

## An Introduction from the Chairman of the Remuneration Committee

I am pleased to introduce this, our eighth Directors' Remuneration Report ('DRR') for which we will be seeking approval from shareholders at our Annual General Meeting.

The purpose of the DRR is to set out our overall remuneration policies for Executive Directors and explain how these were applied for the year ended 3 April 2010. It also sets out tables with details of individual salary, incentive, and pension benefits for all the Directors for the year.

As required by legislation, the main body of the DRR has been divided into two parts; one that contains audited information and another which sets out some unaudited information. The Company's auditors are required to report on the 'auditable part' of the DRR and to state whether in their opinion that part has been properly prepared in accordance with the Companies Act 2006.

The DRR includes fairly complex information in some areas. We have, however, endeavoured to provide straightforward summaries of the key points throughout the report wherever possible. For example, the table on page 45 lists the various parts of the Executive Directors' remuneration packages and gives a brief explanation of each element.

We welcome questions and feedback from all shareholders on both the content and style of the DRR.

### Ernest Finch

Chairman of the Remuneration Committee  
13 May 2010

## UNAUDITED INFORMATION

### The Remuneration Committee

EJ Finch (Chairman)  
NL Murray  
AR Dare  
JS Perry (joined on 11 March 2010)

The Company has a Remuneration Committee (the 'Committee'), which is constituted in accordance with the recommendations of the Combined Code. During the period from 5 April 2009 to 13 May 2010, the Committee met seven times and EJ Finch and NL Murray attended each meeting. AR Dare and JS Perry attended six and two meetings respectively during the period.

The Committee consists entirely of independent Non-executive Directors and operates within terms of reference agreed with the Board; these are reviewed annually and are available on the Group's website. None of the Committee has any personal financial interest in the Company (other than as shareholders) or any conflicts of interests arising from cross directorships or day-to-day involvement in running the business.

The Committee is responsible for monitoring and developing Group policy on executive remuneration and has oversight of the operation of the Group's share option and long-term incentive plans. The Committee makes recommendations to the full Board and in the current year the Board accepted all its recommendations. No Director is involved in any decisions about his or her own remuneration.

During the year, the Committee consulted with AW Wiseman, Company Chairman, in relation to a number of its proposals and continued to receive advice from both Shepherd and Wedderburn LLP and Towers Watson (formerly Watson Wyatt) on structuring Directors' remuneration packages for which they received fees of £22,000 and £2,345 respectively (2009: £6,537 and £14,774 respectively). Shepherd and Wedderburn LLP and Towers Watson provided additional services to the Group on the administration, operation and design of the Company's share incentive arrangements for which they received fees of £23,415 and £1,915 respectively (2009: £25,913 and £8,177 respectively).

### Significant Issues During the Year

During the year, the Committee undertook a full review of the Company's executive remuneration practices to ensure that they remained fit for purpose and appropriately supportive of the long-term drive for sustained performance and enhanced shareholder value. In accordance with the Committee's long-standing policy of openness and transparency, this review (which was highlighted in the DRR for the year ended 4 April 2009) was carried out in consultation with the Company's largest shareholders. In essence, it examined each element of the Executive Directors' remuneration packages to identify ways in which they might need to be adjusted to:

- Focus the efforts of these individuals on growing the business ahead of internal targets and market expectations; and
- Promote retention and stability over the coming years amongst the executive team.

Further information in relation to the decisions reached, and changes implemented, following the completion of the above review is provided throughout this DRR. However, in summary, the Committee concluded that:

- The Company's existing policies relating to the Executive Directors' base salary levels remained entirely appropriate and did not require amendment;
- In the case of the bonus scheme for the Executive Directors' (other than the Chief Executive), the maximum annual bonus opportunity should be increased from 60% of base salary to 100%, with any bonus paid in excess of the historic 60% of salary limit being delivered in shares under a newly established Deferred Bonus Plan;
- In appropriate circumstances, the level of annual awards made to Executive Directors under the Company's Long Term Incentive Plan should be increased up to the 100% of salary maximum limit currently permitted by the rules of that arrangement; and
- In relation to the pension arrangements of the Executive Directors (other than the Chief Executive), the level of Company contributions should be increased from 5% of basic salary per annum to 10%.

The Committee firmly believes that these amendments to the Executive Directors' remuneration packages appropriately reinforce its 'pay for performance' principle and will more effectively incentivise these senior individuals to deliver increased levels of sustainable long-term growth in the business.

Finally, and as noted above, it should be noted that, at various points during the course of the above review, a selection of the Company's largest institutional shareholders were consulted and asked for their input. In general, the responses received from these organisations were positive and, where suggestions for variations or refinements to the Committee's proposals were made, they were accommodated wherever possible.

### Significant Issues – Looking Forward

As previously announced, AR Dare will retire as a Director and member of the Committee following the Annual General Meeting on 8 July 2010.

As noted on page 39, EJ Finch has been a Non-executive Director of the Group for over ten years. Although the Board is satisfied that he remains independent in character and judgement, it has been decided that it would now be appropriate for a new Chairman of the Committee to be appointed. As a consequence, EJ Finch will stand down as Chairman following the above Annual General Meeting and will be replaced by JS Perry. EJ Finch will, however, continue in his role as Non-executive Director and will remain a member of the Committee.

Finally, it is anticipated that, in due course, the Committee will review (and may amend) the remuneration arrangements of those individuals affected by the Board changes described on page 39.

### Overview of Remuneration Policy and Structure for Executive Directors

Remuneration packages within the Group are designed to attract, motivate and retain Directors and/or employees of the high calibre needed to maintain the Group's position as a market leader and to reward them for enhancing value to shareholders. This design process takes into account factors that are specific to the Company and its executives. (For example, the Committee is mindful of the fact that RT Wiseman is already a substantial shareholder in the Company – it is for this reason that, as noted below, he does not participate in any of the Group's share incentive arrangements.) It is also influenced by pay policies within the Group as a whole.

### The Five Key Elements of the Executive Directors' Remuneration in the Year Ended 3 April 2010

Brief details are as follows:

Element	Description	Objective	Performance period	Conditions
<b>Annual</b>				
Base salary	Annual salary paid to Executive Directors.	To ensure that the Directors receive an appropriate and competitive level of fixed remuneration having regard to their skills and experience.	n/a	Not applicable.
Annual bonus	Executive Directors can earn additional payments at the end of each financial year.	To incentivise Executive Directors to deliver 'above budget' performance during the financial year.	1 year	Achievement of challenging performance goals (financial and non-financial) over the course of the financial year.
<b>Long-term</b>				
Long Term Incentive Plan (or 'LTIP')	Executive Directors can be conditionally awarded shares in the Company worth up to 100% of salary which become available at the end of a three-year period (subject to the attainment of performance conditions).	To incentivise Executive Directors to deliver superior levels of long-term performance for the benefit of shareholders, thereby aligning the interests of the Directors with those of the Company's members.	3 years	Currently two conditions must be satisfied over a 3-year period. The receipt of half the shares is conditional on the Company's Total Shareholder Return (i.e. share price increase plus dividends paid) comparing favourably to a comparator group of companies in the same sector. The receipt of the remaining half of the shares is conditional on the Company's earnings per share performance.
Deferred Bonus Plan	Any cash bonus awarded to an Executive Director (other than RT Wiseman) that exceeds a specified threshold (currently 60% of base salary) is delivered in the form of shares which only become available to the individual at the end of a further three-year period.	To ensure that Executive Directors have an appropriate focus on the Company's long-term performance and to promote retention and stability amongst the senior manager population.	3 years	Release of shares is not subject to performance targets but is normally conditional on the relevant individual remaining with the Group over the three-year deferral period.
Pensions	Contributions by the Company to defined contribution pension arrangements for the benefit of Executive Directors.	To ensure that Directors are provided with an appropriate pension provision.	n/a	Not applicable.

## Balance of Executive Directors' Remuneration

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related. All of the Executive Directors participate in the annual bonus scheme, and, with the exception of RT Wiseman, can benefit from participation in a long-term incentive plan. In the case of the Executive Directors' remuneration packages for the year ended 3 April 2010, this balance between fixed and performance related pay (excluding pension arrangements) is illustrated in the table below:

## Illustration of the Relative Value of Executive Directors' Remuneration Elements 2010 Percentage of Maximum Remuneration Package



\* For the purposes of this diagram the % presented is based upon annual salary, the maximum bonus potential for each individual in the year and, in the case of the Directors who participate in the LTIP scheme, an LTIP award of 100% of base salary.

## Detailed Explanation of the Elements of Executive Directors' Remuneration

### Basic Salary

Basic salaries are determined by the Committee prior to the beginning of each year (with any increases taking effect from 1 April of that year) and/or when an individual changes position or responsibility. Salary levels are determined taking a number of factors into account, including individual and business performance, level of experience and the competitiveness of total remuneration. The Committee also considers pay policies within the Group as a whole and relies on objective benchmarking which gives up-to-date information on remuneration practice within a comparator group of similar companies by market capitalisation within the sector.

In the case of the year ended 3 April 2010, the Committee decided that in view of:

- The economic slowdown and its impact on the commercial environment; and
- Pay practice elsewhere in the Group,

the basic salary levels paid to the Executive Directors should not be increased and should be retained at the levels paid in the year ended 4 April 2009.

Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting. In addition to their basic salary, the Executive Directors receive benefits-in-kind, being a car and private medical insurance.

For Executive Directors accepting appointments outside the Group, the Board's permission would be required. No Executive Directors have sought to accept any appointment outside the Group.

### Annual Bonus Scheme – Introduction

Under the Company's annual bonus scheme, Executive Directors can become entitled to a cash amount if, and to the extent that, specific performance conditions and objectives are met over the financial year in question.

The measures used to determine the amount of bonus paid to an Executive Director are set by the Committee at the start of each year and contain a combination of stretching group wide financial objectives (which require the delivery of above budget performance before any element becomes payable) and business specific targets tied to the parts of the Company's operations that the individual can directly influence.

Historically, the maximum payment that could be made under the annual bonus scheme to an Executive Director in respect of a financial year has been an amount equal to 60% of base salary (save for RT Wiseman, where a 100% of base salary limit has been applied).

Under current arrangements, bonuses are paid to other senior management below main Board level as agreed with the Committee on an annual basis. These bonus payments are based on Group wide financial targets and other measures of performance appropriate to the individuals concerned.

### Annual Bonus Scheme – Outcome of Review

As part of its review of executive remuneration packages (see page 44 above), the Committee concluded that the structure of the annual bonus scheme for the Executive Directors (other than RT Wiseman) should be amended in order to enhance its effectiveness as a means of encouraging higher levels of sustained performance and more appropriately aligning their interests with those of shareholders.

The changes made to the annual bonus scheme by the Committee (which became effective for the year ended 3 April 2010) can be summarised as follows:

- The maximum annual bonus opportunity for the Executive Directors (other than the Chief Executive) has been increased from 60% of base salary to 100%;
- This rise in the annual bonus plan limits has been accompanied by a significant increase in the levels of performance required under the various objectives and targets; and
- Any bonuses paid in excess of the historic 60% of salary limit will be satisfied in shares awarded pursuant to a newly established Deferred Bonus Plan.

Any shares provided to an individual under the Deferred Bonus Plan will only be released after the expiry of a three-year period from award – in addition, their release will normally be conditional on continued employment with the Group. No 'matching awards' are provided under the Deferred Bonus Plan and it should be noted that all shares utilised for this arrangement will be existing shares in the Company that have been purchased in the market.

For the avoidance of doubt, none of the changes described above apply to RT Wiseman. As a result, his annual bonus arrangement continues to be subject to a 100% of base salary limit with the full amount of any awards being paid to him in cash.

#### Annual Bonus Scheme – Performance Conditions and Weightings for the Year Ended 3 April 2010

For the year ended 3 April 2010, the Group wide financial measures and business specific targets used to determine the amount of bonus paid to each of the Executive Directors can be summarised as follows:

Executive Director	Group wide financial measures relating to:	Business specific targets relating to:
RT Wiseman	EPS, operating profit and sales volume	Achievement against certain non-financial measures and delivery of specified projects
WG Keane	EPS and operating profit	Financial management, IT, milk buying strategy and corporate communications/relationships
M Mulcahy	EPS and operating profit	Commissioning of new operations facilities, efficiency and productivity levels and site operations/reporting
D Dobbins	EPS and operating profit	Sales and marketing, volumes, HR, customer relations and health and safety

The choice of the above measures reflected the Committee's belief that any incentive compensation should be tied both to the overall performance of the Group and to those areas of the business that the relevant individual can directly influence.

The maximum potential payments under the bonus scheme for the year ended 3 April 2010 as a % of base salary were:

Executive Director	Group wide financial measures	Business specific targets (as a % of salary)	Total bonus under the scheme (as a % of salary)
<b>Maximum potential</b>			
RT Wiseman	80%	20%	100%
WG Keane	60%	40%	100%
M Mulcahy	60%	40%	100%
D Dobbins	60%	40%	100%

For the year ended 2 April 2011, it is anticipated that the overall structure of the Executive Directors' annual bonus plan and their maximum bonus opportunities will be the same as above.

#### Annual Bonus Scheme – Actual Payments for the Year Ended 3 April 2010

Executive Director	Total bonus under the scheme (as a % of salary)	Bonus payable in cash (as a % of salary)	Bonus payable in shares (as a % of salary) <sup>1</sup>
<b>Actual 2009-10</b>			
RT Wiseman	100%	100%	–
WG Keane	100%	60%	40%
M Mulcahy	100%	60%	40%
D Dobbins	100%	60%	40%

1 In the case of WG Keane, M Mulcahy and D Dobbins, any part of the total bonus payment for the year that is in excess of 60% of salary will be deferred, on a gross basis, into shares in the Company having an equivalent value under the terms of the Deferred Bonus Plan.

The above bonus awards reflected the fact that, over the course of the year, all the various enhanced and stretching targets (both financial and non-financial) set by the Committee were met. The Committee was also satisfied that the level of these bonuses was entirely fair and appropriate in light of the overall level of profitability/performance achieved over the year.

Finally, it should be noted that for the purposes of assessing the EPS element of the above bonuses the impact of the adjustment to the OFT penalty was, as a matter of principle, not discounted. This approach was adopted to ensure consistency with the stance taken by the Committee in relation to the treatment of the original OFT penalty in the year ended 29 March 2008. It should, however, be highlighted that the annual bonus EPS targets for the year ended 3 April 2010 would have been met in full even if the benefit of the OFT penalty adjustment had been excluded for the purposes of the arrangement.

#### Long Term Incentive Plan – Overview

Under the Company's Long Term Incentive Plan ('LTIP'), conditional awards of shares can be made to selected employees, including the Executive Directors, the vesting of which is normally dependent on both continued employment with the Group and the extent to which pre-determined performance conditions are met over a specified period of three years. The value of shares awarded to a participant under the LTIP in any financial year is subject to a limit of 100% of basic salary. No amounts due under the LTIP are recognised as remuneration to the relevant individuals until the award has vested. The accounting policy for share based payments, which provides for the cost to be recognised over the period from grant to vesting, is set out in Note 2 on page 64.

This scheme is intended to incentivise the participants to create shareholder value whilst retaining due focus on the underlying financial performance of the Group. The Committee has responsibility for supervising the scheme and the grant of awards under its terms. With the exception of RT Wiseman, all of the Executive Directors participate in the LTIP.

## Long Term Incentive Plan – Outcome of Review

As part of the review conducted during the year (see page 44 above), the Committee concluded that the basic structure of the LTIP remained appropriate. It did, however, decide that the following changes should be made in order to increase its effectiveness as a mechanism for retaining key individuals and ensuring a higher degree of alignment with the long-term interests of shareholders:

- **Increased award levels for Executive Directors**

Notwithstanding the fact that the rules of the LTIP impose a 100% of salary limit on the value of annual awards, the Committee's previous practice has been to limit grants to Executive Directors to between 40% and 60% of salary. The Committee decided that, going forward, it would, in appropriate circumstances, increase the level of awards made to these individuals up to the 100% of salary maximum permitted by the plan rules.

- **Further deferral of awards**

On the vesting of LTIP awards granted prior to the completion of the Committee's review, all shares to which the participants become entitled are released immediately. The Committee decided that, for awards granted in the future, the release of a proportion of the shares that vest should be deferred for a specified period, during which they will normally be forfeited on cessation of employment. However, the release of any vested shares at the expiry of this 'deferral period' will not be conditional on the satisfaction of any further performance conditions.

For the avoidance of doubt, the implementation of the Committee's recommendations from its review does not in any way alter the long standing policy of excluding RT Wiseman from participation in the LTIP.

## Long Term Incentive Plan – Awards Granted During the Year Ended 3 April 2010

On 24 June 2009, each of WG Keane, M Mulcahy and D Dobbins received an LTIP award with a face value equal to 54%, 57%, and 60% respectively of their base salary for the year – these awards were granted in advance of the completion of the Committee's review and the implementation of its recommendations. At the same time, awards averaging 50% of basic salary were made to a further 28 senior executives (reflecting the Committee's policy of offering LTIP participation to other key individuals within the organisation).

Notwithstanding the grant of the above awards, the Committee decided that it was important for the decisions reached as part of its review to be implemented as quickly as possible. As a result, on 7 December 2009 a further, supplementary LTIP award was granted to each of WG Keane, M Mulcahy and D Dobbins with a face value equal to 46%, 43%, and 40% respectively of their base salary for the year (i.e. so that, when aggregated with the June 2009 grants, these individuals received awards during the year up to the 100% of salary limit).

Both the June 2009 awards and the December 2009 awards are subject to the same performance conditions measured over the same period (see below). However, the release of any shares that vest in respect of the December 2009 awards will be delayed for a period of 12 months pursuant to the new deferral mechanism referred to above.

It should be noted that, for LTIP grants to Executive Directors in future years (including those to be made shortly after the announcement of the Company's results for the year ended 3 April 2010), it is anticipated that where an award vests in respect of more than 60% of the shares over which it was granted, the excess above that level will be subject to the 12 month additional deferral mechanism described above.

## Long Term Incentive Plan – Performance Conditions for Awards Granted in the Year Ended 31 March 2007 and Earlier Years

In the case of LTIP awards granted during all years up to and including the year ended 31 March 2007, the performance criteria that must be met in order for the award to vest requires the Company's Total Shareholder Return ('TSR') to outperform a comparator group comprised of companies in the FTSE Food Producers Sector over a period of three years. The Company's position within the comparator group then determines the extent to which the award vests as follows:

TSR performance achieved	Proportion of award vesting
Below median	Nil
Median	25%
Upper quartile	100%
Between median and upper quartile	Pro-rata between 25% and 100%

Notwithstanding the above, no part of the award vests unless the growth in the Company's EPS over the same performance period exceeds the growth in the Retail Prices Index ('RPI') by an average of at least 3% per annum. An award lapses if it does not vest at the end of the three-year performance period.

## Long Term Incentive Plan – Performance Conditions for Awards Granted in the Year Ended 29 March 2008 and Later Years

As highlighted in the 2007 and 2008 Annual Reports, a different form of performance condition applies to all awards granted in the year ended 29 March 2008 and beyond (including those granted in June 2009 and December 2009). The Committee believes that these conditions strike an appropriate balance between (i) incentivising participants to achieve superior returns for shareholders; and (ii) applying measures which are directly relevant to, and understood by, participants. In summary, they are as follows:

- The vesting of 50% of an award will be determined by the extent to which the Company's TSR over a three-year period outperforms the TSR achieved by the median company in a comparator group comprised of food producer companies. For all awards granted in the years ended 29 March 2008, 4 April 2009 and 3 April 2010, the required levels of TSR outperformance are as follows:

TSR performance achieved	Proportion of TSR element of award vesting
Below median	Nil
Equal to median	25%
Median + 12% p.a.	100%
Between median and median + 12% p.a.	Pro-rata between 25% and 100%

- The vesting of the remaining 50% of an award will be dependent on the extent to which the growth in the Company's EPS over the same period exceeds the growth in RPI. For all awards granted in the years ended 29 March 2008, 4 April 2009 and 3 April 2010, the required levels of EPS performance are as follows:

EPS growth achieved	Proportion of EPS element of award vesting
Less than RPI + 3% p.a.	Nil
RPI + 3% p.a.	25%
RPI + 10% p.a.	100%
Between RPI + 3% p.a. and RPI + 10% p.a.	Pro-rata between 25% and 100%

- When assessing the extent to which these EPS targets have been satisfied, the Committee takes cognisance of the impact of any share buy backs undertaken by the Company in the relevant period
- Notwithstanding the above, the extent to which the award vests as a consequence of the operation of these conditions can be reduced where, in exceptional circumstances, the Committee considers that the level of TSR and/or EPS growth achieved is not a genuine reflection of the underlying performance of the Company over the period in question.

It is currently anticipated that the above levels of EPS and TSR performance will also be applied to the LTIP awards to be made shortly after the announcement of the Company's results for the year ended 3 April 2010. For future awards, the Committee will review, and may amend, the required performance levels in order to ensure they remain appropriately stretching.

#### Long Term Incentive Plan – Awards Vesting During the Year Ended 3 April 2010

The performance period applicable to the LTIP awards granted in June 2006 ended on 4 April 2009 and 100% of these awards vested shortly thereafter. Over the period, the Company achieved an upper quartile ranking amongst the selected comparator group and delivered average EPS growth in excess of RPI + 3% per annum. Further details in relation to this vesting can be found on pages 52 and 53.

#### Pension Arrangements – Introduction

Executive Directors are members of money purchase pension schemes. Their dependants are eligible for the payment of a lump sum in the event of death in service equivalent to four times basic salary. The Executive Directors, excluding the Chief Executive, are entitled to a Company contribution equal to a specified percentage of basic salary to a money purchase pension scheme.

As explained in previous years, the changes in the pension scheme regulations which came into effect on 6 April 2006 have affected the Company's provision of pension scheme benefits to the Chief Executive. The Company has maintained his historic pension framework and paid an equivalent contribution of 30% of salary directly to RT Wiseman from which he can make his own retirement provision. The Company is not responsible for compensating for changes in personal tax liability.

As explained on page 51, in previous years some of the Directors have sacrificed a proportion of their salary and/or bonus in return for the Group making supplementary pension contributions over and above the contractual requirements.

#### Pension Arrangements – Outcome of Review

In previous years, the pension contribution made by the Company in relation to each of the Executive Directors (other than the Chief Executive) was 5% of salary. The conclusion reached by the Committee as part of its recent review (see page 44 above) was that this level of contribution was significantly below the amounts paid by other comparable organisations in the Company's sector. As a result, the Committee decided that it would be fair and reasonable to increase the contribution levels paid in respect of these individuals to 10% of salary, such increase to take effect from the start of the year ended 3 April 2010. For the avoidance of doubt, no changes have been made to the Chief Executive's pension provision.

#### Share Options Schemes – Overview and Details of Directors' Participation

The Company currently operates the following share option schemes:

- The 1994 Employee Share Option Scheme (the '1994 Scheme');
- The 1996 Employee Share Option Scheme (the '1996 Scheme');
- The 2003 Approved Share Option Scheme (the '2003 Approved Scheme');
- The 2003 Unapproved Share Option Scheme (the '2003 Unapproved Scheme'); and
- The Sharesave Schemes.

Summaries of each of these arrangements are set out below. It should, however, be noted that RT Wiseman does not participate in any of the Company's share option schemes. In addition, individuals who receive awards under the LTIP in any year are not eligible to be granted options under the 2003 Approved Scheme or the 2003 Unapproved Scheme in the same period. Accordingly, on the basis that, since its introduction in the year ended 29 March 2003, the LTIP has been used as the mechanism for providing long-term incentives to Executive Directors, no options have been granted to them under the 2003 Approved Scheme or the 2003 Unapproved Scheme and it is not intended that options will be issued to them under these schemes in the future. WG Keane and D Dobbins only hold outstanding options under the Sharesave Schemes. M Mulcahy holds options under the 1994 Scheme and the Sharesave Schemes.

#### The 1994 and 1996 Schemes

The 1994 and 1996 Schemes (which have subsequently been superseded by the 2003 Approved Scheme and the 2003 Unapproved Scheme) were formerly used by the Company to grant options to a broad selection of employees in the Group. Although a number of options granted under these plans currently subsist, no further awards will be granted.

#### The 2003 Approved Scheme and the 2003 Unapproved Scheme

These arrangements (which were established during the year ended 3 April 2004, following approval at the Annual General Meeting), are used to grant options across the Group which are normally exercisable between three and ten years following their grant. The total market value (at date of grant) of shares over which an individual may be granted options under these Schemes in any financial year is limited to 100% of basic salary.

The principal difference between these two plans is that the approval of HM Revenue and Customs was sought and obtained for the 2003 Approved Scheme, whereas no such approval was sought in relation to the 2003 Unapproved Scheme.

Options granted under these Schemes will not be exercisable unless there has been a sustained improvement in the performance of the Group over a three or more year period. Currently, the performance condition that applies to options granted under these Schemes requires a minimum growth in the Company's EPS equal to the growth in RPI plus 3% per annum, tested over an initial three year period from grant.

As noted above, there is no intention to award options under either of these Schemes to any of the Executive Directors.

## The Sharesave Schemes

Under the Sharesave Schemes, employees can accumulate funds which can be used to fund the purchase of shares under an option that becomes exercisable after the fifth anniversary of its date of grant.

## Share Incentive Plan

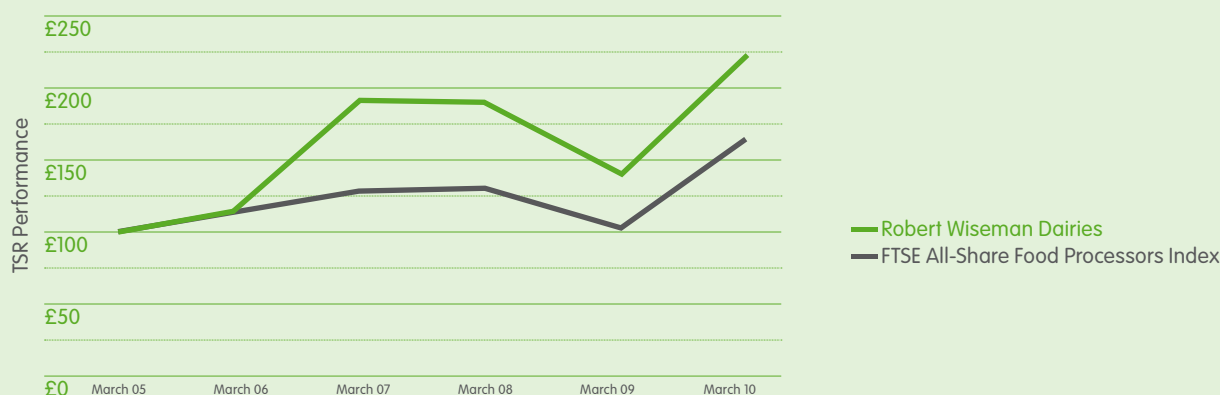
In August 2002, the Group established an HM Revenue and Customs Approved Share Incentive Plan ('SIP') which came into operation on 1 May 2003. During the year ended 3 April 2010, awards were made under the SIP which is available to all employees of the Group with continuous service of 3 months. These awards were under the 'Matching Share' scheme, whereby participants could contribute up to £125 per month towards the purchase of shares in the Company which were then matched on a 1 for 4 basis. Shares acquired under the Matching Share scheme are solely conditional upon the relevant participant remaining in the Group's employment for 3 years from the date of award. Except for RT Wiseman, all of the Executive Directors participate in the SIP.

## Performance Review

The graph below shows the Company's performance over the past 5 years, measured by TSR, compared with the performance of the FTSE All-Share Food Producers Index over the same period also measured by TSR (both rebased to 100). The FTSE All-Share Food Producers Index has been selected for this comparison because it is a broad equity market index comprising many of the companies against which the Group benchmarks its performance internally.

### Historical TSR Performance

Growth in the value of a hypothetical £100 holding over five years  
FTSE All-Share Food Producers Index comparison based on average values



## Directors' Contracts

	Date of contract	Notice period
<b>Chairman</b>		
AW Wiseman	12 May 2005	3 months
<b>Executive Directors</b>		
RT Wiseman	12 May 2005	12 months
WG Keane	12 May 2005	12 months
M Mulcahy	1 July 2005	12 months
D Dobbins	1 July 2005	12 months

In the event of early termination by the Company, the Executive Directors would be entitled to loss of salary, benefits and pension contributions for the notice periods. Depending on the circumstances of termination, the Executive Director may be entitled, or the Committee may exercise its discretion to allow the Executive Director, to exercise a proportion of their outstanding awards under long-term incentive arrangements (but only to the extent that any applicable performance conditions have been met). The Committee's policy on early termination is to emphasise the duty of the terminated party to mitigate any loss caused by the early termination to the fullest extent practicable.

With the exception of the Chairman, Non-executive Directors do not have service contracts or notice periods although under the Company's Articles of Association all Directors must retire by rotation and seek re-election at least every three years.

	Date of last appointment	End of period of appointment
<b>Non-executive Directors</b>		
NL Murray	AGM 2009	AGM 2012
EJ Finch	AGM 2009	AGM 2010
AR Dare	AGM 2007	AGM 2010
JS Perry	March 2010	AGM 2010

### Non-executive Directors' Remuneration

The remuneration of each of the Non-executive Directors (other than the Chairman) is determined by the Board (in the absence of the Director in question) within limits set out in the Articles of Association and taking into account a number of factors pertinent to their position and the level of fees in similar companies. The remuneration of the Chairman is determined by the Committee, based on external advice and a review of current practices in other companies. Non-executive Directors cannot participate in any of the Company's long-term incentive arrangements and are not entitled to a bonus or pension contributions.

The basic fee paid to each Non-executive Director, excluding the Chairman, in the year was £32,000 (2009: £32,000). NL Murray, as Senior Independent Non-executive Director and Chairman of the Audit Committee received a further payment at a rate of £7,000 (2009: £7,000) per annum. E Finch, as Chairman of the Remuneration Committee, received a further payment of £5,000 (2009: £5,000). A Dare as a member of the Audit Committee and Remuneration Committee, received a further payment of £2,000 (2009: £2,000). The level of fees paid to AW Wiseman, Company Chairman is £175,000 (2009: £175,000).

### AUDITED INFORMATION

#### Aggregate Directors' Remuneration

The total amounts for Directors' remuneration were as follows:

	2010 £000	2009 £000
Emoluments	3,015	2,408
Gains on exercise of share options	19	–
Amounts receivable under LTIP	381	360
Money Purchase pension contribution	231	190
	<b>3,646</b>	<b>2,958</b>

Directors' emoluments for the year or from period of appointment if later:

Name of Director	2010 Fees/basic salary £000	2010 Benefits in kind £000	2010 Annual bonuses <sup>1</sup> £000	2010 Emoluments sub-total £000	2010 Plans/Schemes total <sup>2</sup> £000	2010 TOTAL £000	2009 Emoluments sub-total £000	2009 TOTAL £000
<b>Executive</b>								
RT Wiseman	504	29	504	1,037	–	1,037	857	857
WG Keane	280	14	280	574	127	701	423	543
M Mulcahy	265	24	265	554	146	700	417	537
D Dobbins	250	16	250	516	127	643	381	501
<b>Non-executive</b>								
AW Wiseman	175	14	–	189	–	189	188	188
NL Murray <sup>3</sup>	39	–	–	39	–	39	39	39
E Finch <sup>3</sup>	37	–	–	37	–	37	37	37
A Dare	34	–	–	34	–	34	34	34
B Hodson	32	–	–	32	–	32	32	32
JS Perry <sup>4</sup>	3	–	–	3	–	3	–	–
Aggregate emoluments	1,619	97	1,299	3,015	400	3,415	2,408	2,768

1 The annual bonus figure disclosed in the above table represents the total value of the award made under the Company's annual bonus scheme for the year ended 3 April 2010. As explained on pages 46 and 47, 60% of this amount will be paid in cash and the remainder will be settled by the conditional award of shares pursuant to the Deferred Bonus Plan. It is anticipated that such share awards will take place shortly after the announcement of the Company's results for the year ended 3 April 2010.

2 The Plans/Schemes balance represents the value of Long Term Incentive Plan awards vesting and share options exercised as detailed on pages 52 and 53.

3 Fees for the services of EJ Finch and NL Murray as Non-executive Directors were paid to DFA Solutions Ltd and Ettrick Management Services respectively.

4 Fees for JS Perry relate to the period from appointment in March 2010 until the year end.

Basic salary is the only component of the remuneration package which is pensionable. In the prior year, some of the Executive Directors agreed with their employing company that they would give up their rights to part of their basic salary and part of or the whole of their annual bonus payments in order for supplementary pension contributions to be made to a personal pension plan. These supplementary contributions amounted to £95,000 in the case of WG Keane and £28,195 in the case of D Dobbins. For the sake of simplicity, and to allow a valid comparison to be made with the basic salary and bonus figures paid in the year ended 3 April 2010, the amounts of these supplementary pension contributions have been included in the 2009 Total column of the preceding table, as appropriate.

As mentioned on page 49, changes in pension scheme regulations affected the Company's provision of pension scheme benefits to the Chief Executive, RT Wiseman. In order to allow a valid comparison to be made with the basic salary and pension payment figures paid in prior years, the amount of the equivalent contribution which has been paid directly to RT Wiseman from which he can make his own retirement provision has been included in the pension payment table on page 53 rather than the table of Directors' emoluments above.

## Directors' Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors but do include amounts in respect of options exercised. Details of the options exercised by Directors during the year are as follows:

	Scheme	Gains on exercise 2010 £000	Gains on exercise 2009 £000
M Mulcahy	1994 Employee share option scheme	19	–

Details of options for Directors at the year end are as follows:

	Scheme	04 April 09	Exercised	Granted	4 April 10	Exercise price	Date from which exercisable	Expiry date
<b>WG Keane</b>	Sharesave scheme	4,957	–	–	4,957	1.960	01-Sept-10	01-March-11
	Sharesave scheme	1,468	–	–	1,468	3.835	01-Sept-12	01-March-13
		6,425	–	–	6,425			
<b>M Mulcahy</b>	1994 Employee share option scheme	11,200	(5,000)	–	6,200	1.147	04-Jan-05	04-Jan-12
	Sharesave scheme	3,743	–	–	3,743	1.960	01-Sept-10	01-March-11
	Sharesave scheme	1,895	–	–	1,895	3.835	01-Sept-12	01-March-13
		16,838	(5,000)	–	11,838			
<b>D Dobbins</b>	Sharesave scheme	4,215	–	–	4,215	1.960	01-Sept-10	01-March-11
	Sharesave scheme	1,725	–	–	1,725	3.835	01-Sept-12	01-March-13
		5,940	–	–	5,940			

1 The ability to exercise these options granted under the 1994 Employee share option scheme was originally subject to a performance condition relating to the earnings per share performance of the Company. This condition has been satisfied.

2 There have been no variations to the terms and conditions of the above options during the financial year.

3 The market price of the ordinary shares at 3 April 2010 was £5.12 and the range during the year was £3.08 to £5.25.

## Long Term Incentive Schemes

Aggregate emoluments disclosed above do not include any amounts for the value of LTIP awards in the Company granted to Directors but do include amounts in respect of awards that have vested and been exercised. Details of the LTIP awards that vested and were exercised in the year are as follows:

	Scheme	No of shares in respect of which award vested	Exercise price	Market price at exercise date	Gains on exercise 2010 £000
WG Keane	2006 LTIP award	33,802	0.00	3.77	127
M Mulcahy	2006 LTIP award	33,802	0.00	3.77	127
D Dobbins	2006 LTIP award	33,802	0.00	3.77	127
					381

Details of the maximum conditional Directors' awards under the LTIP are as follows:

	Scheme	4-Apr-09	Lapsed	Exercised	Granted	3-Apr-10	Market price at grant	Date on which last condition has to be met <sup>1</sup>
<b>WG Keane</b>	2006 award <sup>2</sup>	33,802	–	(33,802)	–	–	3.59	4-Apr-09
	2007 award <sup>3</sup>	26,052	–	–	–	26,052	4.99	3-Apr-10
	2008 award <sup>3</sup>	39,755	–	–	–	39,755	3.18	2-Apr-11
	2009 award <sup>3</sup>	–	–	–	40,983	40,983	3.66	31-Mar-12
	2009 award <sup>3</sup>	–	–	–	26,606	26,606	4.89	31-Mar-12
		99,609	–	(33,802)	67,589	133,396		
<b>M Mulcahy</b>	2006 award <sup>2</sup>	33,802	–	(33,802)	–	–	3.59	4-Apr-09
	2007 award <sup>3</sup>	26,052	–	–	–	26,052	4.99	3-Apr-10
	2008 award <sup>3</sup>	39,755	–	–	–	39,755	3.18	2-Apr-11
	2009 award <sup>3</sup>	–	–	–	40,983	40,983	3.66	31-Mar-12
	2009 award <sup>3</sup>	–	–	–	23,536	23,536	4.89	31-Mar-12
		99,609	–	(33,802)	64,519	130,326		
<b>D Dobbins</b>	2006 award <sup>2</sup>	33,802	–	(33,802)	–	–	3.59	4-Apr-09
	2007 award <sup>3</sup>	26,052	–	–	–	26,052	4.99	3-Apr-10
	2008 award <sup>3</sup>	39,755	–	–	–	39,755	3.18	2-Apr-11
	2009 award <sup>3</sup>	–	–	–	40,983	40,983	3.66	31-Mar-12
	2009 award <sup>3</sup>	–	–	–	20,466	20,466	4.89	31-Mar-12
		99,609	–	(33,802)	61,449	127,256		

- Under the rules of the LTIP, the actual vesting of the awards will not take place until some time after this date (i.e. vesting will only occur when the information becomes available to determine the extent to which the relevant performance conditions have been satisfied).
- In the case of the 2006 awards, the performance criteria that must be met requires the Company's TSR to outperform a comparator group comprised of companies in the FTSE Food Producers Sector over a period of three years and to advance growth in earnings per share as detailed on pages 48 and 49. The comparator group for the 2006 awards comprised Arla Foods, Associated British Foods, Cadbury Schweppes, Carr's Milling, Cranswick, Dairy Crest, Devro, Northern Foods, Premier Foods, RHM, Richmond Foods, Tate & Lyle, Unilever and Uniq.
- In the case of the 2007, 2008 and 2009 awards, the performance criteria that must be met in order for 50% of the awards to vest requires the Company's TSR to outperform the median company of a comparator group comprised of companies in the FTSE Food Producers Sector over a period of three years. The vesting of the remaining 50% of the awards requires the Company to advance growth in earnings per share. Further details in relation to these conditions are set out on page 48. For the TSR element of these awards, the comparator group comprises Associated British Foods, Cadbury Schweppes, Carr's Milling, Cranswick, Dairy Crest, Devro, Glanbia, Greencore, Northern Foods, Premier Foods, Tate & Lyle, Unilever and Uniq.

### Pensions

Three Directors are members of money purchase schemes. As disclosed on page 49, the amount of the equivalent contribution which has been paid directly to RT Wiseman from which he can make his own retirement provision has been included in the pension payment table below. Contributions paid by the Company in respect of such Directors during the year ended 3 April 2010 are disclosed below:

Name of Director	2010 Pensions total £000	2009 Pensions total £000
RT Wiseman	151	151
WG Keane	28	14
M Mulcahy	27	13
D Dobbins	25	13
	231	191

### Approval

This report was approved by the Board of Directors on 13 May 2010 and signed on its behalf by:

#### Ernest Finch

Chairman of the Remuneration Committee  
13 May 2010