profit up 11.1% to £199m
- Adjusted eps[1,2] for total operations 16.4p up 5.8%

1 Includes operations discontinued in 2008, namely Le Pain Croustillant, Sofrapain SAS and Martine Spécialités SAS
2 See appendix for definitions of Trading profit and Adjusted eps

2008 Commercial Priorities

2008 Priorities	Performance
• Recover cost inflation through pricing + cost savings	£261m out of £270m of cost inflation recovered
• Deliver synergies	£53m of synergies delivered, run rate at end of 2008 £89m
• Regain momentum for Hovis	2.4% increase in market share since relaunch
• Implement SAP key modules	Orders to cash successfully implemented in Grocery
• Factory rationalisation	All 9 factories shut, ahead of original schedule

Commercial priorities delivered

Stress Testing the Business Model

- **Our strategy is based on two pillars:**
  - Scale in the UK
  - A strong branded portfolio

- **2008 has tested the model severely in terms of:**
  - Our ability to achieve justifiable price increases
  - The consumer allegiance to our brands especially in a tough economic market
  - Using our scale to achieve a lean competitive cost structure

2008 has proven the resilience of our business model

Paul Thomas
Finance Director

2008 Financial Performance

Financial Highlights

£m	2008	2007	YoY %
Sales – total operations[1]	**2,776.6**	2,247.6	23.5%
Sales – continuing operations	**2,603.6**	2,125.2	22.5%
Trading profit[2] – total operations[1]	**320.2**	280.2	14.3%
Trading profit[2] – continuing operations	**310.2**	271.9	14.1%
Adjusted profit before tax[2] – total operations[1]	**193.8**	170.8	13.5%
Adjusted profit before tax[2] – continuing operations	**183.6**	162.5	13.0%
Adjusted eps[2] – total operations[1]	**16.4p**	15.5p	5.8%
Adjusted eps[2] – continuing operations	**15.5p**	14.7p	5.4%
Dividend per share	**-**	6.5p	-

1 Includes the results of Le Pain Croustillant, Sofrapain SAS and Martine Spécialités SAS
2 See appendix for definitions of Trading profit, Adjusted profit before tax and Adjusted eps

Accounting Impact of 2008 Non-cash Items

	£m
• **Interest rate swaps**	219
– IAS 39 charge from mark to market of interest rate swaps	
– Reflects the benefit that would have arisen if interest had been payable at floating rates over the life of the swaps	
– Caused by unprecedented fall in long term interest rate expectations	
• **Goodwill impairment**	194
– Relates only to the Hovis division – No other business impacted	
– Caused by an increase in the discount rate applied	
– Expectations for market WACC have increased from 8.4% to 11.1%	
– No impairment would have been recognised if WACC had remained at 8.4%	
• **Impairment on discontinued operations**	69
– Reflects the write down of the book value of the assets to the net proceeds of the businesses sold following the year end	

Interest and Other Financial Charges

£m	2008	2007
Net cash interest payable	**119.0**	105.2
Amortisation of debt issuance costs	**7.6**	4.2
Net regular interest charge	**126.6**	109.4
Unwind of onerous lease discount	**0.9**	0.8
Exceptional amortisation of debt issuance costs	**17.0**	-
Accelerated amortisation of debt issuance costs	**-**	8.4
Total net interest payable	**144.5**	118.6

- Increase in regular interest cost due to full year of ownership of RHM
- Average 3 month LIBOR in 2008 of 5.5%
- Premier's average interest rate in 2008 of 6.3% - reflects benefit of swaps in 2008

Restructuring and Other Exceptional Items

£m	2008	2007
UK Integration	66.9	100.5
Ireland Integration	6.0	21.5
Hovis restructuring	21.1	9.6
Other SG&A rationalisation	6.7	12.2
Meat free chilled operations	3.5	15.3
Property disposals	(2.1)	(0.4)
Restructuring and other exceptional items	**102.1**	**158.7**

- Manufacturing rationalisation programme accelerated, 9 factories closed
- Successful implementation of SAP ‘orders to cash’ module
- 2009 spend £25m

Majority of integration spend now completed

Recurring Cash Flow

£m	2008	2007
Cash flow from operations	**371.0**	**349.4**
Interest	(105.4)	(98.0)
Taxation	0.1	8.7
Pension deficit contributions	(41.0)	(49.6)
Regular capital expenditure	(82.2)	(93.6)
Cash flow pre working capital	**142.5**	**116.9**
Working capital	(37.5)	196.4
Cash flow pre non-recurring items	**105.0**	**313.3**

- Cash interest paid in the year lower than the P&L charge due to rolling of interest payment from November to 2009
- Working capital outflow due to commodity cost inflation and H2 sales growth
- Inflow on working capital in 2008 due to timing of RHM acquisition

Non-Recurring Cash Flow

£m	2008	2007
Cash flow pre non-recurring items	**105.0**	**313.3**
Exceptional expenditure	(121.8)	(105.5)
Integration capital expenditure	(78.8)	(31.0)
Disposal proceeds	26.4	48.9
Operating cash flow	**(69.2)**	**225.7**
Dividends	(54.7)	(61.1)
Other	(24.4)	(1,141.7)
Movement in net borrowings	**(148.3)**	**(977.1)**

- Other comprises translation difference on Euro loan and financing fees incurred in the year, partly offset by cash flow of discontinued operations

Transformation expenditure largely complete

Capital Structure Detail

Placing and Open Offer and Firm Placing

- Placing and open offer and firm placing
  - Structure allows existing shareholders to participate in open offer on pre-emptive basis
  - Also provides flexibility to raise necessary proceeds

- Raising £379m (net of expenses related to the equity financing)

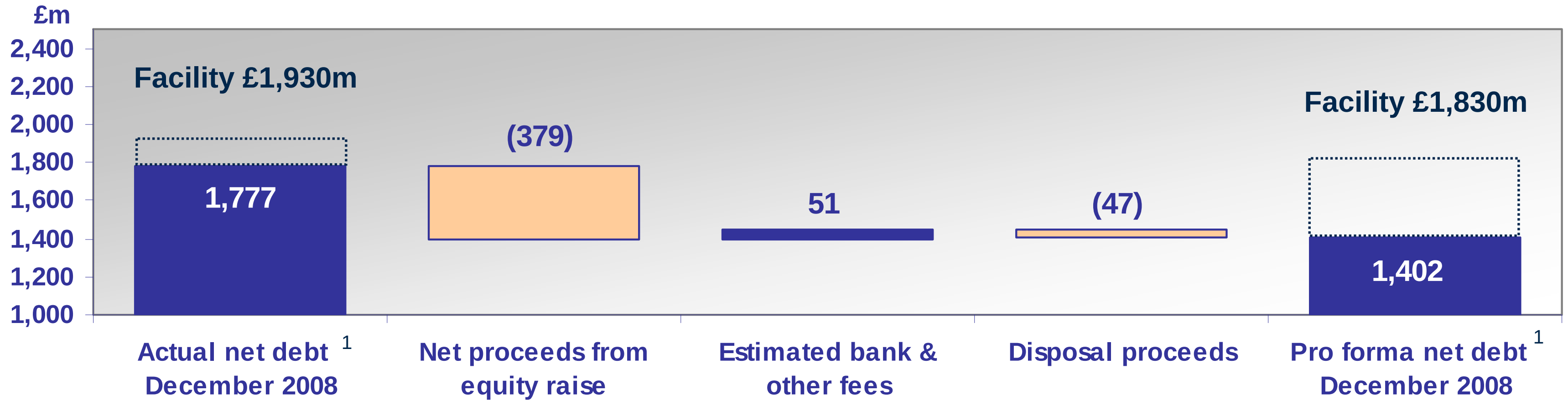
- Total of 1,553m shares to be issued, equal to 65% of total pro forma shares outstanding
  - Placing and open offer of 1,056m shares (5 for 4)
  - Firm placing of 498m shares
  - Total pro forma shares outstanding after issue 2,398m

- Issue price of 26.0 pence per share
  - 8.8% discount to closing price on 4 March 2009

- Warburg Pincus
  - Subscribed for firm placed shares equivalent to 10% of total pro forma shares outstanding
  - Further 10% subject to clawback
  - Subject to lock-up and standstill, entitlement to one board seat

Net £379m raised

Pro Forma Net Debt



- April 2009 facilities of £1,830m after £100m amortisation
  - Term loan £1,330m
  - Revolving credit facility £500m
- Pro forma net debt at 31 Dec 2008 of £1,402m
- Net debt in June and December reflects low point in working capital cycle
- £228m[2] increase in liquidity headroom

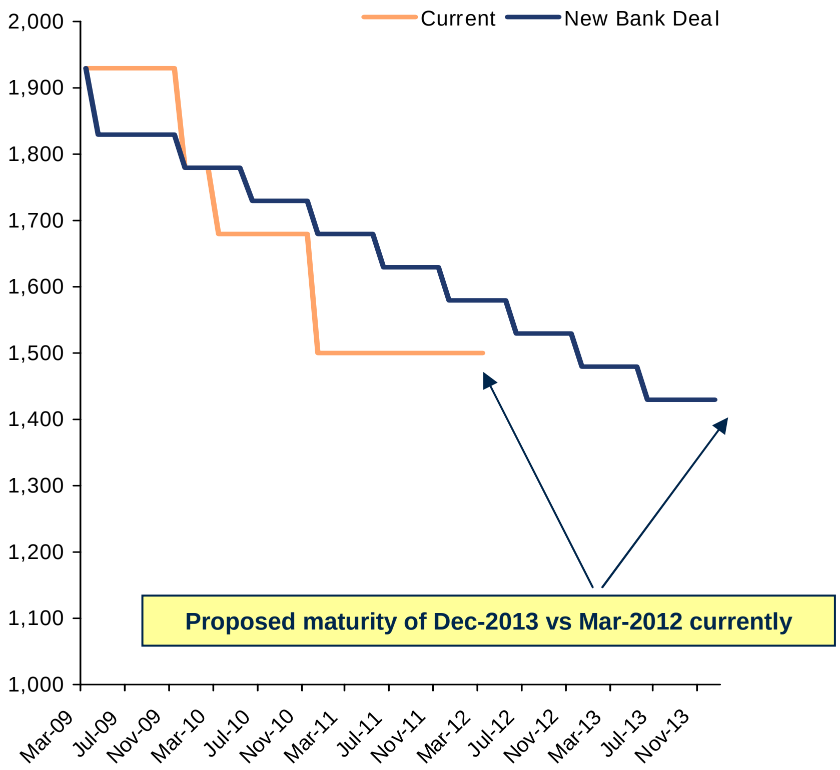
1 Excludes capitalised debt issuance costs

2 Assumes £379m of net proceeds less £51m of estimated bank and other fees less £100m of amortisation in April 2009

Significant liquidity headroom

Amortisation Profile

Amortisation Profile (Facility Size, £m)



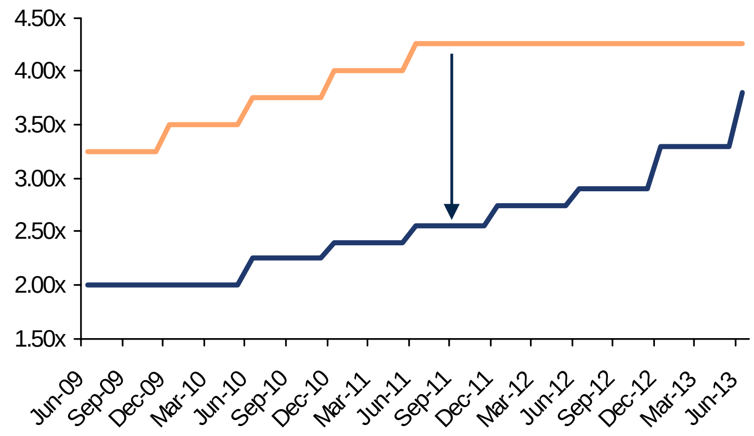
- New amortisation schedule
  - £100m in April 2009
  - £50m in Dec 2009 and each 6 months thereafter
- Liquidity headroom
  - Smoother amortisation profile more closely matches cash generation
  - Increased liquidity headroom maintained through life of facilities
- Maturity extended to December 2013
  - Reduced leverage at refinancing
  - Reducing refinancing risk

Increased liquidity headroom maintained

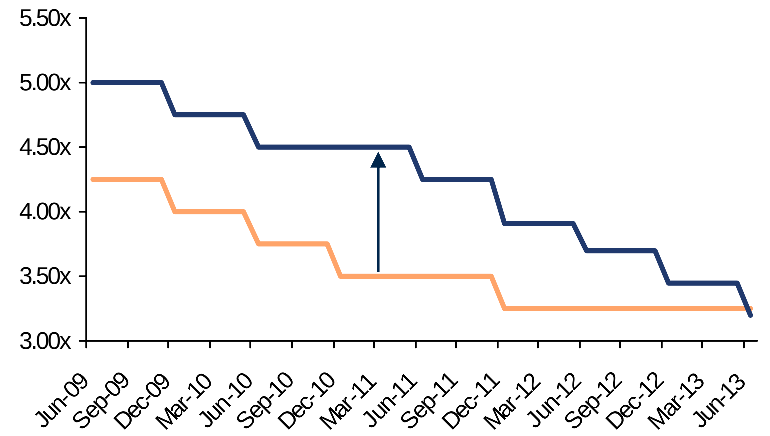
Reduced refinancing risk

Summary of Proposed Covenants

EBITDA / Interest Covenants



Net Debt / EBITDA Covenants



- At Dec 2008, Pro forma net debt/EBITDA = 3.9x
  - Pro forma net debt[1] £1,402m
  - Pro forma EBITDA[1] £361m
- Jun 2009 net debt/EBITDA proposed covenant = 5.0x
- If Jun 2009 covenant had applied to Dec 2008, EBITDA headroom would have been £81m or 22%

(1) Pro forma net debt excludes capitalised debt issuance costs. Pro forma EBITDA as calculated from the consolidated preliminary financial information and excludes LPC, Sofrapain and Martine; Certain differences with covenant definitions exist but the Directors believe that these differences are not material in the context of the multiple shown

Significant covenant headroom

Expected Bank Fees and Margins

- Fees
  - Upfront fee of 1% of total facilities to be capitalised and amortised
  - Deferred fee of 0.5% per annum on outstanding facilities, payable at refinancing / maturity

- Proposed margin structure
  - Based on total committed facilities (not leverage as in current facility)
  - Opening margin of 3.0%

- 2009 Interest
  - Q1 2009: interest at approximately 9%
  - Q2 – Q4: margin of 3.0% on top of average swap rate of 5.1%
  - Non-utilisation and securitisation interest
  - Amortisation of debt issuance costs / accrued deferred fees

Other Elements

- Continued focus on debt reduction
- Dividends resumed when net debt / EBITDA ≤3.00x, and EBITDA / Interest ≥3.25x
- Capex to be held in line with target of c3% of net sales
- Disposal proceeds will be used to prepay facilities
- Acquisitions must be equity funded or with bank consent

Company's plans incorporated into facility terms

Pensions Framework Agreement

- Under Framework Agreement, Pension Scheme Trustees have agreed in principle to the following:
  - Deficit contributions agreed at broadly current levels of £40m pa until 2010 then rising to £50-£55m pa until 2014
  - Any increased deficit under the next valuation in 2010 will be recovered between 2014 and 2022
- No proceeds from the equity issue will be directly applied to the pension deficit
- Regulator has confirmed agreement does not require consent

Deficit contributions agreed for next 5 years
Any increase in deficit at 2010 valuation to be recovered from 2014

Summary

Current Position	Following Restructuring
Dec-2008 Net Debt £1,777m[1]	**Pro Forma Dec-2008 Net Debt £1,402m[1]** **Pro Forma Net Debt / EBITDA 3.9x**
• **Liquidity position tight**	• **Significant liquidity headroom** – £228m net increase in liquidity headroom[2]
• **Covenant position tight**	• **Significant covenant headroom** – Pro forma net debt / EBITDA at Dec 2008 of 3.9x cf June 2009 proposed covenant 5.0x
• **Potential for significant increase in pension contributions**	• **Pension contributions agreed in principle for next 5 years**
• **Increasing refinancing risk as we approach maturity of the facilities**	• **Reduced financing risk due to increased debt maturity**

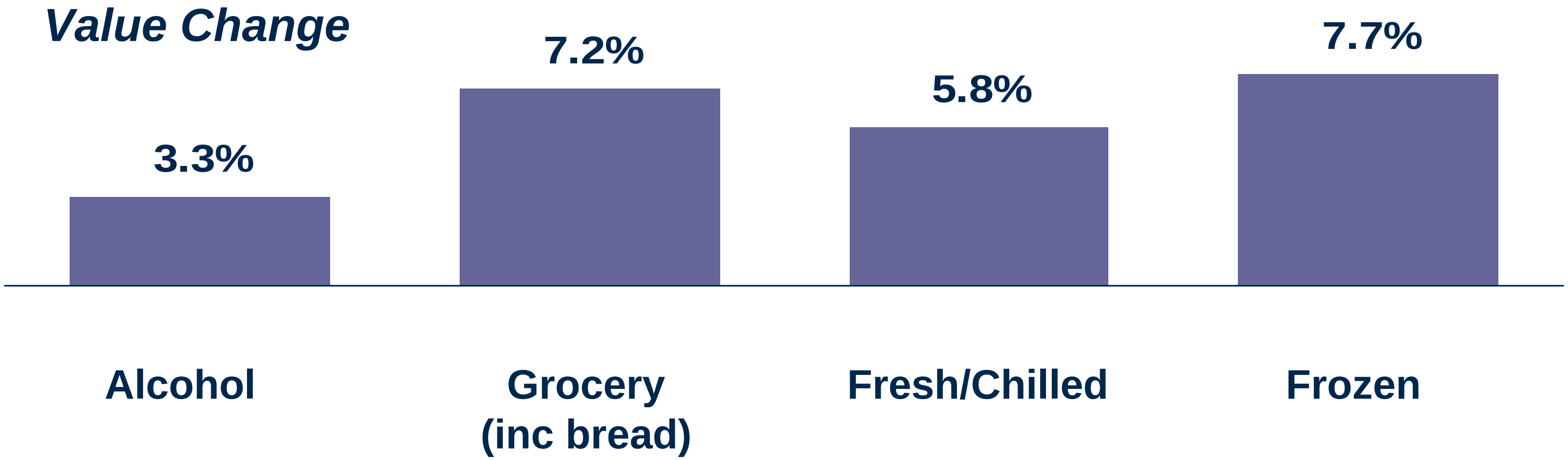
1 Excludes capitalised debt issuance costs
2 Assumes £379m of net proceeds less £51m of estimated bank and other fees less £100m of amortisation in April 2009

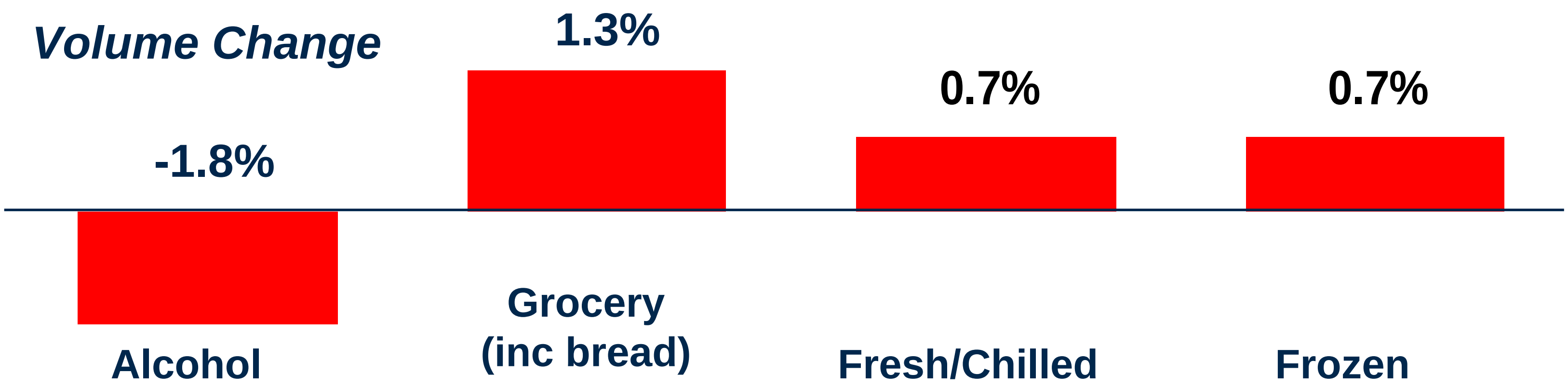
Capital structure issues resolved

Robert Schofield
Chief Executive

Grocery Sector Continues to Grow

Grocery Sector Performance Final Quarter 2008





Source: TNS Worldpanel

Branded vs Retailer Brand

2008 vs 2007 UK Market Volume Growth

Market	Branded	Retailer Brand
Grocery	+2.0%	+0.6%
Bread	+0.1%	+2.4%
Meat Free	+3.9%	-11.8%

- Grocery
  - Branded consumer "favourites" performing well
- Bread
  - Category in growth in face of recent price increases
  - Resilient branded volumes
- Meat Free
  - Category displaying strong branded growth

Branded volumes continue to perform well

Source: IRI 52 w/e Volume sales 27 December 2008, Grocery excludes Cake, Bread excludes Morning Goods

Commodity Pricing Outlook

- Food consumer price inflation 11.1%* year to January 2009
- Many commodities down from 2008 peaks but still at elevated levels compared to prior years
- Some commodities still hitting new multi-year peaks
  - Cocoa
  - Honey
  - Meats
- Weakness of sterling impacting on $/€ denominated commodities eg
  - Oils
  - Sweeteners
  - Navy Beans
  - Fruit & Vegetables

Inflationary pressures remain

* Office of National Statistics, CPI, Food, 17 February 2009

Group Overview

£m	2008 Full Year	2008 H2	2007 H2	2008 H2 vs 2007 H2 (%)
Grocery	1,419.0	788.5	711.4	10.8%
Hovis	756.3	378.0	343.7	10.0%
Chilled & Ireland	428.3	231.4	215.3	7.5%
Total sales	**2,603.6**	**1,397.9**	**1,270.4**	**10.0%**
Discontinued operations[1]	173.0	88.6	78.1	13.4%
Reported Sales	**2,776.6**	**1,486.5**	**1,348.5**	**10.2%**
Grocery	239.2	150.2	140.4	7.0%
Hovis	20.9	9.6	6.9	39.1%
Chilled & Ireland	50.1	32.2	24.6	30.9%
Continuing Trading profit[2]	**310.2**	**192.0**	**171.9**	**11.7%**
Discontinued operations[1]	10.0	6.7	6.8	(1.5%)
Reported Trading profit[2]	**320.2**	**198.7**	**178.7**	**11.1%**

1 Operations discontinued in 2008

2 See appendix for definitions of Trading profit

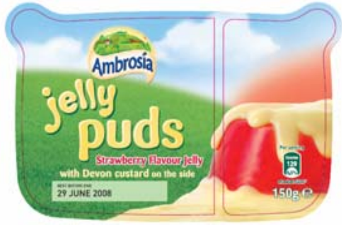
Grocery Highlights

- Sales increased 10.8% in H2
  - Strengthening volume trend across many categories, especially in Q4
  - Promotional activity returned to ‘normal’ levels in second half
  - Pricing achieved to recover cost inflation
  - 2009 innovation plans now being implemented
- Trading profit up 7.0% in H2
  - Synergy development across manufacturing, logistics and SG&A
  - Volume growth in fourth quarter across savoury and sweet brands

Well placed to continue momentum into 2009

Grocery – 2009 Innovation

- Batchelors
  - Microwaveable rice in pouches to be launched in H1
- Branston
  - Innovation plan for seasonal pickles and mayonnaise
- Bisto
  - Bisto ready to serve gravy in new heat and pour packaging for 2009
- Ambrosia
  - Jelly and Crumble Puds to be launched this year
- Mr. Kipling
  - Delightfuls range to be relaunched in 2009
  - New Easter range



Branded innovation now starting to come to market

Hovis

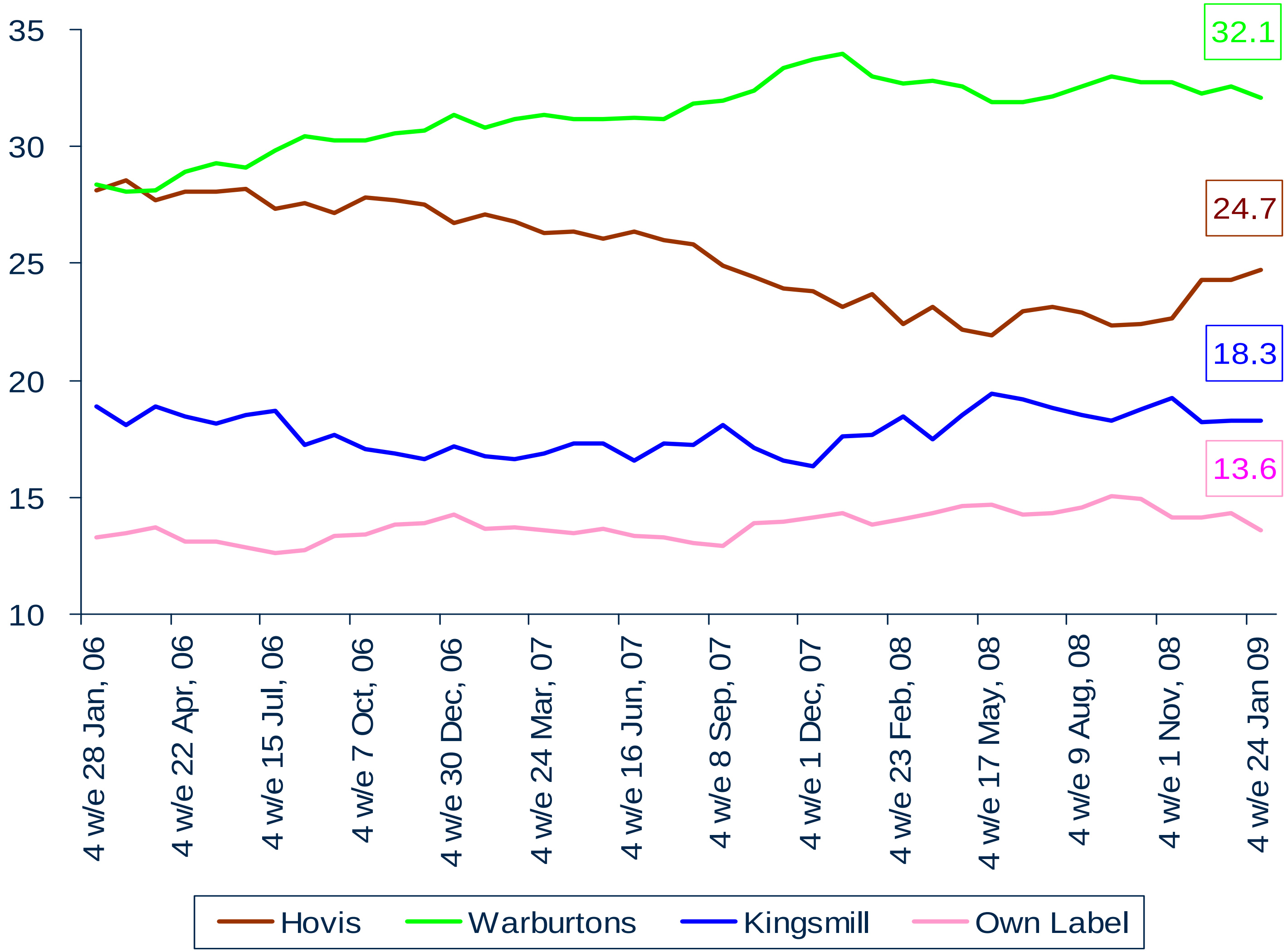
- Sales up 10.0% in H2, Trading profit ahead 39.1%
  - Hovis relaunch delivering market share gains; +2.4ppts Aug 2008-Jan 2009 to reach 24.7%. Volumes up 11% over this period
  - Cost increases on wheat recovered through pricing in H1
  - £16m invested in product quality – recipe, capex and production process
  - Significant improvement in brand health measures following re-launch:

Attributes *	Statement Responses compared to 12 months ago					
	Hovis		Kingsmill		Warburtons	
Better quality than others	48	+8	33	-5	49	+2
Healthier than others	39	+9	12	+1	16	+2
Worth paying more for	30	+5	23	-5	36	+1

A platform for sustainable growth

* Millward Brown, 12 we 1 February 2009

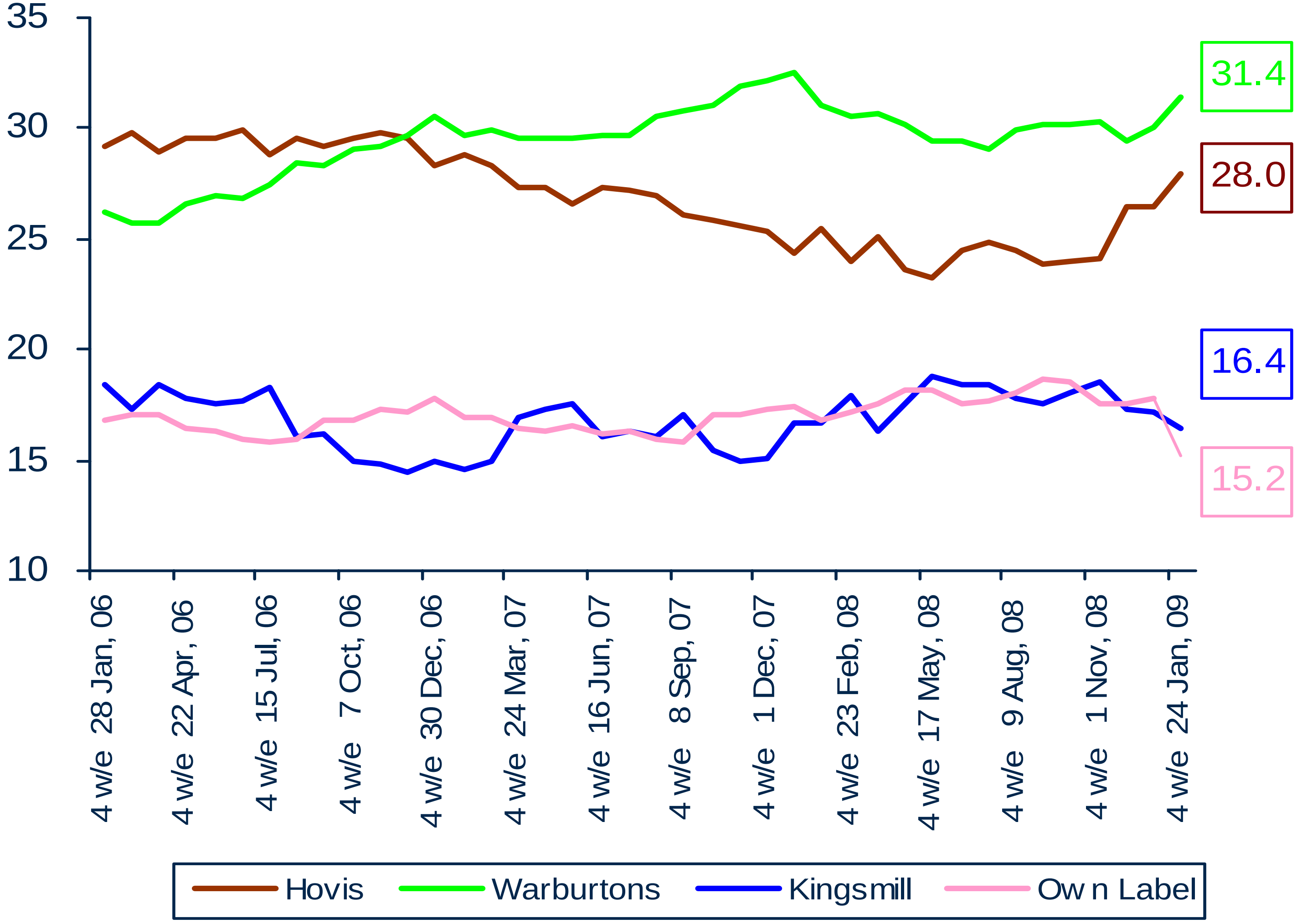
Value Share of Pre-packaged Bread, Total Grocery Outlets



Total Hovis = Hovis + Nimble

Source: IRI Total Grocery Outlets, 4w/e 24 Jan 2009

Value Share of Pre-packaged Bread, Major Multiple Retailers



Total Hovis = Hovis + Nimble

Chilled & Ireland

- Sales increased 7.5% in H2 compared to 2007
  - Meat Free business returned to double digit sales growth
    - Quorn delivering strong volume growth in the UK, Sweden and USA
    - Successful NPD, e.g. Quorn Picnic Eggs and Pies
  - Chilled Ready Meals and Cake positive sales development:
    - New contracts won for chilled ready meals business
    - Volumes lower than expected over Christmas period
  - Ireland sales satisfactory in tough trading environment
- Trading Profit ahead 30.9% in H2
  - Synergies from Irish integration programme

Profit growth delivered by synergies

Integration Programme

- Substantial progress on the integration of RHM and Campbell's in 2008
  - Manufacturing rationalisation completed; 9 factories closed in 12 months
  - Synergies delivered of £53m - £6m ahead of original plan
  - Cumulative synergies now stand at £70m
  - Run rate at December 2008 of £89m

- 2009: A few elements of the integration remain
  - Shared service centre in Manchester (now being commissioned)
  - Grocery logistics
  - Remaining procurement synergies

The integration programme is substantially complete

What We Have Created

- Business created has significant competitive advantages
  - Deeper, broader, consumer and customer insight
  - Broad brand and product portfolio of staple foods
  - Scale brands
  - Broad customer base
  - Bigger, better invested factories
  - Lower cost, more flexible distribution capabilities
  - Lean admin functions supported by common IT platform
  - Stable, cash generative business

Premier now leveraging the scale it has created

2008 Résumé

- Cost inflation recovered
- Branded volume growing ahead of retailer brand
- Hovis successfully relaunched
- Massive manufacturing rationalisation completed ahead of schedule
- SAP implemented smoothly
- Momentum building despite recession

2008 momentum has continued into 2009

Agenda for the Next Few Years

- Deliver remaining synergies
- Organic branded growth through leveraging our scale and focussed innovation
- Continue rejuvenation of Hovis
- Grow Meat Free in UK and internationally by focussing on health credentials
- Continued debt reduction by focus on organic cash generation

Transformation complete – focus turns to growth

Summary

- We have a robust business model that is resilient in the current economic climate
- Premier is trading well underpinned by a low cost base
- We need a more appropriate capital structure and we believe net proceeds of £379m will solve the problem
- New structure gives sufficient headroom
  - Debt and interest covenants
  - Liquidity
  - Immediately deleveraging
- Cash generation drives further deleveraging going forward
- Integration largely complete: focus now brand building, innovation and growth

Today's proposal creates a strong and resilient trading company

PREMIER FOODS

An Iconic Brand Portfolio

Batchelors
Branston
Sharwood's
Aah! Bisto
Hovis
Quorn
Chivers
Smash
Sarson's
Homepride
OXO
Mother's Pride
Cauldron
Sauce Kandee Co.
Ambrosia
Crosse & Blackwell
Loyd Grossman
Be-Ro
Elephant Atta
Sun-Pat
Erin
Haywards
Fray Bentos
Marvel
Paxo
Lyons
Rose's
Golden Crest
Rombouts
Dufrais
Rowats
Hartley's
SAXA
McDougalls
Mr Kipling
Gale's
Gateaux
Frank Cooper's "Oxford"
Angel Delight
Atora
Deliciously So... by Ormo
Bird's
Cadbury
Robertson's
YR

Premier Foods

Results for the year ended 31 December 2008

Placing and Open Offer and Firm Placing

Thursday, 5 March 2009

Appendices

Definitions

Trading profit is defined as operating profit from continuing operations before exceptional items, amortisation of intangible assets, the revaluation of foreign exchange and other derivative contracts under IAS39 and pension credits or charges in relation to the difference between the expected return on pension assets and interest costs on pension liabilities.

Adjusted profit before tax is defined as Trading profit after charging net regular cash interest costs and regular amortisation of debt issuance costs. Adjusted profit before tax is not a measure of profitability defined under IFRS and may not be comparable from one company to another.

Adjusted earnings per share is defined as Adjusted profit before tax less tax at a notional tax rate for the Group divided by the average number of shares in issue during the period.

None of trading profit, adjusted profit before tax or adjusted earnings per share are measures of profitability defined under IFRS and may not be comparable from one company to another.

Summary Income Statement

£m	2008	2007
Sales	2,603.6	2,125.2
Trading profit	310.2	271.9
Amortisation	(76.7)	(62.0)
Pension Credit	15.6	16.1
Exceptional items*	(296.5)	(158.7)
Foreign exchange valuation adjustments	6.9	4.7
Operating (loss)/profit	(40.5)	72.0
Interest	(363.4)	(149.6)
Loss before tax	(403.9)	(77.6)
Tax	30.6	39.8
Net loss – continuing operations	(373.3)	(37.8)
Discontinued operations	(70.5)	(25.5)
Net loss	(443.8)	(63.3)

*The Group defines exceptional items as those items of financial significance to be disclosed separately, in order to assist in understanding the financial performance achieved and in making projections of future results.

Tax

- P&L credit for 2008 of £30.6m on continuing activities, made up of :
  - £2.8m credit on the result from underlying activities
  - £0.9m deferred tax charge on overseas activities
  - £20.6m credits on exceptional spend
  - £9.1m prior year adjustments

- No cash tax on continuing operations for 2008
- The abolition of Industrial Building Allowances, has resulted in £25.4m deferred tax charge and will increase future cash tax rates.
- The reduction in the share price has resulted in a reduction of £2.2m in the deferred tax asset for share based pay
- A deferred tax asset of £59.1m has been recognised on the book loss on derivative instruments. This will not give rise to current tax relief but will unwind over the period of the underlying contracts
- No tax relief will be due on the impairment provision of £194.4m in respect of goodwill.

Adjusted Earnings

£m	2008	2007	%
Trading profit[1]	320.2	280.2	14.3%
Regular interest charge[1]	(126.4)	(109.4)	(15.5%)
Adjusted PBT[1]	193.8	170.8	13.5%
Tax at 28.5%/30%	(55.2)	(51.2)	(7.8%)
Adjusted Profit after tax[1]	**138.6**	**119.6**	**15.9%**
Adjusted total eps[1]	**16.4p**	**15.5p**	**5.8%**
Adjusted continuing eps	15.5p	14.7p	5.4%
Average shares in issue	844.6	772.6	

1 Includes operations discontinued in 2008, namely Le Pain Croustillant, Sofrapain SAS and Martine Spécialités SAS

5.8% Adjusted eps growth

Pension / Post Employment Benefits

Key IAS 19 Assumptions	2008	2007
Discount rate	6.3%	5.9%
Inflation rate	2.8%	3.3%
Expected increase in salaries (RHM/Premier)	2.8%/3.8%	3.3%/4.3%
Gross deficit	£12m	£123m
Net deficit	£10m	£88m
Mortality assumptions	Medium Cohort	Short/medium Cohort

- Reduction in gross deficit fallen year on year largely due to
  - Increase in discount rate and hence a decrease in liabilities
  - Performance of RHM scheme interest rate and inflation hedging strategy
- More prudent mortality assumptions built in for Premier schemes
- Next triennial review April 2010
- New Framework Agreement agreed in principle

Facility Amortisation & Covenant Schedule

Current total facilities
- £1,930m Mar 2009

Current term facility amortisation
- £150m Dec 2009
- £180m Dec 2010

Current working capital facility
- £100m expires Mar 2010

Proposed term facility amortisation
- £100m Apr 2009
- £50m Dec 2009
- £50m Jun 2010
- £50m Dec 2010
- £50m Jun 2011
- £50m Dec 2011
- £50m Jun 2012
- £50m Dec 2012
- £50m Jun 2013

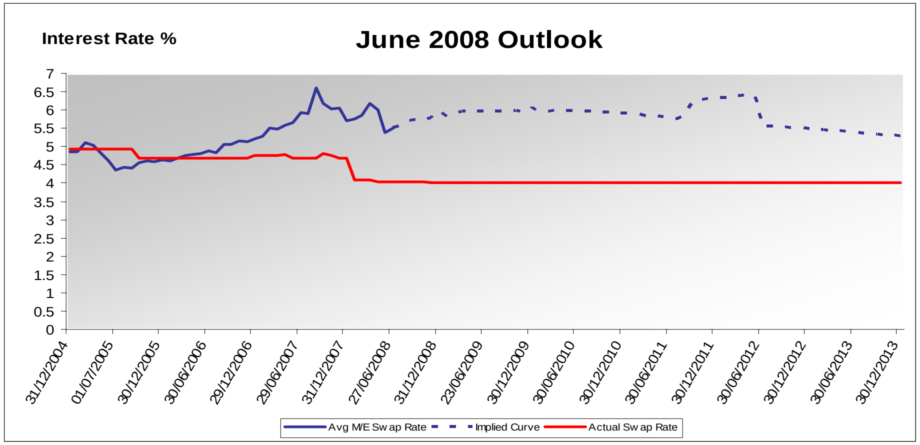
EBITDA / Interest (must be greater than or equal to)				Net debt /EBITDA (must be less than or equal to)			
Current		**Proposed**		**Current**		**Proposed**	
Jun-2009	3.25:1	Jun-2009	2.00:1	Jun-2009	4.25:1	Jun-2009	5.00:1
Dec-2009	3.50:1	Dec-2009	2.00:1	Dec-2009	4.00:1	Dec-2009	4.75:1
Jun-2010	3.75:1	Jun-2010	2.25:1	Jun-2010	3.75:1	Jun-2010	4.50:1
Dec-2010	4.00:1	Dec-2010	2.40:1	Dec-2010	3.50:1	Dec-2010	4.50:1
Jun-2011+	4.25:1	Jun-2011	2.55:1	Jun-2011	3.50:1	Jun-2011	4.25:1
		Dec-2011	2.75:1	Dec-2011+	3.25:1	Dec-2011	3.90:1
		Jun-2012	2.90:1			Jun-2012	3.70:1
		Dec-2012	3.30:1			Dec-2012	3.45:1
		Jun-2013	3.80:1			Jun-2013	3.20:1

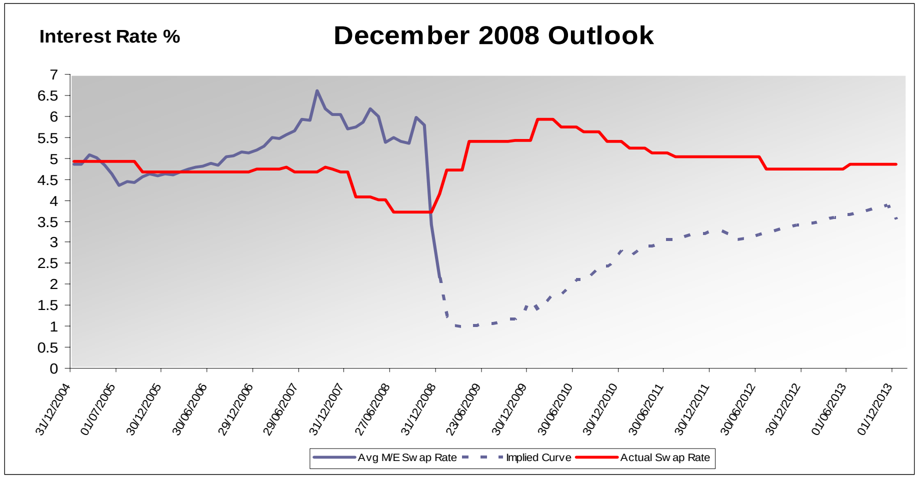
Interest Margins

Total facility	Margin over LIBOR
£1,930m-£1,730m	3.0%
£1,730m-£1,630m	2.75%
£1,630m - £1,530m	2.50%
<£1,530m	2.25%

- Revolving Credit Facility non-utilisation fee – 50% of applicable margin

IAS 39 Charge





- Company policy to hedge approximately 75% of floating rate exposure
- Additional Interest rate swaps put in place at time of RHM acquisition to protect against potential increases in interest rates
- IAS39 charge reflects the benefit that will be foregone by having fixed interest rates rather than the floating LIBOR
- Magnitude of charge due to unprecedented fall in market expectations for LIBOR and potential duration of contracts
- A non-cash charge of £218.9m for the full year
- The June 2008 position showed a credit to the P&L of £29.7m

Interest Rate Hedging

- Interest charged on bank facilities is LIBOR plus applicable margin
- Significant derivative programme in place to manage interest rate risk
  - At December 2008 £1,650m of 3m LIBOR swapped
    - £230m at 4.6% maturing Sept 2009
    - £110m at 3.95% maturing Dec 2009
  - Weighted average swap rate for 2009: 4.7% in Q1, 5.1% Q2-4 assuming LIBOR at 2.07%

£m	Within 1 year	1 and 2 years	2 and 3 years	3 and 4 years	4 and 5 years	Over 5 years	Total
Fixed Rate	340.0	125.0					**465.0**
Cap & Floor Structure				350.0			**350.0**
Long dated callable swaps		100.0	50.0	275.0	150.0	25.0	**600.0**
Other callable swaps					235.0		**235.0**
	340.0	**225.0**	**50.0**	**625.0**	**385.0**	**25.0**	**1,650.0**