Premier Foods

Preliminary Results

Year ended 31 December 2010

Tuesday 15 February 2011

Certain statements in this presentation are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Ronnie Bell

Chairman

Agenda

- Ronnie Bell - Chairman
  - Initial Perspectives
- Robert Schofield – Chief Executive Officer
  - 2010 Highlights
- Jim Smart – Chief Financial Officer
  - 2010 Financial performance
- Robert Schofield – Chief Executive Officer
  - Review of Brands & Markets
  - Premier Foods Going Forward

Initial Perspectives

- The Group possesses a number of strong platforms for growth
- An impressive stable of leading brands
- Significant scale and excellent operational capabilities
- Strong and capable management team
- Culture of continuous improvement

Board Priorities

- In 2010, there were three main priorities:
  - A robust financial plan to reduce the Group's debt
  - Ongoing strategy focused on branded growth
  - Organic cash generation

- For 2011, further focus on driving branded growth
  - Innovation
  - Brand building
  - Consumer marketing

Robert Schofield

Chief Executive Officer

2010 Trading Highlights

- Group branded volumes up 3.1%
- Group sales declined 3.5%
  - Branded sales down 0.3%
  - Non-branded sales down 9.1%
- Gaining volume branded market share[1]
- Good progress in Grocery, Hovis and Meat-free
- Brookes Avana: a difficult year

Delivering On Our Strategic Targets

1. Source Symphony IRI Infoscan Grocery outlets Volume sales 52 w/e 25 December 2010

2010 Trading Highlights

- Trading profit[1] up 0.6% to £311m
- Trading profit margin up 50bps to 12.1%
- Adjusted profit before tax[1] up 6.4% to £166m
- Adjusted earnings per share[1] up 6.4% to 5.0p
- Recurring cash flow generation in 2010 of £124m
- Disposals agreed - pro forma net debt now below £900m

Delivering On Our Strategic Targets

1. See appendices for definitions

Jim Smart

Chief Financial Officer

Progress In 2010

Business Strategy:

- Grow branded sales faster than the market
- Competitive advantage through scale
- Efficiency benefits in supply chain and overheads

Financial Strategy:

- Cash generation
- Derisk swap portfolio and pension arrangements
- Diversify our sources of funding

Summary Group Profit and Loss

£m	2010	2009	%
Branded sales	1,673	1,678	(0.3)
Non-branded sales	894	983	(9.1)
Total sales	**2,567**	**2,661**	**(3.5)**
Gross profit	789	804	(1.9)
Gross margin %	*30.7%*	*30.2%*	*50bp*
Operating expenses	(478)	(495)	3.4
Trading profit	**311**	**309**	**0.6**
Trading profit margin %	*12.1%*	*11.6%*	*50bp*
Net Regular Interest	(145)	(155)	6.5
Adjusted PBT	**166**	**154**	**6.4**
Tax @ 28%	(47)	(43)	
Adjusted profit	**119**	**111**	**6.4**
Pro forma adjusted earnings per share (pence)	**5.0**	**4.7**	**6.4**

1. Assumes refinancing had taken effect on 31December 2008 with appropriate adjustments to interest charges and average number of shares in issue and using the 2010 definition of Trading profit

Summary Group Profit and Loss

£m	2010	2009	%
Trading profit	**311**	**309**	**0.6**
Less: Meat-free Trading profit	(16)	(8)	93.8
Exceptional items	-	(46)	-
Amortisation of intangible assets	(79)	(75)	(5.1)
Pension financing (charge) / credit	4	(2)	-
Fair value movements on forex derivatives	(2)	(6)	68.3
Impairment of goodwill	(125)	0	-
Operating profit/(loss)	**93**	**172**	**(46.0)**
Net regular interest	(145)	(155)	6.5
Other interest	(46)	25	**-**
Profit/(loss) before tax	**(98)**	**42**	**-**
Tax	11	(6)	-
Profit/(loss) after tax	**(87)**	**36**	**-**
Basic earnings per share from continuing operations	**(3.6p)**	**1.7p**	**-**

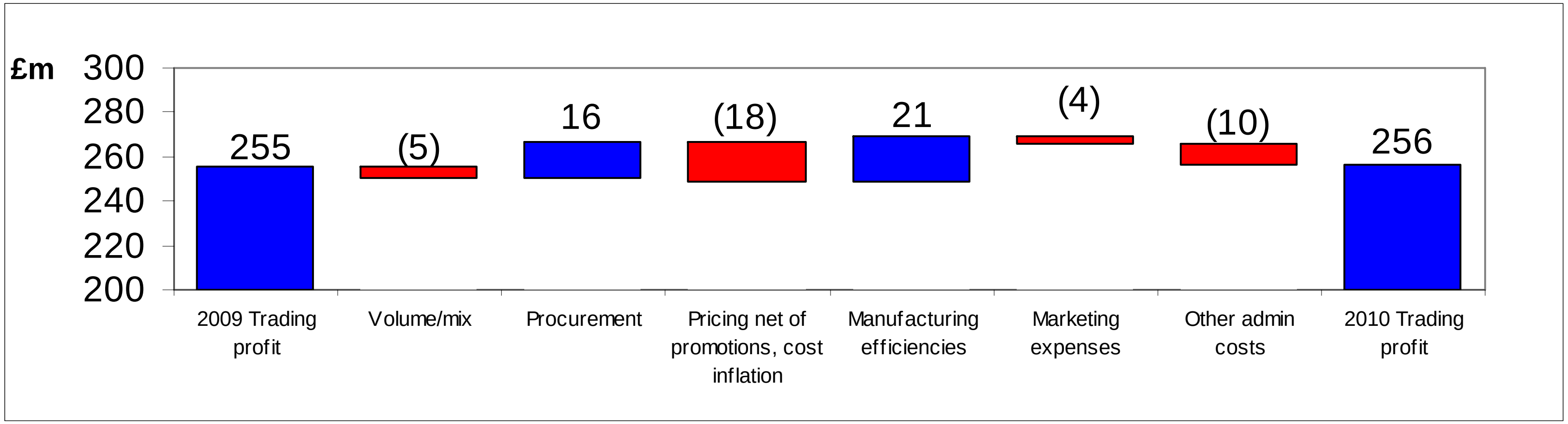
1. Assumes refinancing had taken effect on 31December 2008 with appropriate adjustments to interest charges and average number of shares in issue and using the 2010 definition of Trading profit

Segmental Analysis

Sales	% Growth		
	Branded	Non-branded	Total
Grocery	(0.6)	(5.0)	(1.8)
Hovis	1.2	(16.8)	(7.3)
Brookes Avana	-	(4.7)	(4.7)
Meat-free	(1.9)	-	(1.9)
Total	**(0.3)**	**(9.1)**	**(3.5)**

Trading profit	2010 £m	2009 £m	Growth %
Grocery	256	255	0.3
Hovis	39	31	25.9
Brookes Avana	-	15	(100.0)
Meat-free	16	8	100.0
Total	311	309	0.6

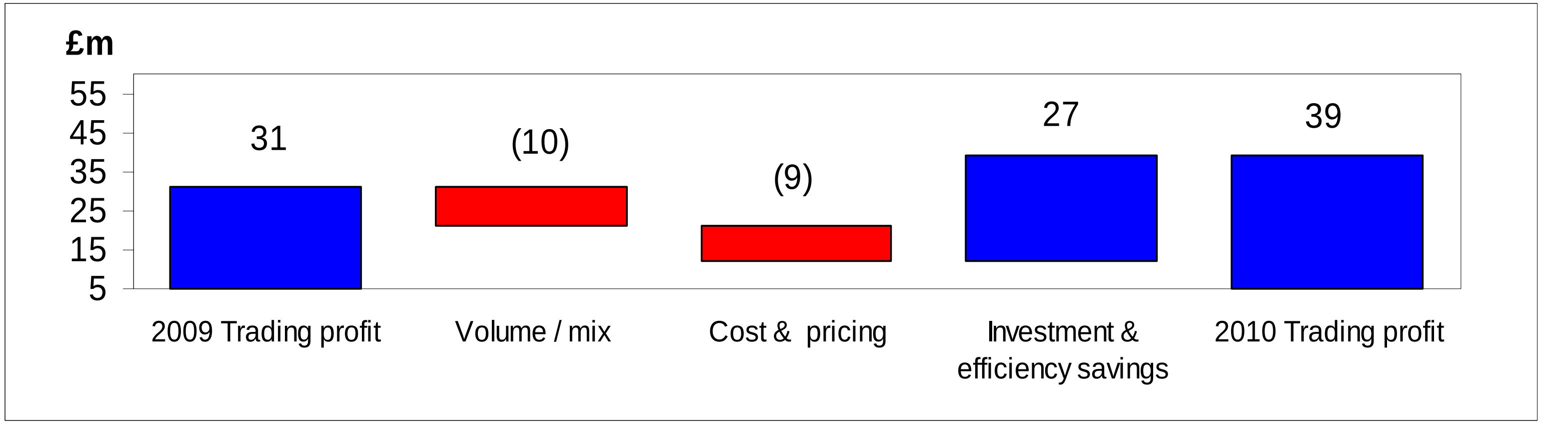
Grocery Trading Profit



- Positive mix offset by Non-branded volume decline
- Procurement savings reflect value improvement programmes and scale
- Pricing net of promotions and cost inflation adverse due to increased promotional activity in highly competitive market
- Manufacturing efficiencies continuing to deliver improved performance
- Marketing spend increased to drive market share and support new product launches
- Admin costs higher due to restructuring costs linked to Irish supply chain

Branded Growth, Procurement and Efficiencies In Line With Strategy

Hovis Trading Profit



- Volume growth in Hovis offset by declines in Non-branded bread and milling
- Pricing adverse from promotional intensity and negative effect of wheat cost increase in H2 before pricing was adjusted
- Lower restructuring costs and improved efficiency in supply chain
- Marketing plans scaled back in light of difficult trading environment

Good Progress In Branded Bread and Supply Chain Efficiency

Recurring Cash Flow

£m	2010	2009
Trading profit	**311**	**309**
Depreciation	51	52
Other non-cash items	7	3
Interest	(131)	(152)
Taxation	(2)	1
Pension contributions	(57)	(52)
Regular capital expenditure	(68)	(83)
Working capital	13	(29)
Cash flow pre non-recurring items	**124**	**49**

- Interest lower as a result of lower average debt and swap restructure
- Working capital cash inflow as stocks of finished goods and raw materials decreased
- Capital expenditure in line with depreciation and software amortisation charge

Recurring Cash Flow Ahead Of £100m Target

Cash Flow

£m	2010	2009
Cash flow pre non-recurring items	**124**	**49**
Settlement of prior year exceptional cash costs	(7)	(38)
Integration capital expenditure	-	(2)
Operating cash flow	**117**	**9**
Disposal proceeds	9	54
Net equity proceeds	-	380
Settlement of swap obligations	(8)	-
Financing fees, discontinued operations & other non-cash	(15)	(41)
Movement in net debt	**103**	**402**

- Combination of prior year exceptional items, disposals and derisking the swap portfolio resulted in a net outflow of £21m

£103m Reduction In Net Debt

Financial Obligations - Debt

£m	2010	2009	%
Gross borrowings	1,282	1,382	7.3
Deferred issuance costs	(21)	(18)	(16.7)
Net debt	**1,261**	**1,364**	**7.6**
EBITDA	362	361	0.3
Net debt / EBITDA	**3.48x**	**3.78x**	**0.30x**
Average gross borrowings	1,439	1,561	7.8
Securitisation	90	90	-
Average debt	**1,529**	**1,651**	**7.4**
Average debt / EBITDA	**4.22x**	**4.57x**	**0.35x**

Average Debt Reduced By £122m To 4.22x EBITDA

Financial Obligations - Other

£m	2010	2009	%
Leases Obligations			
Operating lease (annual payments)	28	30	6.7
Finance leases (assets)	19	1	-
Financial instruments			
Mark to market – hedging	(125)	(80)	(56.3)
Agreed settlement	(78)	0	-
Non – economic hedging	(32)	(119)	73.1
Total	(235)	(199)	(18.1)
Potential additional risk	(10)	(251)	96.0
Pensions			
IAS 19 Gross deficit	321	429	25.2
IAS 19 Deficit net of deferred tax	232	310	25.2
Expected gross actuarial pension deficit (March 2010)	c.550	N/A	-
Expected net actuarial pension deficit (March 2010)	c.402	N/A	-

Swap Risk Eliminated & Pension Deficit £108m Lower

Financial Obligations – Covenants & Pensions

Banking covenants

- Swap restructuring removes risk to interest covenant
- Covenant headroom – Leverage 24%, Interest 19%

Pension fund

- Final salary pension fund closure agreed – restricts rate at which liabilities escalate
  - Career average scheme for existing members
  - Defined contribution scheme for new joiners
- Increased hedging agreed with trustees – reduces volatility of deficit

Excellent Progress In Achieving Financial Strategy Objectives

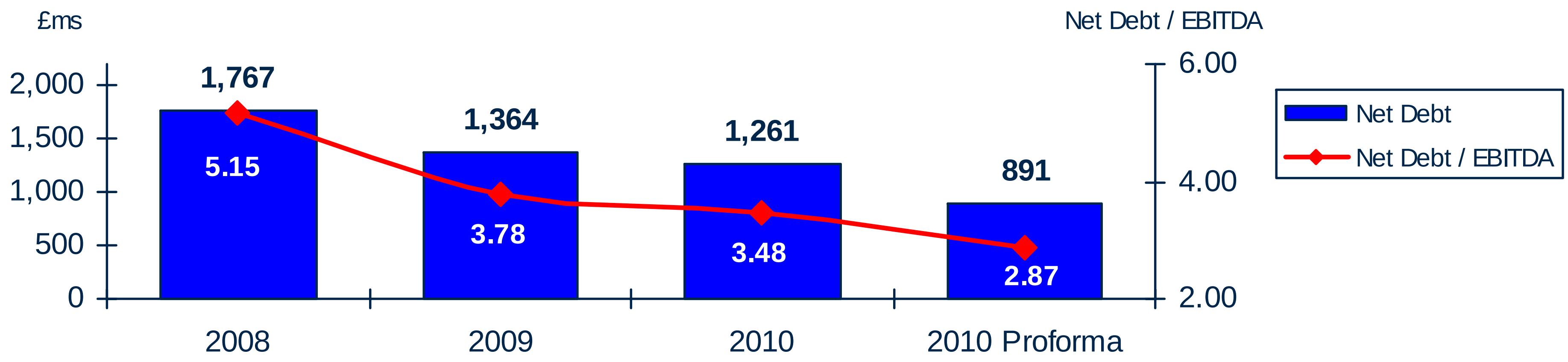
Effect Of Disposals Of Meat-free and Canning

Net debt

- £370m net proceeds would reduce year end net debt[1] to below £900m
- Net debt / EBITDA would fall to 2.87 times

Average debt

- Average debt would reduce to c£1,159m
- Average debt / EBITDA would fall to 3.74 times



Net Debt Halved

1 Year end net debt excludes finance leases

Impact Of Meat-free and Canning Disposals

£m	2010	Disposals	2010 pro forma
Sales	2,567	463	2,104
EBITDA	362	51	311
Trading profit	311	44	267
Interest	(145)	(13)	(132)
Adjusted PBT	166	31	135
Adjusted EPS	5.0	0.9	4.1
Cash flow before non-recurring items	124	42	82

- EBITDA reduced but growth prospects unchanged
- EPS dilution will unwind
  - Interest savings will increase as coupon falls on refinancing
  - Simplification of processes aids cost reduction
- Cash generation remains strong and increases with lower interest and EBITDA growth

Diversifying sources of funding

- Attractive credit rating obtained
  - Ba2 (stable outlook) – Moodys
  - BB (stable outlook) – S&P, Fitch

- Bond issue in due course will lengthen maturity of funding

- Bank finance will be smaller and will lead to a cheaper and more stable financial structure

Excellent Progress In Achieving Financial Strategy Objectives

Conclusion

Financial Strategy set out during 2010 had three priorities

- Focus on cash generation ✓
- De-risk swap portfolio and pensions ✓
- Diversify our sources of funding ✓

Financial Position Now Fully Addressed – Time To Focus On The Business Strategy & The Upside Available For Shareholders

Robert Schofield

Chief Executive Officer

2010 Review
&
Premier Foods Going Forward

Strategic Development

	FY 2010 Premier	FY 2010 Market	
Branded growing volumes ahead of market	3.1%	0.9%	✓
Drive brands growing volumes 1-2% ahead of market	4.9%	(2.2%)	✓
Core brands growing volumes in line with market	(2.0%)	0.3%	X
Defend brands growing volumes in line with market	2.6%	0.8%	✓
Retailer brand growing volumes in line with market	(7.2%)	(5.0%)	X
Total volume growth 0-2% ahead of market	(2.7%)	(0.8%)	X
Procurement savings in Grocery	£16m		✓
Manufacturing controllable costs in Grocery - 4% pa reduction	8%		✓
Operating expense savings	£17m		✓
Increase in consumer marketing	£4m in Grocery		✓
Trading profit	£311m		✓
Recurring cash generation	£124m		✓

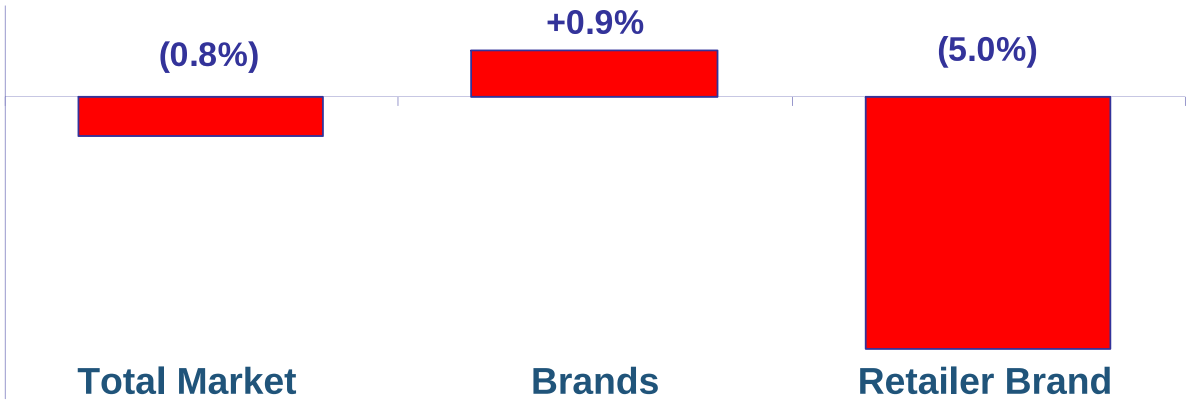
Delivering On Our Strategic Targets

Review of Brands and Markets

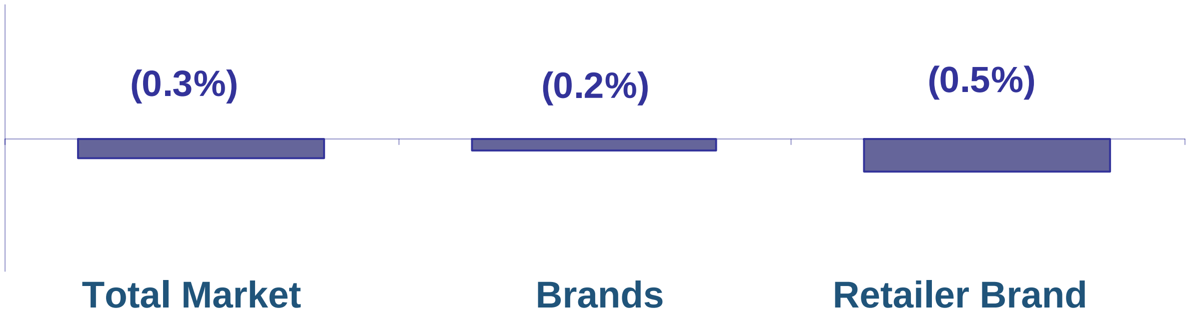
Market Performance In Our Categories

Total value of our categories £7.5bn

Volume %
Growth/(Decline)
2010 vs 2009



Value %
Decline
2010 vs 2009

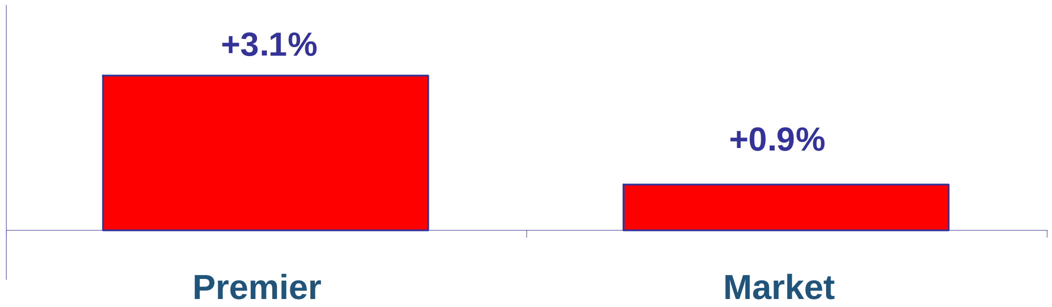


Brands Are Outperforming Retailer Brand In Our Categories

Performance In Branded Categories

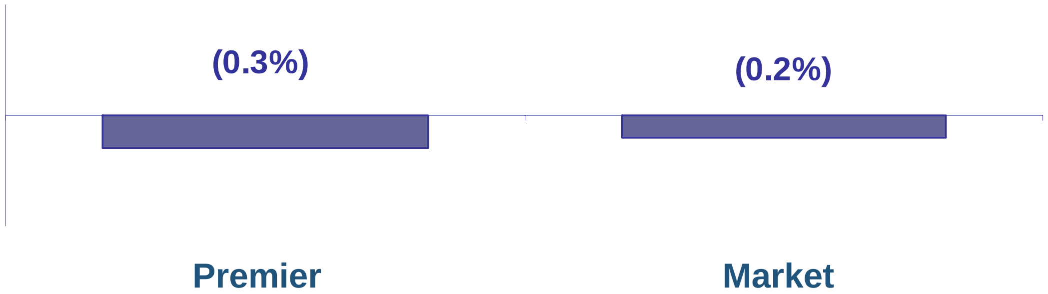
Total value of our branded categories £5.8bn

Volume % Growth 2010 vs 2009



Premier's Volume Market Share Has Increased 0.5ppt

Value % Decline 2010 vs 2009



Premier's Value Market Share Has Declined 0.4ppt

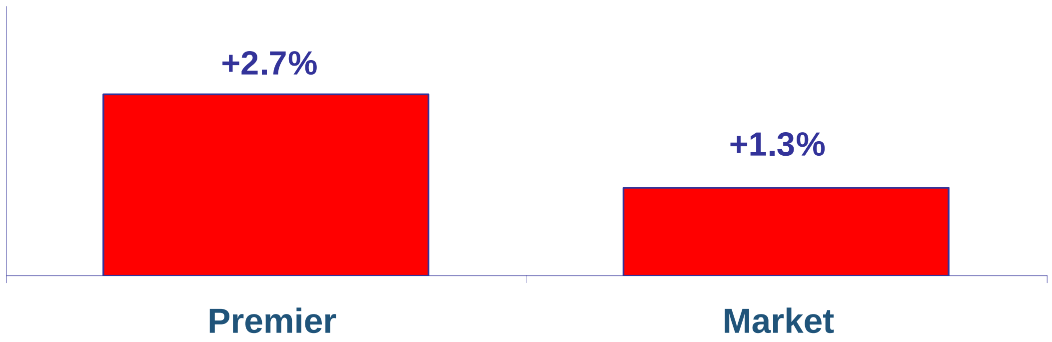
Delivering Volume Market Share Growth In Line With Strategy

Market Source Data: Symphony IRI Infoscan Total Grocery Outlets, 52 w/e 25 December 2010

Branded Performance In Our Grocery Categories

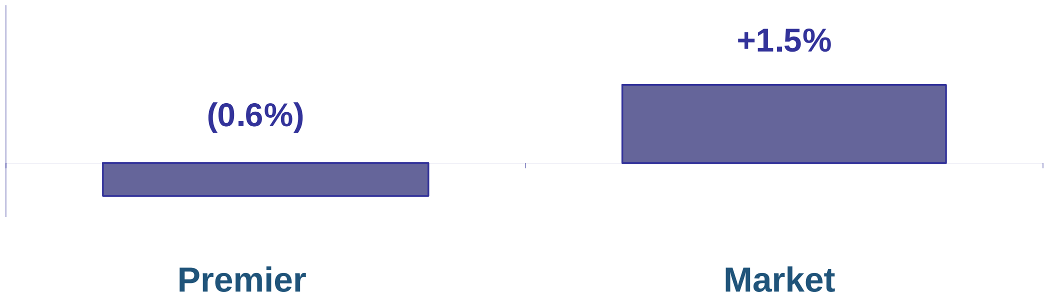
Total value of our Grocery categories £5.6bn

Volume %
Growth
2010 vs 2009



Premier's Volume Market Share Has Increased 0.9ppt

Value %
Growth/(Decline)
2010 vs 2009



Premier's Value Market Share Has Declined 0.2ppt

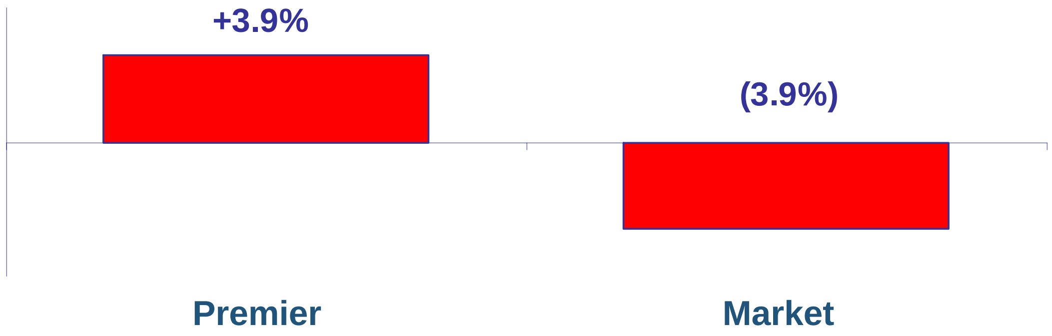
Delivering Volume Market Share Growth In Line With Strategy

Market Source Data: Symphony IRI Infoscan Total Grocery Outlets, 52 w/e 25 December 2010

Branded Performance In Our Bread Category

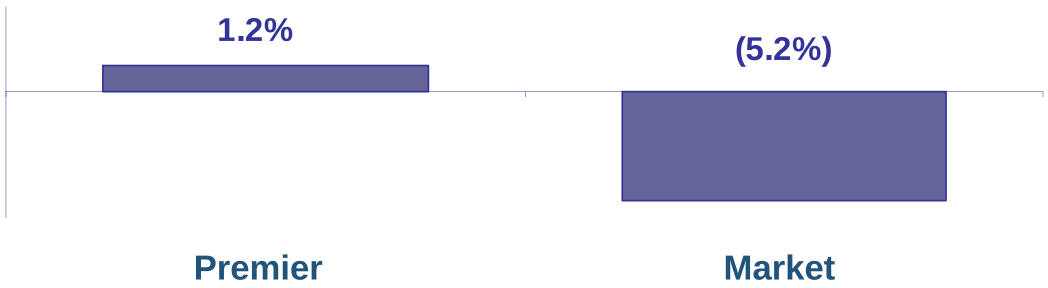
Total value of pre-packaged bread is £1.7bn

Volume % Growth/(Decline) 2010 vs 2009



Premier's Volume Market Share Has Increased 0.3ppt

Value % Growth/(Decline) 2010 vs 2009

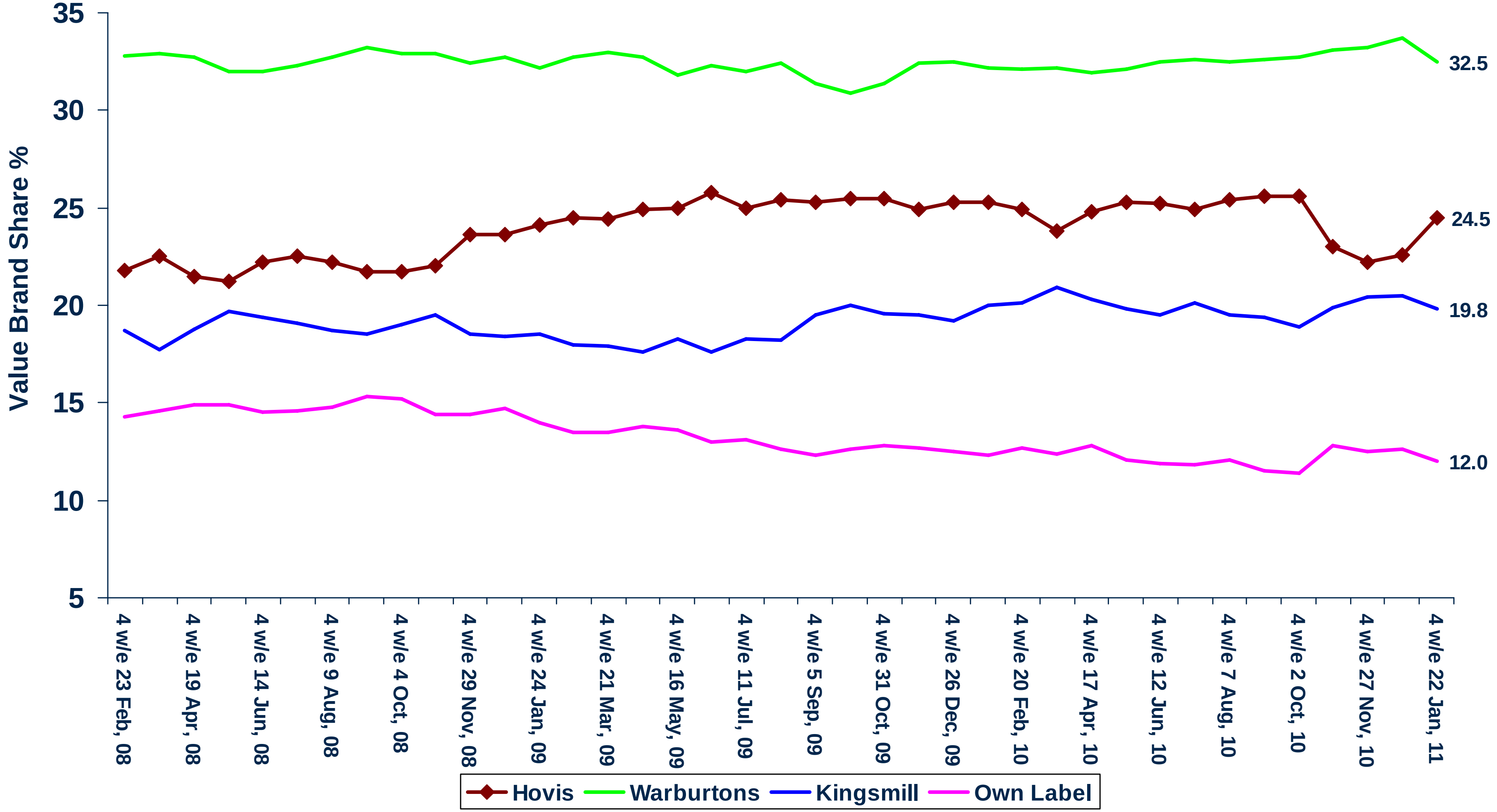


Premier's Value Market Share Has Declined 0.8ppt

Delivering Volume Market Share Growth In Line With Strategy

Market Source Data: Symphony IRI Infoscan Total Grocery Outlets, 52 w/e 25 December 2010

Value Share of Pre-packaged Bread, Total Grocery Outlets



Total Hovis = Hovis + Nimble

Source: Symphony IRI Infoscan Total Grocery Outlets, 4 w/e 22 January 2011

Branded Sales Growth

£m	Sales	10 vs 09 Growth % Value	Volume
Drive brands	865	3.0	4.9
Core brands	391	(2.5)	(2.0)
Defend brands	417	(4.6)	2.6
Total branded	1,673	(0.3)	3.1
Non-branded	894	(9.1)	(7.2)
Total	2,567	(3.5)	(2.7)

- Strong volume and value performance from Drive brands driven by successful innovation on Loyd Grossman and Hartley's
- Core brands performance to be given particular focus in 2011 following tough competitive environment in 2010
- Defend brands significantly reduced in size following disposal activity
- In Non-branded sales, reduction driven by market decline, contract losses in Grocery in 2009 which were lapped at the end of Q3
- Non-branded Q4 performance was in line with the market.

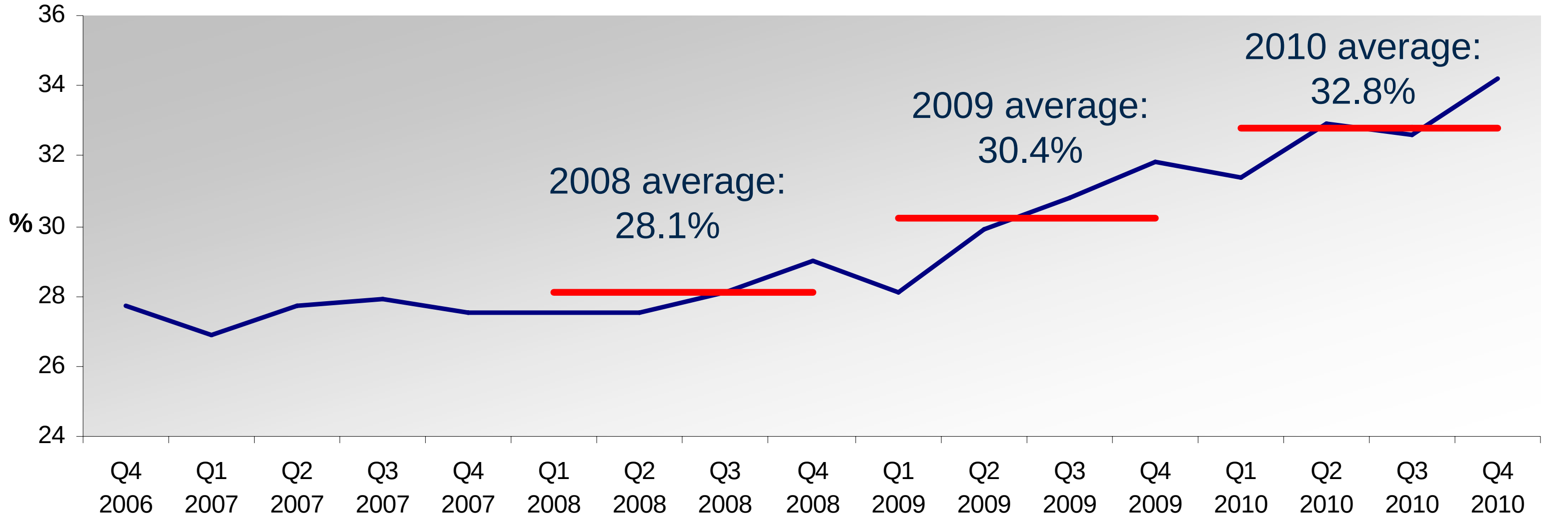
Strong Drive Brands Performance In 2010

2010 Headwinds

- Increased promotional activity
- Input cost increases
- Brookes Avana profit decline

Promotional Activity Across The Market

Proportion of total market sales on promotion

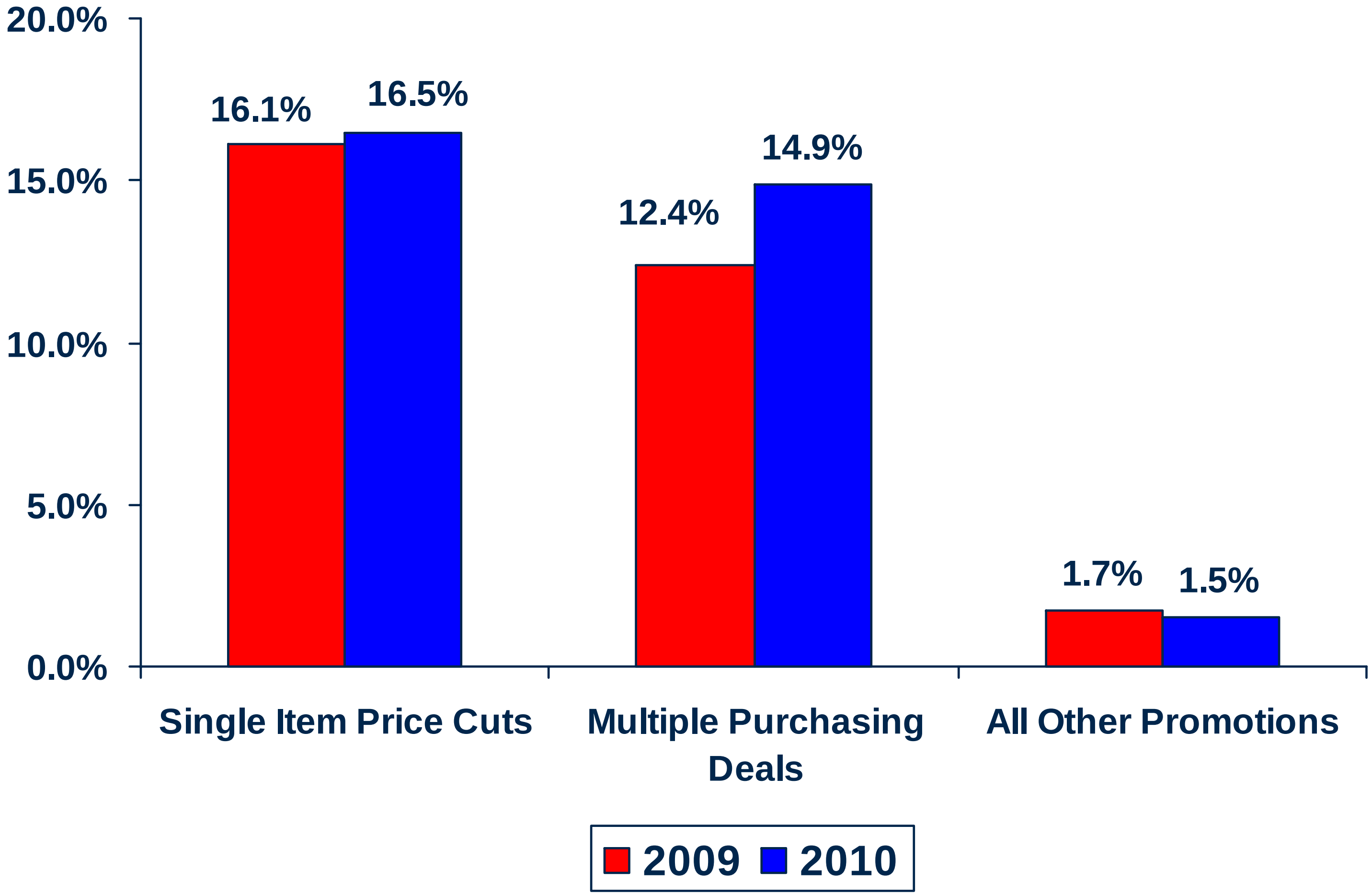


- Premier's promotional activity increased significantly in Q4
- Growth in volume sold on promotion seen across all Major Multiples
- Promotional volumes in line with market but quarterly phasing different

Rate of Promotional Increases Likely To Decline

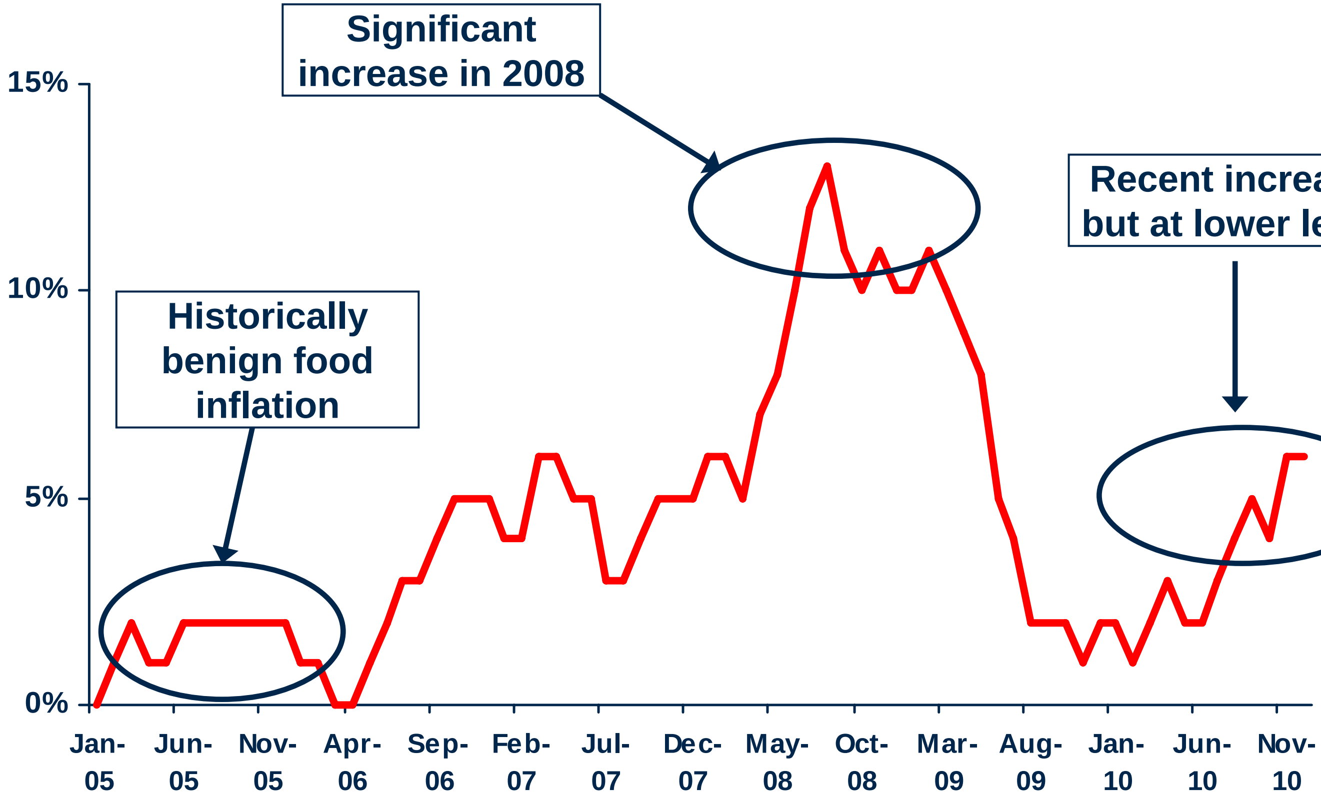
Source: Kantar Worldpanel Purchase, 52 w/e 26 December 2010

Consumer Spending Bought On Promotion By Type



Growth In Multiple Deals Reflects Increasing Consumer Confidence

UK Food Commodity Price Index



Key Increases:

- Wheat
- Oils
- Cocoa
- Cartons

- Commodity cost increases again witnessed in H2 2010, as wheat costs doubled
- Pricing recovery achieved in 2010 – with a slight stagger
- Inflation experienced to date recovered through pricing

Recent Commodity Increases But These Are Manageable

Source: Thomson DataStream

Brookes Avana

- Sales reduced by 4.7% in year (£11m) due mainly to mix, lower promotional activity and lower volumes on existing contracts
- The ready meals sector continues to be oversupplied
- Significant increases in number of tenders and cost of business retention
- Under recovery of input cost inflation
- As a result Trading profit declined from £15m to £nil
- However, business continues to produce quality products
- Constructive customer dialogue is ongoing
- Introducing new customers to our business

Expect Business To Return To Profitability In 2011

2011 Trading Outlook

Our focus in 2011 will be to:

- Continue to build branded market volume share
- Achieve a better balance between volume & value sales growth
- Grow our percentage of Grocery branded sales from new and improved products from the current 5% as our innovation pipeline matures
- Continue our drive for efficiencies
- Generate at least £80m of recurring cash flow

We would expect our focus to result in the Group showing progress in 2011 without any further deterioration in the consumer environment

Premier Foods Going Forward

What Have We Recently Divested?

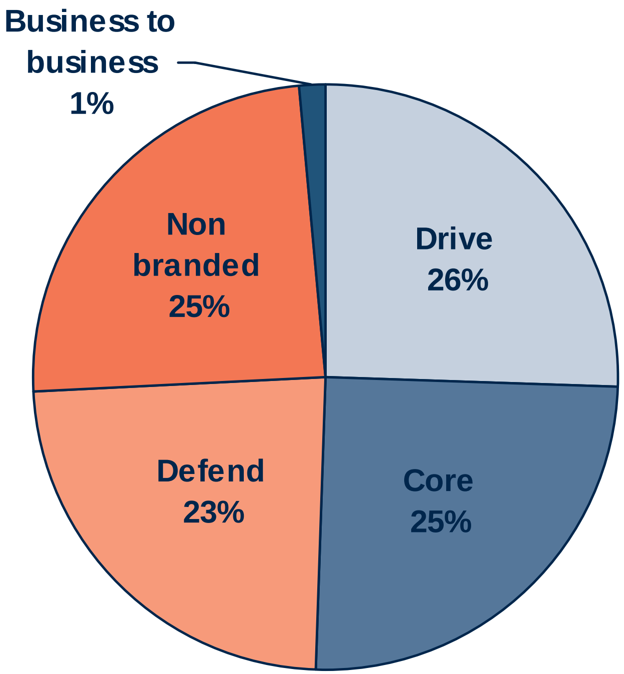
- Meat-free
  - Branded sales of £129m
  - Good growth profile although not in 2009/2010
  - Set up as a standalone business

- Canning
  - Total sales of £334m
  - Sales 57% Non-branded
  - Business operating in declining categories
  - Delivered robust cash flows
  - Margins were maintained through cost savings

Grocery Sales

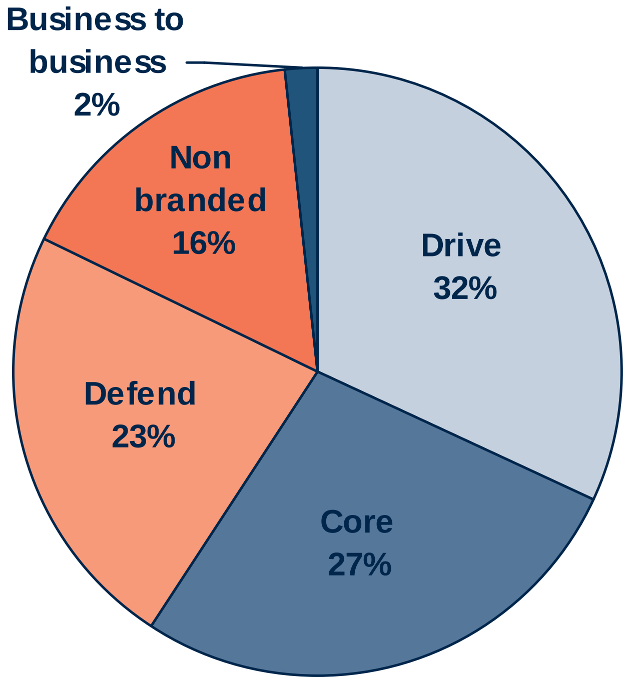
Pre Canning Disposal

Total branded 74.1%



Post Canning Disposal

Total branded 82.3%



Increased Grocery Branded Sales To 82%

Revised Shape of Portfolio

Brand	2010 Actual	Disposals	2010 Pro forma
Drive brands	**865**	**120**	**745**
Core brands	**391**	**61**	**330**
Defend brands	**417**	**95**	**322**
Total branded	**1,673**	**276**	**1,397**
Non-branded	894	187	707
Total	**2,567**	**463**	**2,104**
Branded sales mix	**65.2%**	**59.6%**	**66.4%**

Maintain Objective To Outperform Market By 0-2%

The Group Vision and Strategy Is Unchanged

Our Vision is:

"To be the best in British food with brands you really love"

Our Strategy is unchanged:

- To invest behind our brands to drive organic branded sales growth
- To leverage our scale to support growth
  - Consumer insight
  - Enhanced customer relationships
- To leverage our scale to reduce costs
  - Procurement
  - Manufacturing efficiency
  - Administration overheads
- Retailer brand and business to business enhances customer relationships, capacity utilisation and procurement
- To generate cash and reduce debt

Key Targets Remain Unchanged

- Volume growth targets compared to market performance:
  - Drive brand volumes to grow 0-2% ahead of the market
  - Core, Defend and Non-branded in line with the market
  - Total sales to progress between 0-2% ahead of the market
- Grocery manufacturing controllable costs reduction of 4% pa
- Procurement savings from consolidating suppliers and strategic supply chain initiatives
- Increased consumer marketing investment, funded by administrative savings
- Recurring cash flow delivery to continue debt reduction – at least £80m

Strategic Direction Remains As Clear As Ever

Return To A One Premier Approach

- Prior to the RHM acquisition Premier Foods operated a highly centralised structure
- This enabled:
  - Quick decision making
  - A clear focus on branded growth
  - Leveraged scale alongside low overheads
- This major RHM acquisition required a move to a divisional organisational structure
- The Group has now returned to a more centralised structure
  - Clear brand focus
  - Functional alignment
- With the exception of our Non-branded chilled business we are in a very similar position but with a much larger business

One Premier

New Organisational Structure

- Functional alignment across the Group
- Tim Kelly, Chief Operating Officer:
  - Responsibility for managing all brands
- We have created new Group Executive roles:
  - Group Marketing Director - Jon Goldstone
  - Group Technical & Innovation Director – Paul Kitchener
- Better focused for branded growth
  - Drive & Core – focus on brand building
  - Defend & Non-branded – managed to maximise contribution
- Brookes Avana will report directly to CEO

Improved Organisational Structure To Support Delivery of Branded Growth

Growth And Innovation

- We have spent much of the past 4 years managing restructuring :
  - Commercial
  - Manufacturing and logistics
  - Financial and divestments

- We are now moving to greater focus on profitable growth

- The key drivers will be :
  - Consumer marketing support in line with strategy
  - In-depth understanding of the British consumer
  - A shift of focus to innovation over the next 3 years
  - Concentrated on fewer bigger brands

- Investor & Analyst Conference planned for May

Grocery Savoury Activity

Bisto Instant Roast Gravy
- Launched February

Oxo Squeezy Stock
- Launching March

Branston Salad Cream with a Twist
- Launching Easter

Sharwoods Stir Fry Pouch
- Launched January

Batchelors Pasta & Noodle Pot Shots
- Rolling out in 2011

Grocery Sweet Activity

Mr Kipling

- Great British Puds launched January
- Free Range Eggs across range

Ambrosia

- Ant & Dec 'Push the Button' sponsorship from 12th February
- Redesign in store from February

PREMIER FOODS

Hovis Activity

- Hearty Oats Loaf
  - 2010 Sales £3.1m
  - Can help maintain cholesterol levels
  - Approved by HEART UK

- Victoria Pendleton
  - Continuation of ambassador role
  - Promoting health credentials through ‘Stop Snacking’ campaign
  - 2011 Q1 TV advertising

The New Deal

- EBITDA of more than £300m pa is stable and we have a strategy to grow it
- From this we can pay:
  - Pension deficit contributions which at c£40m pa are stable and affordable
  - Cash interest payment in 2011 of c£100m and declining in future
  - Cash tax will remain minimal for the short term
- Cash flow of at least £80m in 2011, growing with EBITDA and lower interest costs
- Shareholder wins in 3 ways
  - Debt reduction and pension deficit reduction transfers value to shareholders
  - Growth in EBITDA will increase cash generation

Increasing Focus On Returns To Shareholders

The Best in British Food with Brands You Really Love

Appendices

Definitions

Trading profit is defined as operating profit from continuing operations before exceptional items, amortisation and impairment 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 and administration costs.

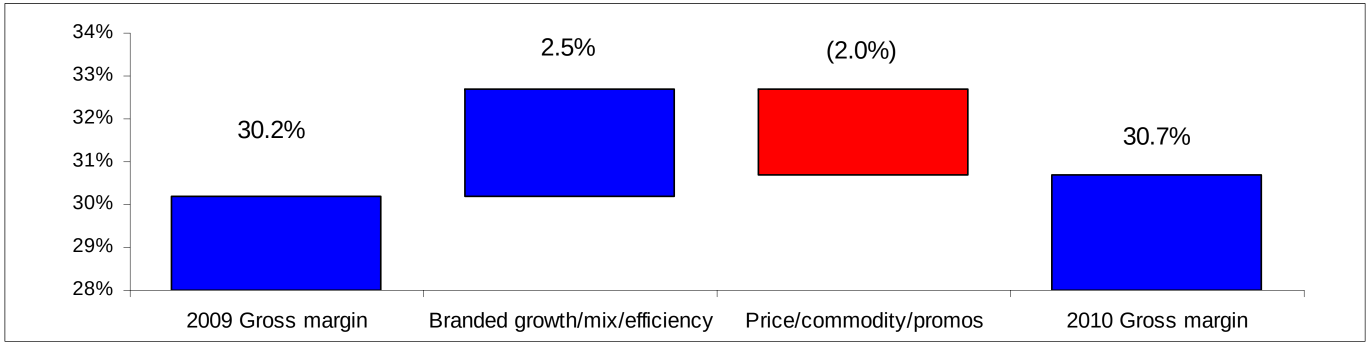
Adjusted profit before tax is defined as Trading profit less net regular cash interest costs and regular amortisation of debt issuance costs.

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.

All financial metrics refer to the continuing Group including the Meat-free business unless otherwise indicated. For the purposes of the financial statements the Meat-free business is disclosed within discontinued operations.

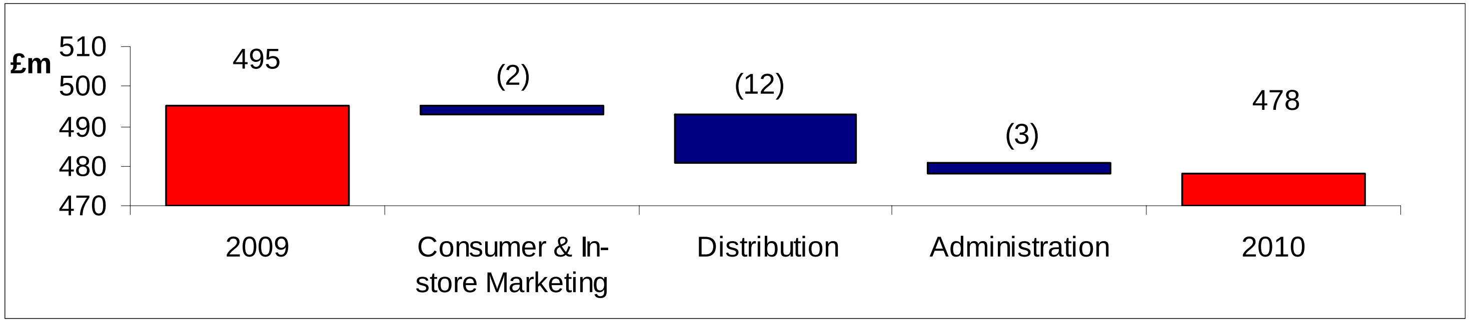
Group Gross Margin Bridge



- **Branded growth/mix/efficiency**: Improved mix with branded sales now 65.2% of total sales. Continued efficiencies in both procurement and manufacturing.
- **Pricing/commodity/promotions**: Increased commodity and promotional costs reflecting market and consumer environment partially offset by pricing.

Margin Growth Continues With Business Model and Offsets Effects of Market

Operating Expenses

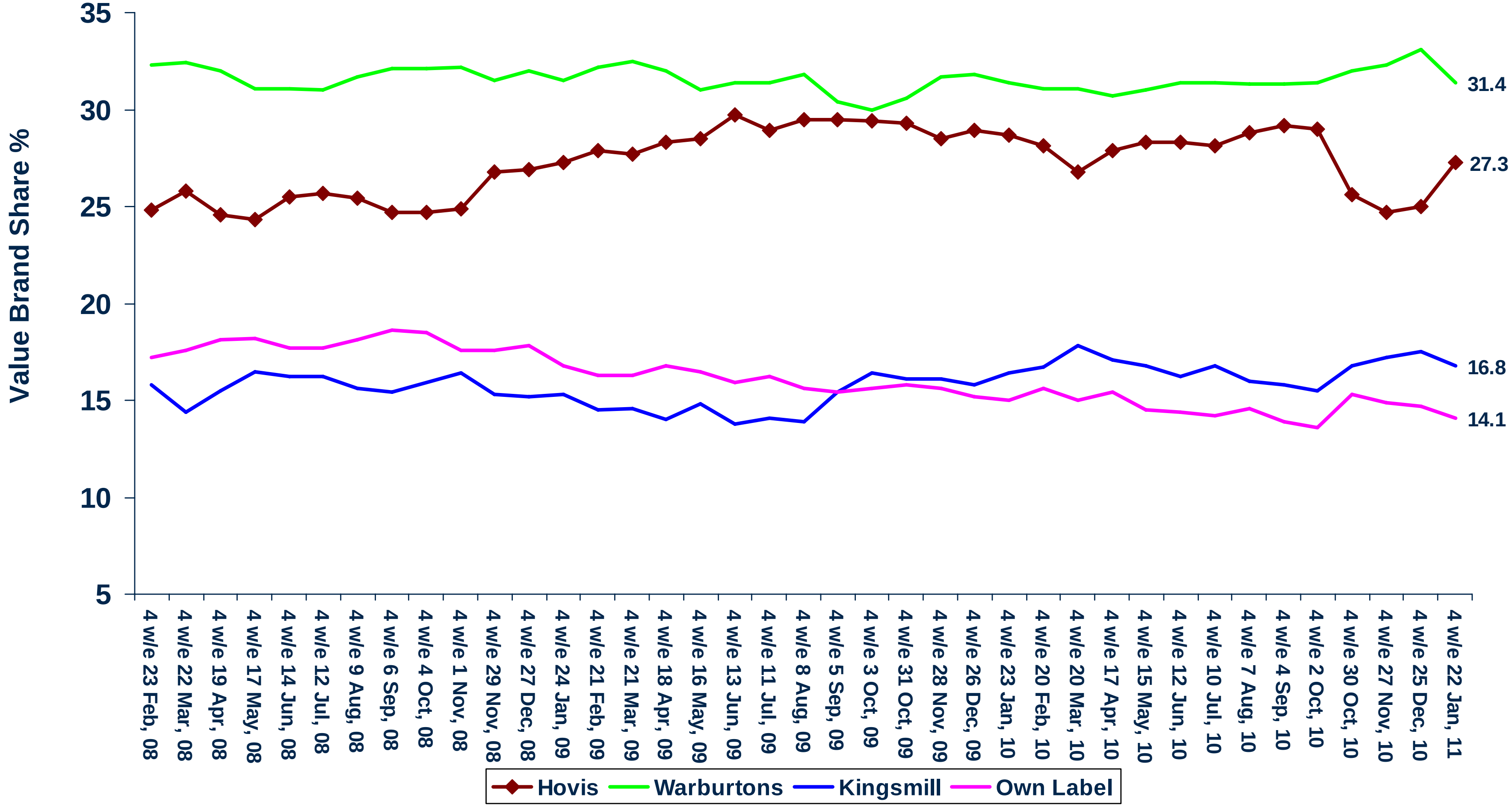


- Marketing costs increased in Grocery with reduction in Hovis and Meat-free
- Distribution costs reduced by improved efficiencies, lower fuel costs and lower volumes
- Admin costs have benefited from lower pension service costs

Delivering Efficiency Savings In Distribution & Administration

![Premier Foods]

Value Share of Pre-packaged Bread, Major Multiples including Co-op



Total Hovis = Hovis + Nimble

Source: Symphony IRI Infoscan Major Mults incl Co-op, 4 w/e 22 Jan 11

Interest Charges

£m	2010	2009	%
Net debt interest	(58)	(78)	25.6
Securitisation interest	(2)	(2)	0.0
Swap contract interest	(71)	(62)	(14.5)
Cash interest	**(131)**	**(142)**	**7.7**
Amortisation and deferred fees	(14)	(13)	(7.7)
Regular net interest charge	**(145)**	**(155)**	**6.5**
Unwind of provision discount	(1)	(1)	
IAS 39 – fair valuation of financial instruments	(43)	39	-
Exceptional write off of financing costs	(2)	(3)	
Accelerated amortisation of debt issuance costs	-	(10)	-
Reported net interest charge	**(191)**	**(130)**	
Average debt	1,529	1,651	7.4
Effective coupon	8.6%	9.4%	

- On a pre-disposal basis, coupon should reduce to c8.0% in 2011 owing to swap restructure and lower bank margin

Swap Instruments

Instrument Type	Nominal Value £m	Coupon %	Maturity	MTM £m
Cap & collar swaps	350	5.75	June 2012	24.5
Vanilla	50	4.60	May 2013	3.7
Vanilla	100	5.00	June 2013	14.0
Vanilla	575	6.87	Dec 2013	159.9
	1,075	**6.21**		**202.1**

Agreed settlement amounts due (gross of tax)	£m
2012	33
2013	79
	112

Taxation

- 2010 P&L credit on continuing activities after prior year adjustments - £11.6m, a rate of 18.1%,
- The current year rate is 28.1% after removing the impact of the goodwill impairment charge of £125m
- Cash tax rates minimal as a result of:
  - Capital allowances in excess of depreciation charges
  - Pension contributions in excess of the profit and loss charge
  - Increased by the amortisation of intangible assets that are not eligible for tax relief
- The expected accounting tax rate for 2011 is for a P&L charge of c26%. Cash taxes are anticipated to be minimal

Covenants

£m	2010	2011	2012
Covenant Net debt	1,254		
Covenant EBITDA	365		
Covenant Interest	128		
Net debt / EBITDA test	4.50	3.90	3.45
Net debt / EBITDA actual	3.44		
Net debt / EBITDA headroom %	24%		
EBITDA / Interest test	>2.40	>2.75	>3.30
EBITDA / Interest actual	2.85		
EBITDA / Interest headroom %	19%		

Pension Valuation And Assumptions

Pension Deficit (£m)	31 Dec 2010	31 Dec 2009
Assets	2,799	2,530
Liabilities	(3,120)	(2,959)
Deficit	(321)	(429)

Assumptions	31 Dec 2010	31 Dec 2009
Discount rate	**5.45%**	**5.80%**
Inflation (derived)	**3.45%**	**3.50%**
Future pension increases	**2.20%**	**2.20%**
Expected salary increases (RHM/Premier)	**3.30%/4.45%**	**3.50%/4.50%**
Mortality assumptions	**SAP CMI (equivalent to Medium Cohort LTI rate 0.75%)**	**Medium Cohort**
Expected return on assets (RHM/Premier)	**6.70%/7.80%**	**7.00%/8.00%**

Pension Service Cost

£m	2010	2009
Current service cost	21	12
Past service credits	(12)	-
Pension cost in Trading Profit	**9**	**12**
Other cash contributions	12	12
Administration costs & PPF levy	7	8
Regular cost	**28**	**32**
Deficit contribution	38	33
Total pension cost	**66**	**65**

Balance Sheet

£m	2010	2009
Fixed assets		
Property, plant & equipment	539	635
Intangibles / goodwill	2,060	2,480
Total fixed assets	2,599	3,115
Working capital		
Stock	135	214
Debtors	356	347
Creditors	(496)	(485)
Total working capital	2,594	76
Net debt		
Gross borrowings	(1,282)	(1,383)
Cash	2	18
Total net debt	(1,280)	(1,365)
Other net liabilities	(324)	(761)
	990	1,065
Share capital & premium	1,149	1,149
Reserves	(159)	(84)
	990	1,065

Impact Of Disposals - P&L

£m	2010	Disposals	2010 Pro forma
Branded sales	1,673	276	1,397
Non-branded sales	894	187	707
Total sales	**2,567**	**463**	**2,104**
Gross profit	789	92	697
Gross margin %	*30.7%*	*19.9%*	*33.1%*
Operating expenses	(478)	(48)	(430)
Trading profit	**311**	**44**	**267**
Trading profit margin %	*12.1%*	*9.5%*	*12.7%*
Interest	(145)	(13)	(132)
Adjusted PBT	**166**	**31**	**135**
Tax @ 28%	(47)	(9)	(38)
Adjusted profit	**119**	**22**	**97**
Adjusted earnings per share (pence)	**5.0**	**0.9**	**4.1**

Impact Of Disposals - Cash Flow

£m	2010	Disposals	2010 Pro forma
Trading Profit	**311**	**44**	**267**
Depreciation	51	7	44
Other non-cash items	7	-	7
Interest	(131)	(13)	(118)
Tax	(2)	-	(2)
Pension	(57)	-	(57)
Regular capital expenditure	(68)	(3)	(65)
Working capital	13	7	6
Cash flow before non-recurring items	**124**	**42**	**82**