

Premier Foods plc (“Premier”)
Interim Management Statement

18 November 2008

The following Interim Management Statement is issued for the 17 weeks ended 25 October 2008 ¹

- **Group sales up 9% in the period and 8% year to date**
- **Group Trading profit ² in line with our expectations**
- **Positive consumer response to Hovis relaunch**
- **Manufacturing rationalisation programme completed**
- **RHM and Campbell’s synergies continue to develop in line with plan**

- **Ongoing review of capital structure**
 - **Constructive discussions with lending banks continue**
 - **Deferral of 31 December 2008 covenant test to 31 March 2009**
 - **2008 Interim dividend will no longer be paid**

Robert Schofield, Chief Executive, said:

“I am pleased to report that Premier is benefiting from the strong platform that we have built through the acquisition and integration of the RHM and Campbell’s businesses. As stated previously, we expected progress in 2008 to be weighted towards the second half and we have seen trading profit increase in line with our expectations as the benefits from the manufacturing rationalisation programme and our actions to recover higher input costs have been realised.

“We have seen both good sales volume and value growth over the last two months in our Grocery division and that momentum has continued into November. Our broad portfolio of category leading brands and retailer branded products is demonstrating a natural resilience in the current economic conditions. Our relaunch of Hovis has been positively received by consumers and our Chilled & Ireland division is benefiting from improved volumes.”

David Kappler, Chairman, said:

“As previously announced, Premier is reviewing a range of options to accelerate the reduction of Group debt in order to establish a more appropriate long-term capital structure given the fundamental change in the credit markets. As part of this review, the Company has entered into discussions with its lending banks, which are expected to continue into the first quarter of 2009. Premier and the lending banks have agreed that, with the review ongoing, it would be appropriate to defer the date of the next covenant test from 31 December 2008 to 31 March 2009.

“In these circumstances, the Board has determined not to pay the 2008 interim dividend and will consider the future dividend policy as part of the long term capital structure review but it is the Board’s intention to resume dividend payments when debt levels permit. The Board is confident that these measures will facilitate the changes to our capital structure, enabling the business to continue pursuing its successful growth strategy”

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Introduction

The Group achieved sales growth of 9% over the four months to October 2008 compared to the same period last year, which reflected both the impact of pricing across the business and volume growth in our Grocery division. Year to date sales are 8% ahead of the same period last year. Trading profit has improved in line with expectations as the benefits of the integration synergies and cost recoveries are realised.

Grocery

Sales for the four months to October 2008 were 9% ahead of the same period in 2007 and 5% ahead year to date. Through September and October, we have seen increasing volumes across a wide range of our categories demonstrating the resilience of our portfolio in this challenging economic environment.

Hovis

Sales for the four months to October 2008 were 11% ahead of the same period in 2007 and 14% ahead year to date. We are delighted by the consumer response to the Hovis relaunch and new advertising, which combined with the quality and range improvements provide us with a strong platform going forward. Hovis' market share has seen improvement in October despite intense promotional activity by some of our competitors and brand health key performance indicators, such as "preference on quality" and "worth paying more for", have seen particularly good progress since the relaunch.

Chilled & Ireland

Sales for the four months to October 2008 were 7% ahead of the same period in 2007 and 4% ahead year to date. Our Meat-free business continues to grow sales volume and value and our chilled retailer branded business is benefiting from the additional contracts gained in the middle of the year. Despite the tough economic conditions in Ireland, our business there is showing strong profit development as integration synergies flow through.

Transformation Programme

We are delighted by the continued progress we have made on the integration of RHM and Campbell's and we have now closed eight of the factories scheduled for closure. The last factory, in Wythenshawe, is due to close at the end of this week. We remain on track to deliver the £113m of annual cost savings that we identified when we acquired the businesses.

Financial Position

As previously announced, Premier is reviewing a range of options to accelerate the reduction of Group debt in order to establish a more appropriate long-term capital structure. As part of this review, the Company has entered into discussions with its lending banks, which are expected to continue into the first quarter of 2009. As previously stated, Premier anticipates that it would have met its covenant tests at 31 December 2008. However, with the review ongoing, Premier and its lending banks have agreed that it would be appropriate to defer the date of the next covenant test from 31 December 2008 to 31 March 2009. In consideration of this a fee of £4.9m will be paid to the lending banks.

In these circumstances, the Board has determined not to pay the 2008 interim dividend that was due to be paid on 2 January 2009 and will consider the future dividend policy as part of the long term capital structure review but it is the Board's intention to resume dividend payments when debt levels permit."

Premier will provide further updates regarding this review as and when appropriate.

Trading Outlook

The strong sales growth seen in September and October has continued. November and December are important trading periods for Premier and our expectations for the full year remain unchanged. Premier's portfolio of staple food products and leading brands is providing us with a resilient base in the more difficult economic environment.

A conference call will be held for analysts and investors today at 9:00am.

Conference call details:

Telephone number +44 20 8322 3331

No pin number

1. All comparisons to 2007 are made to pro forma sales and trading profit for the Group which represent the sales and trading profit of the Group as if all acquisitions and disposals made since 1 January 2007 had been made on that date.

2. Trading profit is defined as operating profit from continuing operations before exceptional items, amortisation of intangible assets, the movement in the IAS39 valuation of forward foreign exchange contracts, which cannot be predicted and the pension credits or charges in relation to the difference between the expected return on pension assets and interest costs on pension liabilities.