

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 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 forward this document, together with the Form of Proxy and 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 will be, or 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 the other Excluded Territories. If you sell or have sold or otherwise transfer or have transferred only part of your holding of Existing Ordinary Shares, you should retain this document and the accompanying documents and consult the bank, stockbroker or other agent through whom the sale or transfer will be, or was, effected. If you receive this document from another Shareholder, as transferee, please contact Equiniti for a Form of Proxy (if applicable).

The distribution of this document and/or the accompanying documents and/or the transfer of the Placing Shares, Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. 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 Territories.

**This document is not a prospectus but a shareholder circular and it is being sent to you solely for your information in connection with the Resolutions to be proposed at a General Meeting of Premier Foods plc. It does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security, including any Placing Shares to be issued in connection with the Placing, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to be issued in connection with the Rights Issue.**

**The Prospectus containing details of the Placing and the Rights Issue will not be posted to Shareholders but will be published on Premier Foods’s website on or around the date of this document. Subject to certain exceptions, Shareholders in the United States or any other Excluded Territories will not be permitted to access the Prospectus. Investors should not subscribe for any Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares except on the basis of the information and the terms and conditions of the Placing and the Rights Issue contained in the Prospectus and, if applicable, the Provisional Allotment Letter.**



## **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**

**Circular to Shareholders**

**and**

**Notice of General Meeting**

*Joint Sponsors and Joint Corporate Brokers*

**Credit Suisse**

**Jefferies**

*Financial Adviser*

**Ondra Partners**

**Your attention is drawn to the letter from the Chairman of Premier Foods plc, which is set out in Part I (Letter from the Chairman of Premier Foods plc) of this document. This letter contains the recommendation of the Board of Premier Foods plc that you vote in favour of the Resolutions to be proposed at the General Meeting. Please read the whole of this document.**

This document contains a notice of a General Meeting of Premier Foods 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. which is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by Equiniti at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 10.00 a.m. on 18 March 2014. Alternatively, you may register your proxy appointment and voting instruction electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) in

accordance with the procedures set out in the notes accompanying the notice of General Meeting. If you hold your Existing Ordinary Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Equiniti (under CREST participant RA19) by no later than 10.00 a.m. on 18 March 2014. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes accompanying the notice of General Meeting. A summary of the action to be taken by Shareholders is set out in section 15 of Part I (*Letter from the Chairman of Premier Foods plc*) of this document and in the notes accompanying the Notice of General Meeting. The electronic registration of your proxy appointment, or the return of a completed Form of Proxy or CREST Proxy Instruction, will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so and are so entitled.

**EXCEPT AS OTHERWISE PROVIDED FOR HEREIN, NEITHER THIS DOCUMENT NOR THE FORM OF PROXY NOR ANY PROVISIONAL ALLOTMENT LETTER (IF APPLICABLE AND WHEN RECEIVED) CONSTITUTES AN OFFER OF NEW ORDINARY SHARES TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS LOCATED, OR RESIDENT, IN THE UNITED STATES, OR TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS LOCATED, OR RESIDENT IN, ANY OF THE OTHER EXCLUDED TERRITORIES.**

**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 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 or 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, 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 proposals in this document are conditional on, among other things, the approval of Shareholders at the General Meeting.

Subject to certain conditions being satisfied, including the approval of the Capital Refinancing Resolutions by the Shareholders at the General Meeting, 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 that 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 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 that 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.

Credit Suisse and Jefferies are authorised and regulated in the United Kingdom by the FCA (Credit Suisse is also regulated by the PRA) and are acting for Premier Foods and no one else in connection with the JV Transaction and 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 JV Transaction and/or 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 JV Transaction and/or the Placing and the Rights Issue or any matters referred to in this document.

Ondra Partners is authorised and regulated in the United Kingdom by the FCA and is acting for Premier Foods and no one else and will not regard any other person (whether or not a recipient of this document) as a client and will not be responsible to anyone other than Premier Foods for providing the protections afforded to its clients or for providing advice on any matters referred to in this document. For the avoidance of doubt, Ondra Partners is not acting as a Joint Sponsor.

Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse, Jefferies or Ondra Partners by FSMA or the regulatory regime established thereunder, Credit Suisse, Jefferies 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 or 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 JV Transaction, 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 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.

Capitalised terms have the meaning ascribed to them in Part VIII (*Definitions*) of this document.

**Dated 4 March 2014**

## 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.

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.

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.

### **Guidance**

The medium-term guidance set out in this document (the “**Guidance**”) is based upon the historical audited consolidated results of the Group for the years 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 Joint Venture is not completed, the annual reported results of the Group for its next full financial year will include the trading of the Bread Business, which will be treated as a discontinued operation. The Guidance does not include any costs related to the Joint Venture.

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 Foods. 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 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 of the businesses of the Group will continue to enjoy the goodwill and confidence of present and potential customers, and of its strategic partners.

## Corporate Details and Advisers

Registered Office	Premier House Centrium Business Park Griffiths Way St Albans Hertfordshire AL1 2RE
Company Secretary	Andrew McDonald
Joint Sponsors and Joint Corporate Brokers	Credit Suisse (Europe) Securities Limited One Cabot Square London E14 4QJ  Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ
Financial Adviser	Ondra LLP 125 Old Broad Street London EC2N 1AR
Legal Adviser to Premier Foods	Slaughter and May One Bunhill Row London EC1Y 8YY
Legal Adviser to the Joint Sponsors	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Auditor and Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Communications	The Maitland Consultancy Limited Orion House 5 Upper St. Martin's Lane London WC2H 9EA
Registrar	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA

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## 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
<b>General Meeting</b>	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
<b>Admission and dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange and Ordinary Shares marked “ex-rights”</b>	<b>8.00 a.m. on 24 March 2014</b>
Nil Paid Rights credited to stock accounts in CREST (of Qualifying CREST Shareholders and of the 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
<b>Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters</b>	<b>11.00 a.m. on 7 April 2014</b>
Announcement of results of the Rights Issue	by 8.00 a.m. on 8 April 2014
<b>Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange</b>	<b>by 8.00 a.m. on 8 April 2014</b>
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 the Prospectus.
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 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 Placees.
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 New Ordinary Shares to be issued pursuant to the Rights Issue <sup>1</sup>	506,824,531
Number of Placing Shares to be issued	76,923,077
Placing Price	130 pence
Estimated gross proceeds of the Placing	£100 million
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 <sup>2</sup>	£253 million
Aggregate number of Placing Shares and New Ordinary Shares to be issued <sup>2</sup>	583,747,608
Estimated gross proceeds of the Placing and the Rights Issue <sup>2</sup>	£353 million
Estimated net proceeds receivable by Premier Foods, after deduction of commissions, fees and expenses in respect of the Placing and the Rights Issue <sup>3</sup>	£344 million
Placing Shares and New Ordinary Shares as a percentage of Premier Foods's enlarged issued share capital immediately after the Placing and the Rights Issue <sup>2</sup>	71 per cent.
Shares in issue immediately after the Placing and the Rights Issue <sup>2</sup>	823,589,863 Ordinary Shares

**Notes:**

- As at the Reference Date an additional 9,632,923 Ordinary Shares would be required to be issued to satisfy all outstanding options under the Share Plans. If all such options were to be exercised between the Reference Date and the Record Date, an additional 15,412,676 New Ordinary Shares would be issued pursuant to the Rights Issue.
- Calculation assumes no Ordinary Shares are issued as a result of the exercise of any options under the Share Plans between the Reference Date and the Record Date. If all such options were to be exercised 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.
- (a) Calculation of estimated net proceeds assumes no Ordinary Shares are issued as a result of the exercise of any options under the Share Plans between the Reference Date and the Record Date. If all such options were to be exercised 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).

## PART I

### LETTER FROM THE CHAIRMAN OF PREMIER FOODS PLC

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

#### Directors

David Beever (*Non-Executive Chairman*)  
Gavin Darby (*Group Chief Executive Officer*)  
Alastair Murray (*Group Chief Financial Officer*)  
Ian Krieger (*Non-Executive Director*)  
Jennifer Laing (*Non-Executive Director*)  
Charles Miller Smith (*Non-Executive Director*)  
Pam Powell (*Non-Executive Director*)  
David Wild (*Senior Independent Non-Executive Director*)

#### Registered Office

Premier House  
Centrium Business Park  
Griffiths Way  
St Albans  
Hertfordshire AL1 2RE

4 March 2014

To: All Shareholders

Dear Shareholder

**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**  
**and**  
**Notice of General Meeting**

#### 1. General

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 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, which the Board believes will increase the financial flexibility and stability of the Group. The Board believes that the Capital Refinancing Plan, together with the JV Transaction (as explained in more detail below), will enable the Group to pursue more effectively its category-based strategy and enhance long-term shareholder value.

#### 2. Introduction

On 27 January 2014, Premier Foods announced that it had entered into a conditional agreement with Baker Holdings (Luxembourg) S.à.r.l. ("**Gores**"), an indirect wholly-owned subsidiary of The Gores Group LLC, to sell 51 per cent. of the Bread Business, which manufactures and supplies wrapped bread, morning goods, flour, wheat flakes and baking ingredients and comprises Premier Foods' Bread division (other than the Charnwoods Foods facility in Leicester and a flour mill in Andover), for an aggregate consideration of £30 million (subject to adjustments in respect of stock), of which £15 million is contingent on future performance (the "**JV Transaction**"). Upon completion of the JV Transaction, Gores and Premier Foods will hold a 51 per cent. and 49 per cent. interest, respectively, in the Bread Business and will invest a further £32 million through loan notes, *pro rata* to their respective interests.

The JV Transaction is expected to facilitate a significant increase in investment in the Bread Business, to improve its operational infrastructure and reinvigorate its core brands. The JV Transaction will enable Premier Foods to focus its attention and resources on growing its category-leading Grocery brands and thereby strengthen its position in the ambient Grocery market, while allowing it to share in any profitable growth of the Bread Business through its retained 49 per cent. interest.

The Board also announced today that Premier Foods proposes to raise approximately £353 million in aggregate (£344 million net of expenses) by way of a Placing at 130 pence per Placing Share and a 8 for 5

Rights Issue of New Ordinary Shares at a price of 50 pence per New Ordinary Share. The Placing and the Rights Issue form part of the Group's Capital Refinancing Plan which was also announced today.

The Placing Price represents a discount of approximately 7.1 per cent. 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 Rights Issue Price represents a discount of approximately 64 per cent. to the Closing Price of 140 pence on 3 March 2014 (being the last Business Day prior to the announcement of the Rights Issue) and a 38.1 per cent. discount to the theoretical ex-rights price based on the Placing Price on that date.

See further paragraph 7.2 (as to the inter-conditionality of the Capital Refinancing Plan) and paragraph 6 (as to the conditionality of the JV Transaction) of this Part I. **The Capital Refinancing Plan is not conditional upon completion of the JV Transaction.**

The purpose of this document is to:

- explain the background to, and reasons for, the JV Transaction;
- explain the background to, and reasons for, the Placing and the Rights Issue; and
- give notice of the General Meeting to be held to consider and, if thought fit, to pass the Resolutions required to enable and authorise Premier Foods to implement the JV Transaction and the Placing and the Rights Issue.

### ***Prospectus***

In connection with the Placing and the Rights Issue, Premier Foods has prepared the Prospectus, which is available (other than to Excluded Shareholders) on Premier Foods's website <http://www.premierfoods.co.uk/> and at Premier Foods's registered office. You should not subscribe for any Placing Shares or New Ordinary Shares referred to in this document except on the basis of information contained or incorporated by reference into the Prospectus. Shareholders (other than Excluded Shareholders) can also request that a copy of the Prospectus be sent to them free of charge by calling the Shareholder Helpline on 0871 384 2909 if calling from inside 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. 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. Subject to certain exceptions, Shareholders in the United States and the other Excluded Territories will not be permitted access to the Prospectus.

### ***Action***

Due to its size and the fact that Gores may (subject to certain conditions and after three years following Completion) require Premier Foods to sell its stake in the JV, the JV Transaction constitutes a Class 1 transaction for the purposes of the Listing Rules and is, therefore, conditional on (among other things) the passing of the JV Resolution. The JV Transaction, the Placing and the Rights Issue are also conditional on, among other things, the passing of the Capital Refinancing Resolutions. Accordingly, your approval of the JV Transaction and the Placing and the Rights Issue is being sought at a General Meeting of Premier Foods 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.. A notice of the General Meeting and of the Resolutions to be considered at the General Meeting is set out at the end of this document. A summary of the action you should take is set out in section 17 of this letter and on the Form of Proxy that accompanies this document.

**The Resolutions are important to the Group and the Board recommends that you vote in favour of them, as they intend to do in respect of their own beneficial holdings. Please refer to paragraph 19 for a summary of the consequences which may arise if the Resolutions are not passed.**

### **3. Summary information on the Bread Business**

The Bread Business, which represents the Group's Bread division (other than the Charnwoods Foods facility in Leicester and a flour mill in Andover), is engaged in the production and sale of a wide range of branded and non branded wrapped breads, morning goods, flour, wheat flakes and baking ingredients. The Bread

Business broadly comprises two separate divisions, the wrapped bread and morning goods division (“**Baking**”) and the milling division (“**Free Trade Milling**”), each of which is discussed in further detail below. 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 to consumers and foodservice customers, each of which is being retained by the Group.

The Bread Business’ principal brands are *Hovis*, *Mother’s Pride* and *Ormo*. *Hovis* is a leading food brand in the UK and is a market leader in several healthier bread sub-categories, such as brown bread and bread with bits. The Bread Business is the third largest packaged bread manufacturer in the UK.

The Bread Business is headquartered in High Wycombe, Buckinghamshire and is operated through ten bakeries, six flour mills and three depots/regional distribution centres, all of which are based in the UK, and are intended to transfer to Hovis Limited as part of the JV Transaction arrangements. The Bread Business employs approximately 3,800 staff.

### ***Wrapped bread and morning goods***

The Baking division is engaged in the production of a wide range of branded wrapped breads, supplying *Hovis*, *Mother’s Pride* and *Ormo*, as well as non branded pre-packed bread. In addition, it manufactures morning goods and a wide range of other bakery goods and accounted for approximately 69 per cent. of revenues for the Bread Business in FY 2013. The Bread Business holds the leading position for branded bread in Tesco, Morrisons and Sainsbury’s, and has leading overall positions in the healthier sub-categories.

The Baking division also comprises a substantial logistics operation which employs approximately 1,381 people across two regional distribution centres, five integrated sites and five further peripheral depots.

### ***Free Trade Milling***

The Free Trade Milling division operates two flour mills and a specialist mixing site producing approximately 500,000 tonnes of flour per year. It produces a wide range of bulk flours and branded and non branded flours. The division employs approximately 176 people, all of whom are dedicated to the Free Trade Milling division, and it accounted for approximately 30 per cent. of revenues for the Bread Business in FY 2013.

The Free Trade Milling division supplies its customers through three distinct channels (Rank Hovis, Fleming Howden and Holgran) which provide geographic and product breadth. The division has a diversified customer base and the majority of its major customers have been customers of the Bread Business for over five years.

### ***Trading results***

The table below summarises the trading results of the Bread Business (on an IFRS basis) for the three years ended 31 December 2013:

	<i>Year ended 31 December 2011 £ million</i>	<i>Year ended 31 December 2012 £ million</i>	<i>Year ended 31 December 2013 £ million</i>
Turnover	698.0	685.3	654.6
Operating loss	(290.1)	(27.8)	(242.1)
Loss on ordinary activities before taxation	(290.1)	(27.8)	(242.1)

#### **Notes:**

- (1) The FY 2013 administrative expenses include an impairment charge of £234.4 million primarily relating to intangible and tangible assets; the FY 2011 administrative expenses include an impairment charge of £282 million relating to goodwill and intangible assets.

No interest or tax allocation is performed for the purpose of the Group consolidation. As a result, it is not possible to provide a meaningful allocation of the Group interest and tax charges for these periods.

The income statement information presented above is unaudited.

For the year ended 31 December 2013, the Bread Business had an operating loss of £242.1 million and gross assets of £27.8 million.

The financial information in this section 3 has been extracted without material adjustment from the financial information contained in Part V (*Financial Information on the Bread Business*) of this document.

Please refer to Part V (*Financial Information on the Bread Business*) of this document for further historical financial information on the Bread Business. Please also refer to the unaudited pro forma balance sheet and pro forma income statement of the Group in Part VII (*Unaudited Pro Forma Financial Information for the Group*) of the Prospectus and which are incorporated into this document by reference, and which illustrate (on the basis set out therein) the effects of the JV Transaction on the Group's balance sheet and income statement had it occurred at the start of FY 2013.

#### **4. Background to and reasons for the Joint Venture**

Through the JV Transaction, the Group intends to realise material value in the short term and to share in the future value generation of the Bread Business in the long term, through the retention of a significant interest in the Joint Venture.

The JV Transaction is intended to facilitate additional investment in, and thereby enable the ongoing implementation of the restructuring of, the Bread Business. On 20 November 2012, the Group announced that Phase 1 of the restructuring of the Bread Business would be implemented during the course of 2013. Phase 1 of that programme has now been successfully implemented, and resulted in 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. Nevertheless, Phase 2 of this restructuring strategy requires substantial additional investment and capital expenditure, in particular in relation to, among other things, marketing and innovation, to better leverage the *Hovis* brand and explore opportunities in adjacent categories, and plant and equipment, in order to optimise manufacturing capabilities.

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. Premier Foods and Gores have agreed to invest up to £45 million in the Bread Business, of which £32 million will be invested at Completion (approximately £15.7 million by Premier Foods and approximately £16.3 million by Gores) and up to a further £13 million after Completion and contingent upon the crystallisation of certain events set out in the business plan (up to £6.37 million shall be for the account of Premier Foods and up to £6.63 million shall be for the account of Gores, pro rata to their respective shareholdings). Separately, it is also expected that Hovis Holdings will have committed facilities of at least £65 million at Completion (and, in the event that it does not, Premier Foods has agreed to provide up to £10 million of further funding, subject to certain conditions). These facilities, together with Gores' and Premier Foods's investments (and cash expected to be generated by the Business), will be used to fund the JV's plan to invest up to £200 million in the next five years to improve the operational infrastructure of the Business and reinvigorate the *Hovis* brand.

In consideration for the acquisition of 51 per cent. of the shares in Hovis Holdings, Gores will pay up to £30 million, of which £15 million will be payable on Completion and up to a further £15 million will be contingent upon future performance of the Bread Business. The consideration payable under the JV Transaction attributes an enterprise value of £87.5 million to the Bread Business. Under the JV Transaction documents, the Group will retain the benefit of certain working capital items, comprising principally trade receivables less trade payables. The net value of these items (based on the average of monthly balances in the 12 months prior to the expected completion of the JV Transaction, is approximately £28.7 million, which Premier Foods intends to invest in its core Grocery division predominantly to improve capacity in the cake business, including through the investment of approximately £20 million in a new Snack Pack cake slice line at the Company's manufacturing site in Carlton, Barnsley. The JV Transaction is therefore, among other things, intended to enable the Company to strengthen its position in the ambient Grocery market, through this additional investment and by focusing its attention and resources on continuing to grow its category-



leading Grocery brands. After completion of the JV Transaction, the Bread Business will be deconsolidated from the Group.

## 5. Information on Gores

The Gores Group is a global investment firm focused on acquiring controlling interests in mature and growing businesses which can benefit from its operating experience and flexible capital base. The Gores Group, founded in 1987 by Alec Gores, is a strategic investor which seeks to create value in its portfolio companies alongside management. Headquartered in Los Angeles, the Gores Group maintains offices in Boulder, CO, and London.

## 6. Principal terms of the Joint Venture

The Bread Business is currently owned and operated by various entities within the Group. As a result, 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 (on a fully diluted basis) for cash consideration of £30 million, of which £15 million will be contingent on future performance of Hovis Holdings and its group and payable to Premier Foods upon an exit by Gores, pursuant to and on the terms of, the Subscription Agreement (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 million (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. Save in respect of certain payables and receivables, Premier Foods will retain all working capital generated by the Bread Business prior to Completion, which is expected to amount to £28.7 million (based on the average of monthly balances in the 12 months prior to the expected completion of the JV Transaction), comprising principally trade receivables less payables.

At Completion, Gores will subscribe for 51 per cent. of the shares in Hovis Holdings for £15 million (and a further £15 million will be payable to Premier Foods if certain conditions are met) and will invest a further (approximately) £16.3 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 will be led by Bob Spooner, who will be the CEO and director of Hovis Holdings on Completion. Bob is currently Managing Director of the Bread division, where he is responsible for all aspects of the Bread business, with full P&L responsibility. Bob has been responsible for the successful completion of Phase 1 of the restructuring of the Bread Business during the last 18 months.

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 because the terms of the New Facility Agreement will not restrict the actions which are required to effect the JV Transaction and the RHM Pension Trustee will waive any rights it has in relation to the implementation of the JV Transaction pursuant to the terms of the Pensions Framework Agreement. 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.

The principal terms of the Joint Venture and JV Agreements, including details of the Hive-Down, are set out in Part III (*Principal Terms of the Joint Venture*) of this document.

## **7. Background to and reasons for the Placing and the Rights Issue**

### **7.1 Background**

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 remain 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 (people-related costs in FY 2013 reduced by over £20 million, 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 restructuring of its Bread division and in line with the Group's strategy, the proposed sale of 51 per cent. of the Bread Business, which comprises the majority of the Group's Bread division, pursuant to the JV Transaction (further details of which are set out in section 4 (*Background to and reasons for the Joint Venture*) of this document).

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*) of the Prospectus 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.

## 7.2 *The Capital Refinancing Plan*

### *Overview*

Premier Foods is proposing to implement a capital refinancing plan (the “**Capital Refinancing Plan**”), which has been discussed with the Group's core lenders, the Pension Trustees and certain other stakeholders, 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);
- 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), 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 revised funding arrangements and associated matters in respect of the 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 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 approximately £63 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 8 of this Part I and Part I (*Information on the Placing and the Rights Issue and Joint Venture*) and Part V (*Terms and Conditions of the Rights Issue*) in the Prospectus; (ii) the New Bonds may be found in section 9 of this Part I and section 21.3 of Part X (*Additional Information*) of the Prospectus and (iii) the New Facility Agreement may be found in section 9 of this Part I and section 21.2 of Part X (*Additional Information*) of the Prospectus. Further information on the New Framework Agreement may be found in Section 21.5 of Part X (*Additional Information*) of the Prospectus.

### *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 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 the drawings under the New Revolving Facility in aggregate 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 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 the Rights Issue are conditional upon (i) the Shareholders passing the Capital Refinancing Resolutions 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).

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 Pension Schemes pursuant to the New Framework Agreement are conditional on the completion of the Placing and the Rights Issue.

The New Revolving Facility will be available following (among other things) receipt by the facility agent of evidence that: (i) the Company has received net proceeds from the Placing and 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 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.

### **7.3 *Amendment of the Articles of Association***

In the context of the Capital Refinancing Plan, it will be necessary to amend the Company's borrowing powers under article 140 of the Articles of Association to ensure that the Company is able to draw funds under the New Facility Agreement and to otherwise incur borrowings in the manner contemplated by the Capital Refinancing Plan, and that the Company has the appropriate financial flexibility to operate following implementation of the Capital Refinancing Plan.

## **8. Structure and principal terms and conditions of the Placing and the Rights Issue**

### **8.1 *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 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 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 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 per cent. If a Qualifying Shareholder or a Placee does not take up any New Ordinary Shares under the Rights Issue and does not participate in the Placing, such Qualifying Shareholder's or Placee'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.

## 8.2 *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 the Prospectus.

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.

## 8.3 *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 38.1 per cent. discount to the theoretical ex-rights price of 81 pence on 3 March 2014 (being the last Business Day before the announcement of the Placing and the Rights Issue) (which theoretical ex-right price has been calculated taking into account the effect of the issue of the Placing Shares at the Placing Price); 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 the Prospectus, 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 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 the Prospectus.

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 the Prospectus 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 the Prospectus for further information regarding their ability to participate in the Rights Issue.

## **9. The New Facility Agreement, the New Bonds and the New Framework Agreement**

### ***The New Facilities 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 accordation 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 the 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 Pension Schemes of £350 million), and lenders and related finance parties in respect of certain permitted refinancing indebtedness utilised to refinance existing secured indebtedness.

#### ***Revised funding arrangements with the 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 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 Pension Schemes is set out below:

Year	Contributions under revised funding arrangement				
	Total contributions agreed under 2012 Pensions Agreement	Total contributions under revised funding arrangement	RHM Pension Scheme	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. per annum until the scheduled contributions are expected to end in 2032.

The technical provisions deficit in respect of the 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 Pension Schemes will also receive cash contributions from the Group on a £1 for £1 basis (with allocation between the 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 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 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.

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*) of the Prospectus.

## 10. 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 approximately £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 million<sup>1</sup>, 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.

## **11. 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.

<sup>1</sup> 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.



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.

## **12. Directors' intentions**

Each of the Directors who is (or expects to be, at the relevant record time) a Shareholder has confirmed his/her intention to (i) vote in favour of the Capital Refinancing Resolutions and JV Resolution to be proposed at the General Meeting to approve the Rights Issue and 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.

## **13. 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. 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 Warburg Pincus at the Placing Price is approximately £17.3 million, and the issue of such Placing Shares to Warburg Pincus is a transaction of sufficient size to require Shareholder approval under the Listing Rules. Accordingly, the approval of the Independent Shareholders to the Related Party Resolution is sought at the General Meeting. Warburg Pincus will not vote, and has undertaken to take all reasonable steps to ensure that its associates do not vote, on the Related Party Resolution.

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. This transaction 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.

### **14. Risk Factors**

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolutions, please refer to Part II (*Risk Factors*) of this document.

### **15. Working capital**

On the basis that the JV Transaction completes, in the opinion of Premier Foods, 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 the Circular.

### **16. General Meeting**

A notice convening the General Meeting to be held at Doubletree by Hilton London West End, 92 Southampton Row, London WC1B 4BH at 10.00 a.m. on 20 March 2014 is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. Alternatively, you may register your proxy appointment and voting instruction electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) in accordance with the procedures set out in the notes accompanying the Notice.

The JV Transaction and the Placing and the Rights Issue are subject to a number of conditions, including the passing of the Resolutions at the General Meeting. In summary, the Resolutions (which include the JV Resolution and the Capital Refinancing Resolutions) seek the approval of Shareholders:

1. subject to, and conditional upon, the Capital Refinancing Plan being implemented, to the terms of the JV Transaction as set out in the JV Agreements (including the Drag-right) and to direct the Directors to exercise all powers of Premier Foods to implement the Completion of the JV Transaction;
2. subject to, and conditional upon, the Related Party Resolution being passed:
  - (A) to the terms of the Placing and the Rights Issue, as set out in the Prospectus, and to direct the Directors to exercise all powers of Premier Foods to implement the Placing and the Rights Issue;

- (B) to issue the Placing Shares to the Placees at the Placing Price and otherwise on the terms set out in the Prospectus;
  - (C) to grant the Board authority to allot the Placing Shares and the New Ordinary Shares for cash for the purposes of the Placing and the Rights Issue as if section 561 of the Companies Act 2006 did not apply;
  - (D) if the Placing and the Rights Issue proceed, to grant the Directors authority to allot Ordinary Shares for general purposes and to grant rights to subscribe for or to convert any security into shares in Premier Foods. 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 Premier Foods in 2013 (but in addition to the amount set out in section (C) of the Capital Refinancing Resolutions in relation to the allotment of the Placing Shares and the New Ordinary Shares for the purposes of the Placing and the Rights Issue) and would expire on the earlier of 1 July 2014 and the Company's 2014 annual general meeting. 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 Premier Foods with an aggregate nominal amount of £54,933,503 million which would represent approximately two-thirds of the total share capital of Premier Foods in issue immediately following the Placing and the Rights Issue (assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Share Plans in the period from the publication of the Prospectus to completion of the Placing and the Rights Issue);
  - (E) if the Placing and the Rights Issue proceed, 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 £4,117,949 which would represent approximately five 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, such authority to end on the earlier of 1 July 2014 or the Company's 2014 annual general meeting; and
  - (F) to amend the Articles of Association to limit the maximum amount that the Company can borrow to the higher of: (i) six times the adjusted capital and reserves (as defined in the Articles of Association); and (ii) £1,500 million; and
3. subject to, and conditional upon, the Placing and Rights Issue Resolution being passed (conditional only on this resolution being passed).

Please note that this is not the full text of the Resolutions and you should read this summary in conjunction with the Resolutions set out in the Notice on page 58 of this document.

## **17. Action to be taken**

### **17.1 *Voting at the General Meeting***

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting or any adjournment thereof. It is important that Shareholders have the opportunity to vote, even if they are unable to come to the General Meeting. Whether or not you intend to be present in person at the General Meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by Premier Foods's Registrar, Equiniti at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 10.00 a.m. on 18 March 2014. Alternatively, you may register your proxy appointment and voting instruction electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) in

accordance with the procedures set out in the notes accompanying the Notice of General Meeting by no later than 10.00 a.m. on 18 March 2014.

If you hold your Existing Ordinary Shares in uncertificated form (that is, in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Premier Foods's Registrar (under CREST participant RA19) by no later than 10.00 a.m. on 18 March 2014. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the Form of Proxy and the Notice of General Meeting.

Unless an electronic registration of proxy appointment, the Form of Proxy or CREST Proxy Instruction (as applicable) is received by the relevant date and time specified above, it will be invalid. Completion and return of the Form of Proxy, an electronic registration of a proxy appointment or the submission of a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting if you wish to do so.

The Resolutions will be taken on a poll rather than on a show of hands. Premier Foods believes a poll is more representative of the shareholders' voting intentions because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange via a Regulatory Information Service and available on Premier Foods's website as soon as practicable following the conclusion of the General Meeting.

#### 17.2 *Applying for New Ordinary Shares pursuant to the Rights Issue*

You are not required to take any action at present with respect to the Rights Issue. If the Resolutions are passed at the General Meeting (and provided the Underwriting Agreement has not been rescinded or terminated in accordance with its terms):

- Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Excluded Shareholders) will be sent a Provisional Allotment Letter by post on or about 20 March 2014 giving details regarding the procedure for the acceptance and payment, renunciation, splitting and registration in respect of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares; and
- Qualifying CREST Shareholders (other than, subject to certain exceptions, Excluded Shareholders) will receive a credit to their appropriate stock accounts in CREST in respect of their Nil Paid Rights as soon as possible after 8.00 a.m. on 24 March 2014. Qualifying CREST Shareholders will not be sent a Provisional Allotment Letter.

If you sell or have sold or otherwise transferred all of your Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, please forward the Prospectus, Form of Proxy and any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee, except that such documents should not be sent to 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 have sold or otherwise transferred only part of your holding of Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instructions regarding split applications in Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus and in the Provisional Allotment Letter.

If you do not receive a Provisional Allotment Letter or you think that the holding of 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 Ordinary Shares in certificated form on the Record Date, please telephone the Shareholder Helpline on the numbers set out on page 6 of this document.

If you have sold or otherwise transferred all or some of your 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.

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 in respect of the Rights Issue is expected to be 11.00 a.m. on 7 April 2014, unless otherwise announced by Premier Foods. Full details of the terms and conditions of the Rights Issue, including instructions on acceptance and payment are set out in Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus and, in respect of Qualifying Non-CREST Shareholders only, in the Provisional Allotment Letter if they receive one.

For Qualifying Non-CREST Shareholders (other than Excluded Shareholders), the New Ordinary Shares will be issued in certificated form and will be represented by definitive share certificates which are expected to be despatched to the registered address of the person(s) entitled to them by no later than 15 April 2014.

For Qualifying CREST Shareholders, the Registrar will instruct Euroclear UK to credit the stock accounts of Qualifying CREST Shareholders (other than Excluded Shareholders) with their entitlements to New Ordinary Shares. It is expected that this will take place as soon as possible after 8.00 a.m. on 8 April 2014.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with the Prospectus and the Rights Issue.

If you are in any doubt as to the action you should take, you should 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 FSMA or, if you are outside the United Kingdom, by another appropriately authorised independent financial adviser.

## **18. Further information**

Your attention is drawn to the further information set out in Part VII (*Additional Information*) of this document.

Further details of the JV Transaction and the Placing and the Rights Issue are set out in the Prospectus, which is being published on Premier Foods's website on or about the date of this document. Certain information contained in the Prospectus is incorporated into this document by reference, as set out in Part VI (*Information Incorporated by Reference*) of this document. Information incorporated from the Prospectus by reference includes information about Premier Foods and its share capital, details relating to the Directors and Senior Managers and details of major holders of shares of Premier Foods.

## **19. Importance of the vote**

### ***SHAREHOLDERS SHOULD READ THE FOLLOWING CAREFULLY***

#### ***Importance of approval of the Capital Refinancing Resolutions***

The net proceeds of the Placing and the Rights Issue will be used, in addition to proceeds raised from the other elements of the Capital Refinancing Plan, to prepay and cancel the Group's Current Facilities and thereby to extend the maturity of the Group's debt profile. Following successful implementation of the Capital Refinancing Plan, 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.

However, if Shareholders do not approve the Placing and Rights Issue Resolution (Resolution 2), and the Independent Shareholders do not approve the Related Party Resolution (Resolution 3), 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 contributions, associated funding arrangements and other 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 modified funding arrangements 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 of the Prospectus. In order for the Placing and the Rights Issue to proceed, Shareholders must approve the Placing and Rights Issue Resolution, and the Independent Shareholders must approve the Related Party 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 advance 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 Placing and Rights Issue Resolution and the Related Party Resolution are 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 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 twelve 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. Whilst 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 which would be likely to result in the Company becoming insolvent and having to cease trading.

#### ***Importance of approval of the Capital Refinancing Resolutions in relation to the JV Transaction***

The JV Resolution (Resolution 1) must be approved by the Shareholders at a General Meeting in order for the JV Transaction to proceed. Completion of the JV Transaction is also subject to, and conditional on (among other things) the Capital Refinancing Resolutions (Resolution 2 and 3) being approved by the Shareholders at a General Meeting and on the successful implementation of the Capital Refinancing Plan.

If the Capital Refinancing Resolutions (Resolution 2 and 3) are approved by the Shareholders at the General Meeting and the Capital Refinancing Plan is successfully implemented, the Group expects to prepay and cancel its Current Facilities in full, using the proceeds from the various elements of the Capital Refinancing Plan, and the modified funding arrangements (including revised schedules of contributions) and associated matters in relation to the Relevant Pension Schemes pursuant to the New Framework Agreement would become effective. The terms of the New Bonds, the New Facility Agreement and the New Framework Agreement in respect of the Relevant Pensions Schemes (each of which are elements of the Capital Refinancing Plan), subject to the successful implementation of the Capital Refinancing Plan, permit the Group to complete the JV Transaction without a requirement for bondholders' or lenders' consent and with a waiver from the RHM Pension Trustee in respect of any of its rights which may otherwise be exercisable as a result of the JV Transaction. Accordingly, there would no longer be a restriction on the completion of the JV Transaction at that time.

However, if either the Placing and Rights Issue Resolution (Resolution 2) is not approved by the Shareholders, or the Related Party Resolution (Resolution 3) is not approved by the Independent Shareholders, in each case at the General Meeting, and/or the Capital Refinancing Plan is not successfully implemented, the JV Transaction will not complete and the Company will not be able to realise the benefits it expects to derive from the JV Transaction.

## **20. Recommendation**

The Board considers that the Joint Venture and the Placing and the Rights Issue are in the best interests of the shareholders of Premier Foods taken as a whole and recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings, which amount in aggregate to 1,148,273 Ordinary Shares and represent approximately 0.5 per cent. of Premier Foods's issued share capital as at the Reference Date.

The Board, who has been so advised by Credit Suisse and Jefferies in their capacity as sponsors, considers that the Related Party Resolution is fair and reasonable as far as Shareholders are concerned. In providing financial advice to the Board, Credit Suisse and Jefferies have each taken into account the commercial assessment of the Directors

Yours faithfully

**David Beaver**

*Chairman*

## PART II

### RISK FACTORS

This Part II addresses the risks known to Premier Foods and the Directors at the date of this Circular and which the Directors consider to be material risks relating to the JV Transaction, as well as material risks to Premier Foods which will result from, or be affected by, the JV Transaction. This Part II also addresses certain risks and uncertainties relating to the Capital Refinancing Resolution.

Prior to voting on the JV Resolution and Capital Refinancing Resolution, Shareholders should consider the risks set out below fully and carefully. If any or a combination of the following risks actually materialises, the JV Transaction, the Capital Refinancing Plan and/or the business, results of operations, financial condition, turnover and/or profits and assets of the Group may be materially and adversely affected.

The following is not an exhaustive list or explanation of all risks relating to the JV Transaction or the Capital Refinancing Resolution. 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. 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.

For a discussion of the risks and uncertainties which you should take into account prior to investing in the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, please refer to the Risk Factors section of the Prospectus.

#### **1. Risks related to the interconditionality of the Capital Refinancing Plan**

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

The JV Resolution must be approved by the Shareholders at a General Meeting in order for the JV Transaction to proceed. Completion of the JV Transaction is also subject to, and conditional on (among other things) the Capital Refinancing Resolutions being approved by the Shareholders at a General Meeting and on the successful implementation of the Capital Refinancing Plan.

If Shareholders do not approve the Placing and Rights Issue Resolution, and the Independent Shareholders do not approve the Related Party 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 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 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 the Prospectus. In order for the Placing and the Rights Issue to proceed, Shareholders must approve the Placing and Rights Issue Resolution, and the Independent Shareholders must approve the Related Party 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 Placing and Rights Issue Resolution and the Related Party Resolution are 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 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 basis of preparation of the FY 2013 Financial Statements and the auditor's report thereon rely 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 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.

## **2. Risks related to the JV Transaction**

The following risks and uncertainties relate to the JV Transaction:

### **(i) *The JV Transaction may not complete***

Completion of the JV Transaction is subject to certain conditions, details of which are set out in Part III (*Principal Terms of the Joint Venture*) of this Circular. Completion of the JV Transaction is conditional upon: (i) the passing of the JV Resolution by Shareholders at the General Meeting; (ii) Premier Foods obtaining certain consents and/or waivers from the lenders under the Group's financing arrangements; and (iii) Premier Foods obtaining certain consents and/or waivers from certain of the trustees of the Relevant Pension Schemes. There can be no assurance that all conditions will be satisfied and, accordingly, that completion of the JV Transaction will take place. If the JV Transaction does not proceed, and the Joint Venture is not established, this may have a material adverse effect on the Group, its management and its employees, who have committed considerable time, effort and resource in preparing the Bread Business for the proposed Joint Venture. This may also create uncertainty for the customers, management and employees of the Bread Business as to the Group's future intentions for the Bread Business.

### **(ii) *Shareholder value may be lost if the JV Transaction does not complete***

The Board believes that the proposed JV Transaction and Joint Venture are in the best interests of Shareholders taken as a whole and that the JV Transaction currently provides the best opportunity to realise significant value for the Group's majority interest in the Bread Business, whilst retaining a significant participation in future value generation from the Joint Venture in respect of the Bread Business. If the JV Transaction does not complete, the value to the Group of the Bread Business may be lower than can be realised through the proposed Joint Venture. In particular, the Group may not be able to fund the restructuring of the Bread Business which may adversely affect the business, operating results, financial condition or prospects of the Bread division and the Group.

(iii) ***If the JV Transaction does not complete, it may have a disruptive effect on the Group***

If the JV Transaction does not complete, the Bread Business' management and employees may be affected and may choose to leave the Bread Business. This may have a negative effect on the performance of the Bread Business under the Group's ownership. To maintain Shareholder value, the Group's management would be required to allocate additional time and cost to the ongoing supervision and development of the Bread Business. This may materially and adversely affect the Group's business, operating results, financial condition or prospects.

(iv) ***Premier Foods may be required to make payments under the warranties and indemnities in the JV Agreements***

The JV Agreements contain certain warranties and indemnities given by Premier Foods in favour of Hovis Limited and/or Gores. If Premier Foods is required in the future to make payments under any of these warranties or indemnities, this may materially and adversely affect the Group's business, operating results, financial condition or prospects.

The aggregate liability of Premier Foods for breaches of the provisions of the SA and the HDA will not exceed the Liability Cap and, in addition, the aggregate liability of Premier Foods for breaches of the warranties in the HDA (except those warranties relating to the capacity or insolvency of Premier Foods) will not exceed £8 million. Further details of the JV Agreements are set out in Part III (*Principal Terms of the Joint Venture*) of this Circular.

(v) ***The Group may not realise the benefits of the JV Transaction and it may have a disruptive effect on the Group***

The Group may not realise the anticipated benefits of the JV Transaction set out in paragraph 3 of Part I of this Circular. The Group may encounter substantial difficulties in achieving these anticipated benefits and/or these anticipated benefits may not materialise. Furthermore, the retained Group may be affected by the transfer of the Bread Business' management, employees or key operational expertise to the Joint Venture, upon completion of the JV Transaction, which may materially and adversely affect key decision-making and the development of the Group's retained business and operations over both the short and the medium term. The loss of services of these senior managers and employees may be disruptive to the Group's retained operations and cause uncertainty for the Group's retained employees and businesses. This may materially and adversely affect the Group's business, operating results, financial condition or prospects.

### **3. Risks relating to the Placing and the Rights Issue**

(i) ***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).

(ii) ***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.

## PART III

### PRINCIPAL TERMS OF THE JOINT VENTURE

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 pursuant to and on the terms of the Hive-Down Agreement; and (ii) 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 Subscription Agreement. The Shareholders' Agreement will govern the ongoing operation and governance of Hovis Holdings. The principal terms of the Hive-Down Agreement, the Subscription Agreement and the Shareholders' Agreement are set out in this Part III.

#### 1. The Hive-Down Agreement (the "HDA") and related agreements

The HDA was entered into on 27 January 2014 between Premier Foods and Hovis Limited. Under the terms of the HDA, Premier Foods will sell, and Hovis Limited will purchase, the Bread Business as a going concern.

##### A. *Consideration*

Upon completion of the Hive-Down, Premier Foods will transfer the Bread Business 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) the Cash Consideration, which will remain outstanding as an inter-company debt until completion of the Subscription Agreement.

The Cash Consideration is subject to customary adjustments for a normalised level of stock and certain working capital items.

##### B. *Conditions precedent to Completion*

Completion is conditional upon:

- (i) the passing of the JV Resolution by Shareholders at the General Meeting;
- (ii) Premier Foods obtaining certain consents and/or waivers from the lenders under the Current Facilities (to the extent applicable);
- (iii) Premier Foods obtaining certain waivers from the trustees of each of the Pension Schemes; and
- (iv) the JV Transaction obtaining competition approval from the European Commission (the "**Competition Condition**").

Subject to the successful implementation of the Capital Refinancing Plan, the terms of the New Bonds and the New Facility Agreement permit the Group to complete the JV Transaction without a requirement for bondholders' or lenders' consent, and the New Framework Agreement in respect of the Relevant Pensions Schemes (each of which are elements of the Capital Refinancing Plan) contains a waiver from the RHM Pension Trustee in respect of any of its rights which may otherwise be exercisable as a result of the JV Transaction. As set out above, the proceeds of the Placing and the Rights Issue, and the New Bonds, and (to the extent required) the New Facility Agreement will be applied to prepay in full the Current Facilities. Accordingly, upon the Capital Refinancing Plan being implemented and prepayment of the Current Facilities, conditions (ii) and (iii) above will be satisfied.

The HDA will terminate if the relevant conditions are not satisfied on or before 30 June 2014.

##### C. *Warranties and indemnities*

Each party has given certain warranties and indemnities which are customary for an arm's length agreement regarding a business disposal. From Completion, Gores will be able to direct Hovis

Limited to enforce (through its ownership of 51 per cent. of the entire issued share capital of Hovis Holdings) the warranties and indemnities given by Premier Foods in the HDA.

D. ***Limitations of liability***

The total aggregate liability of Premier Foods for breaches of the warranties in the HDA (other than warranties relating to the capacity or insolvency of Premier Foods) will not exceed £8 million. In addition, in respect of all claims under the warranties in the HDA and the Subscription Agreement (including claims under the warranties relating to the capacity or insolvency of Premier Foods), the total aggregate liability of Premier Foods shall not, in any event, exceed the Liability Cap.

Hovis Limited will not be entitled to recover any amount in respect of warranty claims under the HDA unless the aggregate value of such claims exceeds £800,000, save in respect of warranties relating to the capacity or insolvency of Premier Foods (where no such threshold applies) and certain other warranties relating to the assets of the Bread Business (where a threshold of £100,000 applies). Any individual claim in respect of the warranties given by Premier Foods in the HDA (except those warranties relating to the capacity or insolvency of Premier Foods and certain warranties relating to the assets of the Bread Business) cannot be recovered unless the value of such individual claim is equal to or greater than £40,000.

Claims in respect of the non-tax warranties given by Premier Foods in the HDA must be brought within 18 months after the date of completion of the HDA. Claims in respect of the tax warranties given by Premier Foods in the HDA must be brought within six years and one month after the end of the accounting period in which completion of the HDA occurs.

E. ***Ancillary arrangements***

In connection with the JV Transaction, Premier Foods and Hovis Limited entered into a transitional services agreement (the “**Transitional Services Agreement**”), which documents the terms on which certain transitional services are to be provided by: (i) Premier Foods to Hovis Limited; and (ii) Hovis Limited to Premier Foods. In addition, a number of additional documents will be entered into or become fully effective on completion of the HDA:

- (i) an intellectual property licence which details the terms on which Hovis Limited grants Premier Foods a perpetual, worldwide, royalty-free, exclusive licence of the trade marks of the transferring Bread Business (including “HOVIS”, “GRANARY”, “MOTHER’S PRIDE” and “NIMBLE”) in relation to certain products within Premier Foods’s retained businesses, predominantly in the consumer flour category;
- (ii) a flour supply agreement which documents the supply of flour from: (i) Hovis Limited to Premier Foods; and (ii) Premier Foods to Hovis Limited;
- (iii) a technical services agreement which documents the provision of certain analytical services by Premier Foods to Hovis Limited;
- (iv) a sub-lease of part of the High Wycombe Property (which will be transferred to Hovis Limited pursuant to the Hive-Down) to be granted by Hovis Limited to Premier Foods; and
- (v) a secondment agreement between Premier Foods and Hovis Limited which documents the secondment of certain employees of: (i) Premier Foods to Hovis Limited; and (ii) Hovis Limited to Premier Foods, in connection with the provision of certain transitional service arrangements.

F. ***Undertakings***

Premier Foods has given certain customary pre-completion undertakings, including that (subject to certain exceptions) the Bread Business will continue to trade in the ordinary course of business until Completion.

G. ***Governing law***

The HDA is governed by English law.

2. **The Subscription Agreement (the “SA”) and related agreements**

The SA was entered into on 27 January, 2014 between Premier Foods, Hovis Limited, Hovis Holdings and Gores. Under the terms of the SA, Gores will subscribe for, and Hovis Holdings will allot and issue, 14,111 ordinary shares of £0.01 each in the share capital of Hovis Holdings, representing 51 per cent. of the post-subscription share capital of Hovis Holdings.

A. ***Consideration***

At Completion, Gores will invest £15 million to acquire a 51 per cent. stake in Hovis Holdings and approximately £16.3 million in consideration for a loan note to be issued by Hovis Holdings. Hovis Holdings will use £15 million of the funds received to fund Hovis Limited, so that Hovis Limited can pay Premier Foods the Cash Consideration, which Premier Foods will then immediately reinvest (together with an additional £680,000 of existing cash resources) in Hovis Holdings in consideration for a loan note (ranking *pari passu* with the loan note to be issued to Gores).

Gores has also agreed to pay Premier Foods up to £15 million if the Bread Business generates earnings before interest, taxation, depreciation and amortisation for the financial year 2015 in excess of £20 million, with the amount payable increasing on a linear basis if the relevant threshold is met (the “**Earn-out Consideration**”). If the relevant conditions are met, the relevant Earn-out Consideration will be payable upon the earlier of Gores disposing (other than intra-group) of at least 26 per cent. of its shares in Hovis Holdings, the acquisition by a third party of the shares in Hovis Holdings held by Gores and Premier Foods and a sale of all or substantially all of the assets of Hovis Holdings or its group.

B. ***Conditions precedent to Completion***

Completion is conditional on completion of the Hive-Down. The SA will terminate if the relevant conditions are not satisfied (or if the JV Transaction does not obtain competition approval from the European Commission) on or before 30 June 2014.

C. ***Warranties and indemnities***

Premier Foods, Hovis Holdings, Hovis Limited and Gores have given certain warranties and indemnities which are customary for an agreement of this nature. In particular, Premier Foods has agreed to pay Gores’s 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’s costs if Premier Foods is responsible for such failure). This costs indemnity is capped at the lower of Gores’s actual costs and one per cent. of Premier Foods’s market capitalisation at the time of signing the JV Transaction.

D. ***Limitations of liability***

The aggregate liability of Premier Foods for breaches of the provisions of the SA will not exceed (in aggregate with any breach of the warranties in the HDA) the Liability Cap.

E. ***Undertakings***

Premier Foods has undertaken (i) not to amend or rescind the HDA, the Transitional Services Agreement and certain other documents without the consent of Gores; and (ii) that (subject to certain exceptions) the Bread Business will continue to trade in the ordinary course of business until Completion.



F. ***Governing law***

The SA is governed by English law.

3. **The Shareholders' Agreement (the "SHA") and related agreements**

The SHA will be entered into between Premier Foods, Hovis Holdings and Gores on Completion. The SHA documents the ongoing governance and operation of Hovis Holdings and its group.

A. ***Shareholder Representation***

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.

B. ***Reserved Matters***

The parties have agreed a list of certain reserved matters (including material departures from the agreed business plan), which is customary for an agreement of this nature, that will not be undertaken by Hovis Holdings without the prior approval of each of Premier Foods and Gores. The right of Premier Foods to give its approval to certain reserved matters will no longer apply in the event that its shareholding in Hovis Holdings falls below 10 per cent.

Each party has given certain warranties and indemnities, which are customary for an arm's length agreement regarding a joint venture.

C. ***Restrictions on dealing with shares***

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 (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 wishes to purchase all of the shares in Hovis Holdings, Gores will have a right to require Premier Foods to sell its stake to that third party at the same price and on the same terms as Gores, but subject to a floor price based on 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, so the grant of that right by Premier Foods in favour of Gores will require shareholder approval under the Listing Rules.

After the fourth anniversary of Completion, either of Premier Foods and Gores may initiate an initial public offering ("**IPO**") of the Bread Business if the IPO price would be at least 20 per cent. above the price paid per share at Completion.

D. ***Funding of Hovis Holdings***

The parties expect that Hovis Holdings will enter into committed facilities with one or more finance providers prior to Completion such that Hovis Holdings will have at least £65 million of committed funding at closing. To the extent such funding is not available, Premier Foods has agreed to provide further funding to Hovis Holdings up to the lower of (i) the difference between £65 million and the funding actually available to Hovis Holdings at Completion and (ii) £10 million, and subject to certain other terms and conditions regarding Hovis Holdings' liquidity, the commercial terms of any such funding and commitments shall be on arm's length commercial terms.

Gores and Premier Foods have also agreed to provide Hovis Holdings with additional funding of up to £13 million, in aggregate, *pro rata* to their respective interests, upon certain events set out in the business plan being achieved. Any such funding would be provided through *pari passu* loan notes.

Save as set out above, Premier Foods will not be obliged to provide additional funding to Hovis Holdings during its existence.

Where it is not possible (or it would be financially disadvantageous) for Hovis Holdings to fund itself, including through external debt, any required funding will be provided as Premier Foods and Gores may agree, with the understanding that non-equity funding should be used where practicable. In the absence of such agreement, following a prescribed consultation period, Premier Foods and Gores will be offered the opportunity to subscribe for more equity on a *pro rata* basis and at a value agreed between them or determined by an independent expert. Even in such a scenario, Premier Foods will not be obliged to provide additional funding (although it may be diluted if it does not do so and Gores invests in further equity in Hovis Holdings).

E. ***Undertakings***

Each of Premier Foods and Gores has given non-compete undertakings regarding the Bread Business' products, and non-solicitation undertakings regarding the Bread Business' customers and employees: Hovis Holdings has given a non-compete undertaking regarding Premier Foods's retained businesses, and non-solicitation undertakings regarding Premier Foods's retained businesses' customers and employees. Such undertakings are in each case for a period of two years following Completion, and include exceptions allowing Premier Foods, Gores, Hovis Holdings and their respective groups to continue to operate their businesses in the ordinary course. These undertakings are customary for a transaction of this nature.

F. ***Governing law***

The SHA is governed by English law.

## PART IV

### QUESTIONS AND ANSWERS ABOUT THE RIGHTS ISSUE

The questions and answers set out in this Part IV (*Questions and Answers about the Rights Issue*) are intended to be in general terms only and, as such, you should read Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This Part IV (*Questions and Answers about the Rights Issue*) deals with general questions relating to the Rights Issue and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read section 7 of Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your entitlements in respect of the Rights Issue.

The contents of this document and the Prospectus should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document and the Prospectus are for your information only and nothing in this document or the Prospectus is intended to endorse or recommend a particular course of action.

#### **1. What is being proposed?**

Premier Foods is proposing to raise approximately £353 million in gross proceeds (before expenses) by way of a Placing at 130 pence per Placing Share and an 8 for 5 Rights Issue at 50 pence per New Ordinary Share.

#### **2. What is a placing?**

A placing is a way for companies to raise money. A placing allows new investors to acquire shares in a company at a fixed price. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the placing.

The Placing is a proposed issue of Placing Shares on a non-pre-emptive basis under which the Placees will subscribe for a total of 76,923,077 Placing Shares at a price of 130 pence per Placing Share. 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.

As a result of the Placing, your proportionate ownership and voting interest in the Company will be reduced.

#### **3. What is a rights issue?**

A rights issue is another way for a company to raise money. This is done by a company giving their existing shareholders the right to subscribe for further shares in proportion to their existing shareholding. If you hold Ordinary Shares at the Record Date, and are not, subject to certain exceptions, an Excluded Shareholder, you will be entitled to subscribe for New Ordinary Shares under the Rights Issue, subject to the terms and conditions of the Rights Issue. If so, and you hold your Existing Ordinary Shares in certificated form, your entitlement will be set out in your Provisional Allotment Letter.

The Rights Issue Price of 50 pence for each New Ordinary Share represents a 64 per cent. discount to the Closing Price of an Ordinary Share on 3 March 2014 (being the last Business Day before the announcement of the Placing and the Rights Issue). While the market value of the Existing Ordinary Shares exceeds the Rights Issue Price, the right to buy the New Ordinary Shares is potentially valuable.



New Ordinary Shares can be held in certificated form or in uncertificated form (that is, in electronic form in CREST) depending on how you hold your Existing Ordinary Shares. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

#### **4. Where do I find more details about the Rights Issue?**

You should refer to Part I (*Letter from the Chairman of Premier Foods plc*) of this document. You are recommended to read the Prospectus for full details of what action you should take. The Prospectus is available on our website at [www.premierfoods.co.uk](http://www.premierfoods.co.uk).

You should also contact the Shareholder Helpline if you have any queries on the procedure for acceptance and payment, details of which are set out in section 14 of this Part IV below.

Please note that your ability to participate in the Rights Issue may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights to New Ordinary Shares. Shareholders with registered addresses or who are located in the United States or any other Excluded Territories are, subject to certain exceptions, not eligible to participate in the Rights Issue. Your attention is drawn to the information in section 7 of Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus.

#### **5. How is my entitlement calculated?**

Your entitlement is calculated on the Record Date (expected to be following conditional allotment of the Placing Shares on 20 March 2014) and the Rights Issue is being made to you on the basis of 8 New Ordinary Shares for every 5 Existing Ordinary Shares you hold on the Record Date. The Provisional Allotment Letter shows the number of Existing Ordinary Shares registered in your name at the Record Date in Box 1. It also shows in Box 2 the maximum number of New Ordinary Shares which you are entitled to subscribe for 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. Such fractions will be aggregated and, if possible, placed in the market. The net proceeds of such placing will be paid to Premier Foods.

#### **6. What are my options?**

If you are (i) a Qualifying Shareholder and, subject to certain exceptions, you are not an Excluded Shareholder, or (ii) a Placee, you may choose to:

- take up all of your entitlement to Nil Paid Rights or Fully Paid Rights;
- take up part of your entitlement to Nil Paid Rights or Fully Paid Rights;
- transfer all of your Nil Paid Rights;
- transfer part of your Nil Paid Rights; or
- renounce your rights entirely.

#### ***CREST Shareholders***

If you are a Qualifying CREST Shareholder (who, subject to certain exceptions, is not an Excluded Shareholder) then you will receive a credit to your CREST stock account of your entitlement to Nil Paid Rights as soon as possible after 8.00 a.m. on 24 March 2014 (subject to any adjustment required as appropriate). If you are a CREST member and you wish to take up all or part of your entitlements in respect of, or otherwise to transfer, all or part of your Nil Paid Rights or Fully Paid Rights held by you in CREST, you should refer to the CREST Manual and Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus for further information. 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.

### ***Qualifying Non-CREST Shareholders***

If you are a Qualifying Non-CREST Shareholder (who, subject to certain exceptions, is not an Excluded Shareholder), you have the following options:

#### ***Option 1 – Take up all of your Nil Paid Rights or Fully Paid Rights***

If you wish to take up all of your Nil Paid Rights then you 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 at 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 your 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 allotment letter.

#### ***Option 2 – Take up some of your Nil Paid Rights and let the balance lapse***

Alternatively, if you wish to take up some of your Nil Paid Rights, without transferring the remainder, you 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 Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, together with a covering letter confirming the number of New Ordinary Shares to be taken up and a cheque or banker's draft in pounds 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 Equiniti by 11.00 a.m. on 7 April 2014, being the latest date and time for acceptance.

#### ***Option 3 – Transfer all of your Nil Paid Rights or Fully Paid Rights***

If you wish to transfer all of your Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter, you 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 your stockbroker or bank or other appropriate financial adviser or to the transferee, provided that any 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.

#### ***Option 4 – Transfer some Nil Paid Rights or Fully Paid Rights and take up the balance***

If you wish to have only some of the New Ordinary Shares registered in your name and to transfer the remainder, or you wish to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights but to different persons, you may have the Provisional Allotment Letter split, for which purpose you, or your 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 Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA 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.

***Procedure if you decide not to take up your rights***

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. The Joint Bookrunners will use reasonable endeavours to procure, by not later than 5.00 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 as principal pursuant to the Underwriting Agreement or by sub-underwriters procured by the Joint Bookrunners, in each case at the Rights Issue Price and 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 to the provisions of section 5 of Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus:

- (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 reallocated 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 Premier Foods. Cheques for the amounts due will be sent in pounds 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 Premier Foods (in its absolute discretion) otherwise determines, be satisfied by Premier Foods procuring the creation of an assured payment obligation in favour of the relevant CREST member’s (or CREST sponsored member’s) RTGS settlement bank (as RTGS is defined in the CREST Manual) in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Any such transactions shall be deemed to have been undertaken at the request of the persons who did not take up their entitlement and none of Premier Foods, 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.

For further details please refer to Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus.

## **7. How do I pay?**

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 the 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 Premier Foods. It is a term of the Rights Issue that cheques shall be honoured on first presentation and Premier Foods may elect to treat as invalid any acceptances in respect of which cheques are not so honoured.

For further details, please refer to Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus.

## **8. What do I do if I change my mind?**

If you are a Qualifying Non-CREST Shareholder and you decide you wish to transfer your rights after you have accepted your provisional allotment and paid in full, you may transfer your Fully Paid Rights (subject to the requirements of the laws of certain overseas jurisdictions) by renouncing your allotment by completing and signing Form X on page 4 of your Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to your stockbroker, bank or other appropriate financial adviser or to your transferee. Once you have renounced a Provisional Allotment Letter in this manner, it will become a negotiable instrument in bearer form and the Fully Paid Rights comprised in the letter may be transferred by delivery of the letter to a transferee. The latest date and time for registration of renunciation of Provisional Allotment Letters 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 in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

## **9. What do I do if I have bought Ordinary Shares recently and they are not included on my Provisional Allotment Letter?**

If you have bought Ordinary Shares after the Record Date but prior to 8.00 a.m. on 24 March 2014 (the time when Existing Ordinary Shares are expected to start trading "ex-rights" on the London Stock Exchange), and you are not an Excluded Shareholder, you may be eligible to participate in the Rights Issue, in respect of such newly-acquired Ordinary Shares. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your full entitlement in respect of the Rights Issue. You will not be entitled to participate in the Rights Issue in respect of any Ordinary Shares acquired on or after close of business on 20 March 2014.

## **10. What do I do if I have transferred my Ordinary Shares recently?**

If you have transferred your Ordinary Shares before the Record Date for entitlements under the Rights Issue (being 5.30 p.m. on 20 March 2014) or after the Record Date but prior to 8.00 a.m. on 24 March 2014 (the time when the Existing Ordinary Shares are expected to start trading "ex-rights" on the London Stock Exchange then you will not be eligible to participate in the Rights Issue in respect of those Ordinary Shares. If you have any other concerns in relation to your Rights Issue entitlements, please contact the Shareholder Helpline, details of which are set out in section 14 of this Part IV below.

### **11. I hold Existing Ordinary Shares in a nominee. What do I need to do?**

You should contact your nominee for further assistance on how to participate in the Rights Issue.

### **12. I hold Existing Ordinary Shares in CREST. What do I need to do?**

If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST), you should read Part V (*Terms and Conditions of the Rights Issue*) of the Prospectus for full details of what action you should take and refer to the summary of the action to be taken set out in section 16 of Part I (*Letter from the Chairman of Premier Foods plc*) of this document and in the notes accompanying the Notice of General Meeting. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline, details of which are set out in section 14 of this Part IV below.

### **13. What if I have not received my Provisional Allotment Letter?**

If you do not receive a Provisional Allotment Letter (expected to be sent by post on or about 21 March 2014) 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 contact the Shareholder Helpline details of which are set out in section 14 of this Part IV below.

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.

### **14. Further assistance**

If you have any questions relating to the Rights Issue, please telephone the Shareholder Helpline on 0871 384 2909 (from within the UK) or on +44 121 415 0196 (if calling from outside the United Kingdom).

Calls to 0871 384 2909 are charged at eight pence per minute (excluding VAT) plus network extras. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except United Kingdom public holidays). Calls to +44 121 415 0196 from outside the United Kingdom will be charged at the applicable international rate. 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 the Shareholder Helpline operators cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

## PART V

### FINANCIAL INFORMATION ON THE BREAD BUSINESS

For the three years ended 31 December 2013, the financial information relating to the Bread Business has been extracted without material adjustment from the consolidation schedules underlying the audited consolidated financial statements of the Group for the three years ended 31 December 2013.

The financial information contained in this Part V does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The consolidated statutory accounts for Premier Foods in respect of the three financial years ended 31 December 2013 have been or will be delivered to the Registrar of Companies. The auditors' reports in respect of the statutory accounts for each of these three periods were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985 or, as the case may be, section 498(2) or (3) of the Companies Act 2006.

The financial information contained in this Part V has been prepared using the accounting policies of Premier Foods on a basis consistent with the accounting policies adopted in Premier Foods's latest annual accounts.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Part V.

#### Financial information

##### (i) Income statement (on an IFRS basis) for the three years ended 31 December 2013:

##### Income Statement

	<i>FY 2011</i>	<i>FY 2012</i> <i>(£ millions)</i>	<i>FY 2013</i>
<b>Revenue</b>	698.0	685.3	654.6
Cost of sales	(495.1)	(539.6)	(521.9)
<b>Gross profit</b>	<u>202.9</u>	<u>145.7</u>	<u>132.7</u>
Selling and distribution costs	(156.7)	(121.0)	(108.7)
Administrative expenses <sup>(a)</sup>	(336.3)	(52.5)	(266.1)
<b>Operating loss</b>	<u>(290.1)</u>	<u>(27.8)</u>	<u>(242.1)</u>
<b>Profit on ordinary activities before interest and taxation</b>	<u>(290.1)</u>	<u>(27.8)</u>	<u>(242.1)</u>

#### Notes:

No interest or tax allocation is performed for the purpose of the Group consolidation. As a result, it is not possible to provide a meaningful allocation of the Group interest and tax charges for these periods.

The income statement information presented above is unaudited.

- (a) The FY 2013 administrative expenses include an impairment charge of £234.4 million primarily relating to intangible and tangible assets; the FY 2011 administrative expenses include an impairment charge of £282 million relating to goodwill and intangible assets.



**(ii) Balance sheet (on an IFRS basis) as at 31 December 2013:**

**Balance Sheet Information**

	<i>FY 2013</i> <i>(£ millions)</i>
Trade and other receivables	1.8
Inventories	25.0
<b>Current assets</b>	<u>26.8</u>
<b>Total assets</b>	<u>26.8</u>
Trade and other payables	(1.4)
<b>Current liabilities</b>	<u>(1.4)</u>
<b>Total net assets</b>	<u>25.4</u>

**Notes:**

The balance sheet is presented after an impairment charge of £234.4 million primarily relating to intangible and tangible fixed assets.

The balance sheet information presented above is unaudited.

## PART VI

### INFORMATION INCORPORATED BY REFERENCE

The table below sets out the various information incorporated by reference into this document, so as to provide the information required pursuant to the Listing Rules and to ensure that Qualifying Shareholders and others are aware of all information which, according to the particular nature of Premier Foods and of 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 Premier Foods, and of the rights attaching to the New Ordinary Shares. These documents are also available on Premier Foods's website at [www.premierfoods.co.uk](http://www.premierfoods.co.uk).

<i>Information incorporated by reference into this document</i>	<i>Page number(s) in such document</i>	<i>Location of incorporation in this document</i>	<i>Page number(s) in this document</i>
<b>The following sections from the Prospectus:</b>			
Terms and Conditions of the Rights Issue	125-151	Background to and reasons for the Rights Issue	57-60
Information Concerning the New Ordinary Shares	172-174	Part VII ( <i>Additional Information</i> )	153-161
Information about Premier Foods	68-84	Part VII ( <i>Additional Information</i> )	153-161
Information on the share capital	175-178	Part VII ( <i>Additional Information</i> )	153-161
Details of Directors and Senior Managers of Premier Foods	178-189	Part VII ( <i>Additional Information</i> )	153-161
Executive Directors' service contracts and emoluments	189-191	Part VII ( <i>Additional Information</i> )	153-161
Non-Executive Directors' letters of appointment	191-192	Part VII ( <i>Additional Information</i> )	153-161
Major holders of interests in Premier Foods's share capital	219	Part VII ( <i>Additional Information</i> )	153-161
Related party transactions	219-220	Part VII ( <i>Additional Information</i> )	153-161
Litigation	228	Part VII ( <i>Additional Information</i> )	153-161
Material contracts	229-246	Part VII ( <i>Additional Information</i> )	153-161

The documents incorporated by reference into this document have been incorporated in compliance with Listing Rule 13.1.6.

Information that is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this document. Except as set forth above, no other portions of these documents are incorporated by reference into this document.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility Statement

Premier Foods plc and its Directors, whose names appear in section 4 of Part X (*Additional Information*) of the Prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of Premier Foods plc 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. Premier Foods, share capital, and the Directors

Details of Premier Foods and the issued share capital of Premier Foods are set out in sections 2 and 3 respectively of Part X (*Additional Information*) of the Prospectus, which are incorporated by reference herein.

Details of the Directors' interests in the share capital of Premier Foods and any of its subsidiaries, the service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are set out in sections 4.4, 5 and 6 respectively of Part X (*Additional Information*) of the Prospectus, which are incorporated by reference herein.

#### 3. Major holders of interests in Premier Foods's share capital

The names of persons (other than any Director) who, so far as is known to Premier Foods by virtue of notifications made to it pursuant to the Companies Act 2006 and/or the Disclosure and Transparency Rules, who, directly or indirectly, are interested in 3 per cent. or more of Premier Foods's share capital, and the amount of such persons' interests, are set out in section 15 of Part X (*Additional Information*) of the Prospectus, which is incorporated by reference herein.

#### 4. Related party transactions

Details of related party transactions are set out in section 16 of Part X (*Additional Information*) of the Prospectus, which is incorporated by reference herein.

#### 5. Litigation

##### *The Group*

Details of material legal and arbitration proceedings are set out in section 20 of Part X (*Additional Information*) of the Prospectus, which is incorporated by reference herein.

##### *The Bread Business*

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 financial position or profitability of the Bread Business.

#### 6. Material contracts

##### *The Group*

Details of material contracts are set out in section 21 of Part X (*Additional Information*) of the Prospectus, which is incorporated by reference herein.

### ***The Bread Business***

No contracts have been entered into (other than in the ordinary course of business) in respect of the Bread Business 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 for the JV Agreements.

## **7. Significant change**

### ***The Group***

There has been no significant change in the financial or trading position of the Group since 31 December 2013, being the date to which the Group's latest published audited financial information has been prepared.

### ***The Bread Business***

There has been no significant change in the financial or trading position of the Bread Business since 31 December 2013, being the date to which the most recent financial information on the Bread Business, presented in Part V (*Financial Information on the Bread Business*) of this document, has been prepared.

## **8. Consents**

Each of Credit Suisse, Jefferies and Ondra Partners has given and not withdrawn its written consent to the inclusion in this document of its name and references thereto in the forms and contexts in which they appear.

## **9. 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 Premier Foods 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 Placing Admission and Admission (and, on the date of the General Meeting, at Doubletree by London Hilton West End, 92 Southampton Road, London WC1B 4BH):

- (A) the New Articles of Association;
- (B) a copy of the Articles of Association marked to show the changes made by the New Articles of Association;
- (C) the JV Agreements;
- (D) the Financial Statements;
- (E) the consents referred to in paragraph 8 above;
- (F) the Prospectus; and
- (G) this document.

## PART VIII

### DEFINITIONS

*The definitions set out below apply throughout this document unless the context requires otherwise:*

<b>“2012 Pensions Agreement”</b>	has the meaning given in section 21.12 of Part X ( <i>Additional Information</i> ) of the Prospectus;
<b>“Admission”</b>	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;
<b>“Articles of Association”</b>	the articles of association of Premier Foods in force at the date of the Prospectus;
<b>“Backstop Banks”</b>	Barclays, BNP Paribas, Credit Suisse, HSBC and Lloyds Bank plc;
<b>“Barclays”</b>	Barclays PLC of 1 Churchill Place, London E14 5HP;
<b>“‘Big Four’ supermarkets”</b>	Tesco, Asda, Sainsbury’s and Morrisons;
<b>“BNP Paribas”</b>	BNP Paribas of 16, Boulevard des Italiens, 75009 Paris, France;
<b>“Board”</b>	the board of directors of Premier Foods from time to time;
<b>“Bread Business”</b>	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;
<b>“Bread division”</b>	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;
<b>“Business Day”</b>	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
<b>“Capital Refinancing Plan”</b>	has the meaning given in section 7.2 of Part I ( <i>Letter from the Chairman of Premier Foods plc</i> ) of this document;
<b>“Capital Refinancing Resolutions”</b>	the Placing and the Rights Issue Resolution and the Related Party Resolution, being Resolutions 2 and 3 to be proposed at the General Meeting, as set out in the Notice;
<b>“Cash Consideration”</b>	£15 million;
<b>“Cazenove”</b>	Cazenove Capital Management Limited, a subsidiary of Schroders;
<b>“certificated” or “in certificated form”</b>	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“Charnwood Foods Business”</b>	the business which is undertaken by the Group in relation to the manufacture and supply of pizza base products;

<b>“Chivers 1987 Pension Scheme”</b>	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;
<b>“Chivers 1987 Supplementary Pension Scheme”</b>	the occupational pension scheme known as the Chivers 1987 Supplementary Pension Scheme which is, as at the date of this document, governed by a trust deed and rules dated 8 June 1987 and rules adopted thereunder, in each case as subsequently amended;
<b>“Circular”</b>	this document;
<b>“Closing Price”</b>	the closing, middle market quotation of an Existing Ordinary Share, as published in the Daily Official List;
<b>“Companies Act 2006”</b>	the Companies Act of England and Wales 2006, as amended;
<b>“Completion”</b>	the completion of the JV Transaction as a whole;
<b>“Credit Suisse”</b>	Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ;
<b>“CREST”</b>	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;
<b>“CREST Application Host”</b>	has the meaning given to it in the CREST Manual;
<b>“CREST Manual”</b>	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);
<b>“CREST member”</b>	a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
<b>“CREST personal member”</b>	a CREST participant admitted to CREST as a personal member;
<b>“CREST Proxy Instruction”</b>	the means by which a CREST member may appoint a proxy in accordance with the procedures set out in the CREST Manual;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
<b>“CREST Shareholders”</b>	Shareholders holding Ordinary Shares in uncertificated form;
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member;
<b>“Current Facilities”</b>	the Current Term Facilities and the Current Revolving Facility;
<b>“Current Facilities Agreement”</b>	the agreement entered into among Premier Foods, certain of its subsidiaries as borrowers and guarantors and certain financial institutions relating to the Current Term Facilities and the Current Revolving Facility, further details of which are set out in section 21.1 of Part X ( <i>Additional Information</i> ) of the Prospectus;



<b>“Current Revolving Facility”</b>	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 amount of £125 million;
<b>“Current Term Facilities”</b>	each of the term facilities available under the Current Facilities Agreement (being £921 million in aggregate as at 30 March 2012);
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange;
<b>“Directors”</b>	the directors of Premier Foods as at the date of this document, and <b>“Director”</b> means any one of them;
<b>“Disclosure and Transparency Rules”</b>	the disclosure rules and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>“Drag”</b>	has the meaning given in section 3(C) of Part III of this document;
<b>“EEA”</b>	the European Economic Area first established by the agreement signed at Oporto on 2 May 1992;
<b>“EEA State”</b>	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;
<b>“Equiniti”</b>	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;
<b>“EU” or “European Union”</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992;
<b>“euro” or “€”</b>	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;
<b>“Euroclear UK”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Eurozone”</b>	collectively, 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;
<b>“Excluded Shareholders”</b>	subject to certain exceptions, Shareholders who have registered addresses in, or who are otherwise resident in or located in, the United States or any other Excluded Territory;
<b>“Excluded Territories”</b>	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;
<b>“Executive Directors”</b>	the executive directors of Premier Foods as at the date of this document and <b>“Executive Director”</b> means any one of them;
<b>“Existing Holding”</b>	a Qualifying Shareholder’s holding of Ordinary Shares on the Record Date;
<b>“Existing Ordinary Shares”</b>	in relation to a particular date, the Ordinary Shares existing as at that date;

<b>“Ex-Rights Date”</b>	the date on which Ordinary Shares are marked “ex-rights”, which is expected to occur at 8.00 a.m. on 24 March 2014;
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the United Kingdom;
<b>“Financial Statements”</b>	for FY 2011, FY 2012 and FY 2013, the audited and consolidated financial statements (including relevant accounting policies and notes) of the Group and audit report thereon, and “ <b>2011 Financial Statements</b> ”, “ <b>2012 Financial Statements</b> ” and “ <b>2013 Financial Statements</b> ” are to be construed accordingly;
<b>“Form of Proxy”</b>	the hard copy form of proxy for use at the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“Fully Paid Rights”</b>	rights to acquire New Ordinary Shares, fully paid;
<b>“FY”</b>	in relation to a particular year, a financial year ending that year (such that “ <b>FY 2013</b> ” means the financial year of the Group ending 31 December 2013 and analogous expressions shall be construed accordingly);
<b>“General Meeting”</b>	the general meeting of Premier Foods to be convened pursuant to the Notice in order to (among other things) approve the JV Transaction and the Placing and the Rights Issue;
<b>“Gores”</b>	Bakers Holdings (Luxembourg) S.à.r.L, an indirect wholly-owned subsidiary of The Gores Group LLC;
<b>“Grocery division”</b>	the Group’s division dealing in ambient products, including cooking sauces, Asian meal solutions, stocks, gravies, easy eating, home baking, cake and ambient desserts;
<b>“Group”</b>	Premier Foods together with its subsidiaries and subsidiary undertakings from time to time;
<b>“High Wycombe Property”</b>	the leasehold property owned by the Group and located at The Lord Rank Centre, Lincoln Road, High Wycombe, Buckinghamshire HP12 3QR;
<b>“Hive-Down”</b>	the transfer of the Bread Business to Hovis Limited, pursuant to and on the terms of the HDA;
<b>“Hive-Down Agreement” or “HDA”</b>	the hive-down agreement entered into on 27 January 2014 between Premier Foods and Hovis Limited, further details of which are set out in Part III ( <i>Principal Terms of the Joint Venture</i> ) of this document;
<b>“Hovis Holdings”</b>	Hovis Holdings Limited, a company incorporated in England and Wales with registered number 8846818;
<b>“Hovis Limited”</b>	a wholly-owned subsidiary of Hovis Holdings Limited, incorporated in England and Wales with registered number 8846838;
<b>“HSBC” or “HSBC Bank plc”</b>	HSBC Bank plc of Canada Square, London E14 5HQ;
<b>“Independent Shareholders”</b>	Shareholders other than Warburg Pincus and any of its affiliates;

<b>“International Accounting Standards”</b>	the accounting standards issued by the Board of the International Accounting Standards Committee;
<b>“Investment”</b>	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 SA;
<b>“Irish Pension Scheme”</b>	Chivers 1987 Pension Scheme, Chivers 1987 Supplementary Pension Scheme, Premier Foods Grocery Products Ireland Pension Scheme, Premier Foods Ireland Pension Scheme (1994);
<b>“Jefferies”</b>	Jefferies International Limited of Vintners Place, 68 Upper Thames Street, London EC4V 3BJ;
<b>“Joint Bookrunners”</b>	Credit Suisse, Jefferies, HSBC and BNP PARIBAS;
<b>“Joint Sponsors”</b>	Credit Suisse and Jefferies;
<b>“Joint Venture” or “JV”</b>	the joint venture between Premier Foods and Gores with respect to the Bread Business established pursuant to the JV Transaction and the terms of the JV Agreements;
<b>“JV Agreements”</b>	the HDA, SA and SHA;
<b>“JV Resolution”</b>	the ordinary resolution in respect of the Joint Venture to be proposed at the General Meeting, as set out in the Notice;
<b>“JV Transaction”</b>	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 of this document, to be approved by Shareholders at the General Meeting;
<b>“Liability Cap”</b>	£31,320,000;
<b>“Listing Rules”</b>	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>“London Stock Exchange”</b>	London Stock Exchange Group plc or its successor(s);
<b>“MTM”</b>	Many-to-Many, as defined in the CREST Regulations;
<b>“New Articles of Association”</b>	the new articles of association of Premier Foods to be adopted pursuant to the Placing and Rights Issue Resolution;
<b>“New Bonds”</b>	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 the Prospectus;
<b>“New Bonds Issuer”</b>	Premier Foods Finance plc, the proposed issuer of the New Bonds;
<b>“New Bonds Trustee”</b>	HSBC Corporate Trustee Company (UK) Limited, the trustee of the New Bonds;
<b>“New Facility Agreement”</b>	the 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 the Prospectus;
<b>“New Framework Agreement”</b>	the pensions framework agreement entered into on or around the date of this document between Premier Foods and the Pension Trustees;
<b>“New Intercreditor Agreement”</b>	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;
<b>“New Ordinary Shares”</b>	the Ordinary Shares to be issued by Premier Foods pursuant to the Rights Issue;
<b>“New Revolving Facility”</b>	the £300 million 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;
<b>“Nil Paid Rights”</b>	rights to subscribe for New Ordinary Shares, nil paid;
<b>“Non-Executive Directors”</b>	the non-executive directors of Premier Foods at the date of this document and <b>“Non-Executive Director”</b> means any one of them;
<b>“Notice”</b>	the notice convening the General Meeting included in this document;
<b>“Official List”</b>	the official list of the UK Listing Authority;
<b>“Ondra Partners”</b>	Ondra LLP;
<b>“Ordinary Shares”</b>	the ordinary shares of 10 pence each in the share capital of Premier Foods;
<b>“Overseas Shareholders”</b>	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;
<b>“Paulson”</b>	Paulson & Co. Inc;
<b>“PD Amending Directive”</b>	directive 2010/73/EU of the European Parliament and of the Council;
<b>“Pension Schemes”</b>	the Premier Foods Pension Scheme, the Premier Grocery Products Pension Scheme and the RHM Pension Scheme;
<b>“Pension Trustees”</b>	each of the trustees of the Pension Schemes, being Premier Foods Pension Schemes Trustees Limited, Premier Grocery Products Pension Scheme Trustees Limited and RHM Pension Trust Limited respectively;
<b>“Placees”</b>	those persons with whom Placing Shares are placed;
<b>“Placing”</b>	the placing of Placing Shares, as described in this document;
<b>“Placing Admission”</b>	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;

<b>“Placing and Rights Issue Resolution”</b>	the special resolution in respect of, among other things, the Placing and the Rights Issue, being Resolution 2 to be proposed at the General Meeting;
<b>“Placing Price”</b>	130 pence per Placing Share;
<b>“Placing Shares”</b>	the Ordinary Shares to be issued by the Company pursuant to the Placing;
<b>“pound sterling” or “£” or “pence”</b>	the lawful currency of the United Kingdom;
<b>“Power Brands”</b>	the Group’s business is focused on eight power brands, which the Group considers to be the brands with the highest growth potential. The eight power brands of the Group are: <i>Ambrosia, Batchelors, Bisto, Hovis, Loyd Grossman, Mr. Kipling, Oxo and Sharwood’s</i> ;
<b>“PRA”</b>	the Prudential Regulation Authority of the United Kingdom;
<b>“Premier Foods” or the “Company”</b>	Premier Foods plc, a company incorporated in England and Wales with registered number 05160050, whose registered office is at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE or, in the case of the JV Agreements, Premier Foods Group Limited, a company incorporated in England and Wales with registered number 00281728, whose registered office is at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE;
<b>“Premier Foods Grocery Products Ireland Pension Scheme”</b>	the occupational 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;
<b>“Premier Foods Ireland Pension Scheme (1994)”</b>	the occupational 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;
<b>“Premier Foods Pension Scheme”</b>	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;
<b>“Premier Grocery Products Pension Scheme”</b>	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;
<b>“Prospectus”</b>	the prospectus dated the same date as this document relating to Premier Foods for the purpose of the Placing and the Rights Issue (together with any supplements or amendments thereto);
<b>“Prospectus Directive”</b>	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);
<b>“Prospectus Rules”</b>	the prospectus rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;

<b>“Provisional Allotment Letter”</b>	the provisional allotment letter to be issued in connection with the Rights Issue;
<b>“QIB”</b>	a “qualified institutional buyer” within the meaning of Rule 144A;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of Premier Foods at the Record Date;
<b>“Receiving Agent”</b>	Equiniti;
<b>“Record Date”</b>	close of business on 20 March 2014;
<b>“Reference Date”</b>	28 February 2014, the last practicable date prior to publication of this document and the Prospectus;
<b>“Registrar”</b>	Equiniti;
<b>“Regulation S”</b>	Regulation S under the US Securities Act;
<b>“Regulatory Information Service”</b>	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;
<b>“Related Party Resolution”</b>	the ordinary resolution to authorise the participation of Warburg Pincus as a Placee in the Placing, being Resolution 3 proposed at the General Meeting;
<b>“Resolutions”</b>	the JV Resolution, the Placing and Rights Issue Resolution and the Related Party Resolution to be proposed at the General Meeting, as set out in the Notice;
<b>“Retained Flour Business”</b>	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;
<b>“RHM Pension Scheme”</b>	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);
<b>“RHM Pension Trustee”</b>	the trustee of the RHM Pension Scheme;
<b>“Rights Issue”</b>	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 the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter;
<b>“Rights Issue Price”</b>	50 pence per New Ordinary Share;
<b>“Schroders”</b>	Schroders plc
<b>“SEC”</b>	the United States Securities and Exchange Commission;
<b>“Senior Managers” or “Senior Management”</b>	the senior managers of Premier Foods as set out in section 4.1 of Part X ( <i>Additional Information</i> ) of the Prospectus;



<b>“Share Plans”</b>	the share-based incentive schemes and plans of the Group, further details of which are set out in section 12 of Part X ( <i>Additional Information</i> ) of the Prospectus;
<b>“Shareholder(s)”</b>	the holder(s) of Ordinary Shares from time to time;
<b>“Shareholders’ Agreement” or “SHA”</b>	the shareholders’ agreement to be entered into between Premier Foods, Gores and Hovis Holdings on Completion, further details of which are set out in Part III ( <i>Principal Terms of the Joint Venture</i> ) of this document;
<b>“Shareholder Helpline”</b>	the telephone helpline for Shareholders, details of which are set out on page 6 of this document;
<b>“stock account”</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
<b>“Subscription Agreement” or “SA”</b>	the subscription agreement entered into on 27 January 2014 between Premier Foods, Hovis Holdings, Hovis Limited and Gores, further details of which are set out in Part III ( <i>Principal Terms of the Joint Venture</i> ) in this document;
<b>“subsidiary”</b>	a subsidiary as that term is defined in section 1159 of the Companies Act 2006;
<b>“subsidiary undertaking”</b>	a subsidiary undertaking as that term is defined in section 1162 of the Companies Act 2006;
<b>“Support Brands”</b>	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> ;
<b>“UK Listing Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA;
<b>“uncertificated” or “in uncertificated form”</b>	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;
<b>“Underwriters”</b>	the Joint Bookrunners;
<b>“Underwriting Agreement”</b>	the conditional underwriting agreement dated on or around the date of this document between Premier Foods, the Joint Sponsors and the Underwriters in relation to the Placing and the Rights Issue, further details of which are set out in section 21.17 of Part X ( <i>Additional Information</i> ) of the Prospectus;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended;
<b>“US\$” or “US dollar”</b>	the lawful currency of the United States;
<b>“VAT”</b>	value added tax; and
<b>“Warburg Pincus”</b>	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.*

# PREMIER FOODS PLC

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

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting (the “**General Meeting**”) of Premier Foods plc (the “**Company**”) will be held at 10.00 a.m. on 20 March 2014 at Doubletree by Hilton London West End, 92 Southampton Row, London WC1B 4BH for the purpose of considering and, if thought fit, passing, as ordinary and special resolutions (as set out below), the following resolutions (in which capitalised terms shall have the meanings given in the circular to Shareholders dated 4 March 2014 in connection with the Joint Venture and the Placing and the Rights Issue of which this notice forms part (the “**Circular**”) save where specified to the contrary herein):

### ORDINARY RESOLUTION

THAT:

1. subject to, and conditional upon, the Capital Refinancing Resolutions being approved and the Capital Refinancing Plan being implemented, the sale by the Company of 51 per cent. of its baking and milling business (the “**JV Transaction**”), and the establishment of the Joint Venture, as described in the Circular of which this notice forms part, as a Class 1 transaction on the terms and subject to the conditions of the JV Agreements dated 27 January 2014 between, among others, Premier Foods and Gores (including, among other things, the terms of the Drag), are hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority, and that each and any of the Directors be and are hereby authorised to conclude and implement the JV Transaction in accordance with such terms and conditions and to make such non-material modifications, variations, waivers and extensions of any of the terms of the JV Transaction and of any documents and arrangements connected with the JV Transaction as he thinks necessary or desirable;

### SPECIAL RESOLUTION

THAT:

2. subject to, and conditional upon, the Related Party Resolution being passed:
  - (A) the terms of the Placing and the Rights Issue be and are hereby approved and the Directors be and are hereby directed to implement the Placing and the Rights Issue on the basis described in the Circular and the Prospectus and be and are generally and unconditionally authorised to exercise all powers of the Company as necessary in connection with the implementation of the Placing and the Rights Issue;
  - (B) the issue of Placing Shares to the Places for cash at an issue price of 130 pence per share, which is a discount of 7.1 per cent. to the Closing Price of 140 pence per share on the last business day prior to announcement of the Placing and the Rights Issue, and otherwise on the terms set out in the Circular and the Prospectus be and is hereby approved;
  - (C) without prejudice to the authority conferred on the Board at the last annual general meeting of the Company, the Board be authorised to allot, for cash, up to 599,160,284 ordinary shares for the purposes of the Placing and the Rights Issue as if section 561 of the Companies Act 2006 did not apply, such authority to apply until the end of the annual general meeting of the Company in 2014 (unless previously varied or revoked by the Company in general meeting) save that the Company may make offers and enter into agreements during the relevant period which would, or might, require equity securities to be allotted after the authority ends and the Board may allot equity securities under any such offers or agreements as if the authority had not ended; and
  - (D) subject to and conditional upon Placing Admission and Admission becoming effective and in substitution for the allotment authority conferred on the Board at the last annual general

meeting of the Company (but without prejudice to any allotments made pursuant to that authority) and in addition to the amount set out in paragraph (C) above, the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (i) comprising equity securities (as defined by section 560(1) of the Companies Act 2006) up to a nominal amount of £55,933,503 (such amount being equal to approximately two thirds of the issued ordinary share capital of the Company immediately following the Placing and the Rights Issue and such amount to be reduced by any allotments or grants made under paragraph (ii) below) in connection with an offer by way of a rights issue:
  - (a) to 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 or legal, regulatory or 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 £27,966,751 (such amount being equal to approximately one third of the issued ordinary share capital of the Company immediately following the Placing and the Rights Issue and such amount to be reduced by the nominal amount allotted or granted under paragraph (i) above);

such authorities to apply, unless previously varied or revoked by the Company in general meeting, until the close of business on 1 July 2014 or, if earlier, the end of the annual general meeting of the Company in 2014, 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;

- (E) subject to and conditional upon Placing Admission and Admission becoming effective and in substitution for the equivalent authority conferred on the Board at the last annual general meeting of the Company (but without prejudice to any allotments made pursuant to that authority), the Board be authorised to allot equity securities (as defined by section 560(1) of the Companies Act 2006) for cash under the authority conferred by paragraph (D) above and/or to sell the 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 shall be 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 an authority granted under sub-paragraph (D)(i) above, by way of a rights issue only):
  - (a) to 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 any other matter; and

- (ii) in the case of the authority granted under paragraph (D)(ii) above and/or in the case of a transfer of treasury shares which is treated as an allotment of equity securities under section 560(3) of the Companies Act 2006, to the allotment (otherwise than under paragraph (i) above) of equity securities up to a nominal amount of £4,195,013 (such aggregate nominal amount representing approximately 5 per cent. of the issued ordinary share capital of the Company immediately following the Placing and the Rights Issue),

such power to apply until the close of business on 1 July 2014 or, if earlier, the end of the annual general meeting of the Company in 2014 (unless previously varied or revoked by the Company in general meeting), 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 power ends and the Board may allot equity securities in pursuance of any such offer or agreement as if the power had not ended; and

- (F) the Articles of Association of the Company be and hereby are amended by adding the following new article 140 in substitution for and to the exclusion of the existing article 140:

**“140. RESTRICTIONS ON BORROWING**

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights, or powers of control exercisable by the Company in relation to its subsidiaries and the subsidiary undertakings, so far as to secure (as regards subsidiaries and subsidiary undertakings to the extent possible) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all moneys borrowed by the Company and its subsidiaries and subsidiary undertakings (excluding amounts borrowed by any member of the Group from any other member of the Group other than amounts to be taken into account under Article 142) 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 next Article); and (ii) £1,500 million.”; and

**ORDINARY RESOLUTION**

3. subject to, and conditional upon, the Placing and Rights Issue Resolution having become effective (subject only to this resolution being passed), the subscription by Warburg Pincus of 13,333,755 Placing Shares pursuant to the Placing be and is hereby approved.

*By order of the Board*

**Andrew McDonald**

*Group Company Secretary*

4 March 2014

*Registered office:*

Premier Foods plc  
Premier Foods House  
Centrium Business Park  
Griffiths Way, St. Albans  
Hertfordshire AL1 2RE

Registered in England No: 05160050

## **Important information about the General Meeting**

### **1. General**

This is the formal notice to Shareholders of the General Meeting and gives you information as to the date, time and place and the business to be considered at the meeting. If there is anything you do not understand, please talk to an appropriate professional adviser.

### **2. What to do if you have recently sold or transferred all your Premier Foods plc Ordinary Shares**

Please send this document but not the personalised Form of Proxy to the person to whom you sold the shares or the person who sold the shares for you (to send to the new owner of the shares). To have the right to come and vote at the General Meeting, you must hold shares in the Company and your shareholding must be entered on the register of members by 5.00 p.m. in London on 20 March 2014 or, in the event of any adjournment, the close of business on the date which is two working days before the date of the adjourned meeting.

### **3. What to do if you have recently acquired your Premier Foods plc Ordinary Shares and have received this document from the transferor**

Please telephone the Shareholder Helpline on 0871 384 2909 from inside the United Kingdom or +44 121 415 0196 from outside the United Kingdom between 8.30 a.m. and 5.30 p.m. from Monday to Friday (except UK public holidays) for voting instructions, a Form of Proxy and a Provisional Allotment Letter. Calls to 0871 384 2909 are charged at eight pence per minute (excluding VAT) plus network extras. Calls to +44 121 415 0196 from outside the UK 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.

## Important Notes

The following notes explain your general rights as a Shareholder and your right to attend and vote at this General Meeting or to appoint someone else to vote on your behalf.

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please telephone the Shareholder Helpline on 0871 384 2909 (international telephone number +44 121 415 0196).
  - \* Calls to 0871 384 2909 are charged at eight pence per minute (excluding VAT) plus network extras. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to +44 121 415 0196 from outside the UK 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.
2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
3. To be valid, any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's Registrar, at the address shown on the Form of Proxy or received via the Sharevote website ([www.sharevote.co.uk](http://www.sharevote.co.uk)), or in the case of shares held through CREST, via the Euroclear website, (see note 12 below), in each case no later than 10.00 a.m. on 18 March 2014. If you return more than one proxy appointment, either by paper or electronic communication, that received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
4. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in note 12 below) will not prevent a Shareholder attending the General Meeting and voting in person if he/she wishes to do so.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against each resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
7. The statement of the rights of Shareholders in relation to the appointment of proxies in notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company.
8. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the register of members of the Company at 5.00 p.m. in London on 18 March 2014 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. There are no other procedures or requirements for entitled Shareholders to comply with in order to attend and vote at the General Meeting. It is the current intention that voting at the meeting will be conducted by way of a poll.
9. Neither Warburg Pincus nor any of its affiliates will be entitled to vote on Resolution 3.
10. As at 5.00 p.m. on 28 February 2014 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 239,842,255 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 February 2014 are 239,842,255.
11. Alternatively you may, if you wish, appoint your proxy electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need the Voting I.D., Task I.D. and Shareholder Reference Number, which together make up the series of reference numbers, printed on the Form of Proxy. Alternatively, if you have already registered with Equiniti's online portfolio service Shareview, you can submit your proxy form at [www.shareview.co.uk](http://www.shareview.co.uk) by entering your portfolio identification particulars and clicking on the link to vote. The on-screen instructions give details of how to complete the appointment process. Please note that any electronic communication found to contain a computer virus will not be accepted. The proxy appointment and/or voting instructions must be received by Equiniti not later than 10.00 a.m. on 18 March 2014. The use of the internet service in connection with the General Meeting is governed by the Equiniti conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), and may be read by logging onto the site.

## Electronic proxy appointment through CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and



those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by our Registrar, Equiniti (RA19) by 10.00 a.m. on 18 March 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.
17. Any Shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
18. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company’s website at [www.premierfoods.co.uk](http://www.premierfoods.co.uk).

#### **Limitations of Electronic Addresses**

19. You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

#### **Meeting Access**

20. The doors will open at 9.00 a.m. and you may wish to arrive by 9.30 a.m. to enable you to take your seat in good time. Light refreshments will be provided at the meeting.
21. If you have any special needs or require wheelchair access to the meeting, please contact Premier Foods on 01727 815850 in advance of the meeting.





