

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Not for release, publication or distribution, in whole or in part, in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction

22 February 2019

**RECOMMENDED CASH ACQUISITION
of
DAIRY CREST GROUP PLC
by
SAPUTO DAIRY UK LTD**

(a wholly-owned subsidiary of Saputo Inc.)

Summary

- Saputo Dairy UK Ltd (“**Saputo**”) and Dairy Crest Group plc (“**Dairy Crest**”) announce that they have reached agreement on the terms of a recommended cash acquisition by which the entire issued and to be issued ordinary share capital of Dairy Crest will be acquired by Saputo.
- Under the terms of the Acquisition, each Scheme Shareholder will receive 620 pence in cash for each Dairy Crest Share, valuing Dairy Crest’s existing issued and to be issued ordinary share capital at approximately £975 million.
- It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- The price of 620 pence in cash for each Scheme Share represents:
 - a premium of approximately 11.7 per cent. to the Closing Price of a Dairy Crest Share of 555 pence on the Latest Practicable Date;
 - a premium of approximately 27.1 per cent. to the 30 day volume weighted average share price of a Dairy Crest Share of 488 pence on the Latest Practicable Date; and
 - a premium of approximately 33.8 per cent. to the 90 day volume weighted average share price of a Dairy Crest Share of 464 pence on the Latest Practicable Date.
- Saputo has received irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolution(s) to be proposed at the General Meeting (or, in the event that the Acquisition is to be effected by way of a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer) from all the Dairy Crest Directors who hold Dairy Crest Shares in respect of 85,062 Dairy Crest Shares, in aggregate, representing all of the Dairy Crest Shares held by the Dairy Crest Directors and representing approximately 0.055 per cent. of the issued ordinary share capital of Dairy Crest at the close of business on the Latest Practicable Date.

- The Dairy Crest Directors, who have been so advised by Greenhill & Co. International LLP (“**Greenhill**”) as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, Greenhill has taken into account the commercial assessments of the Dairy Crest Directors. Greenhill is providing independent financial advice to the Dairy Crest Directors for the purposes of Rule 3 of the City Code.
- Accordingly, the Dairy Crest Directors intend unanimously to recommend Dairy Crest Shareholders to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolution(s) to be proposed at the General Meeting as the Dairy Crest Directors who hold Dairy Crest Shares have irrevocably undertaken to do in respect of all of their Dairy Crest Shares (amounting to 85,062 Dairy Crest Shares, in aggregate, and representing approximately 0.055 per cent. of the issued ordinary share capital of Dairy Crest at the close of business on the Latest Practicable Date).
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and General Meeting, together with the Forms of Proxy, will be posted to Dairy Crest Shareholders and (for information only) to Dairy Crest Share Scheme Participants on or around 8 March 2019 and that the Scheme will become Effective in the second quarter of the calendar year 2019, subject to the satisfaction or, where applicable, waiver of the Conditions and certain further terms set out in Appendix 1 to this announcement.

Commenting on the Acquisition, Lino A. Saputo, Jr., Chairman and CEO of Saputo Inc., said:

“Dairy Crest is an attractive platform for Saputo and fits well within our growth strategy. We believe that under Saputo ownership, Dairy Crest will be able to accelerate its long-term growth and business development potential and provide benefits to Dairy Crest’s employees and stakeholders. This recommended offer represents a compelling opportunity for Dairy Crest Shareholders, providing immediate value certainty.”

Commenting on the Acquisition, Stephen Alexander, Chairman of Dairy Crest, said:

“The board is unanimously recommending this all-cash offer by Saputo to buy Dairy Crest at an attractive premium, which represents compelling value for Dairy Crest Shareholders. Dairy Crest is a leading UK dairy company and the proud manufacturer of Cathedral City, the largest UK cheese brand. Saputo is one of the top ten dairy processors in the world. Both companies have built strong positions in the cheese sectors in their respective home markets.

“The Acquisition should enable Dairy Crest to benefit from Saputo’s global expertise and strong financial position to fulfil and accelerate its growth ambitions. The businesses have strong shared values and the board is confident that Saputo’s plans to invest in and grow the Dairy Crest business mean the proposed transaction is positive for all its stakeholders.

“The price premium Saputo is offering reflects Dairy Crest’s portfolio of market-leading brands, its manufacturing and innovation capabilities as well as its experienced management team, who will continue to run the business under Saputo’s

ownership. It is for these reasons that the board is unanimously recommending this transaction to Dairy Crest Shareholders.”

This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including its Appendices). The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 contains the sources and bases of certain information contained in this summary and the following announcement. Appendix 3 contains details of the irrevocable undertakings received by Saputo. Appendix 4 contains the definitions of certain terms used in this summary and the following announcement.

Enquiries

Dairy Crest

Tom Atherton, Kate Goode +44 (0) 1372 472236

Greenhill (Financial Adviser to Dairy Crest) +44 (0) 20 7198 7400

Seamus Moorhead, Andrew Stace, Dean Rodrigues

Shore Capital (Joint Broker to Dairy Crest) +44 (0) 20 7408 4090

Malachy McEntyre, Mark Percy, Toby Gibbs

Peel Hunt (Joint Broker to Dairy Crest) +44 (0) 20 7418 8900

Dan Webster, George Sellar, Guy Pengelley

Brunswick (PR Adviser to Dairy Crest) +44 (0) 20 7404 5959

Tim Danaher

Saputo Inc.

Sandy Vassiadis (Vice President, Communications & Corporate Responsibility) (+1) 514-328-3141 /
1-866-648-5902

Lazard (Financial Adviser to Saputo)

Brian Hanson (Toronto) +1 416 945 6627

Alex Hecker, Mario Skoff (New York) +1 212 632 6000

William Lawes, Fariza Kadieva (London) +44 (0) 20 7187 2000

Dairy Crest has retained Eversheds Sutherland (International) LLP, and Saputo has retained Freshfields Bruckhaus Deringer LLP and Stikeman Elliott LLP, as legal advisors in connection with the matters described in this announcement.

The person responsible for arranging for the release of this announcement on behalf of Dairy Crest is Roger Robotham, Company Secretary.

Further information

This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dairy Crest in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document.

Please be aware that addresses, electronic addresses and certain other information provided by Dairy Crest Shareholders, persons with information rights and other relevant persons for the receipt of communications from Dairy Crest may be provided to Saputo during the offer period as required under Section 4 of Appendix 4 of the City Code to comply with Rule 2.11(c).

*Lazard & Co., Limited (“**Lazard**”) is authorised and regulated by the FCA in the United Kingdom. Lazard is acting as financial adviser to Saputo Inc. and for no one else in connection with the Acquisition and will not be responsible to anyone other than Saputo Inc. for providing the protections afforded to clients of Lazard, nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with the Acquisition, this announcement, any statement contained herein or otherwise.*

*Greenhill & Co. International LLP (“**Greenhill**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Dairy Crest and no one else in connection with the Acquisition and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement.*

*Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (together “**Shore Capital**”), which are authorised and regulated in the United Kingdom by the FCA, are acting exclusively for Dairy Crest and no one else in connection with the Acquisition and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to clients of Shore Capital nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement.*

*Peel Hunt LLP (“**Peel Hunt**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Dairy Crest and for no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement.*

Overseas jurisdictions

The release, publication or distribution of this announcement in or into jurisdictions other than the UK, Canada or the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK, Canada or the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the United Kingdom to vote their Dairy Crest Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.

Copies of this announcement and the formal documentation relating to the Acquisition will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional information for US investors

The Acquisition is being made to acquire the securities of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer rules. Except in relation to non-IFRS financial performance measures, namely, adjusted profit before tax, the financial information included in this announcement and to be included in the Scheme documentation, if any, has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Saputo exercises its right to implement the acquisition of the Dairy Crest Shares by

way of a Takeover Offer, such offer will be made in compliance with applicable US laws and regulations.

Adjusted profit before tax represents the Dairy Crest Group's profit before tax from continuing operations, before "exceptional items", "other finance expense – pensions" and "amortisation from acquired intangible assets" (in each case as referred to in Dairy Crest's annual report and accounts for the year ended 31 March 2018). The Dairy Crest Directors consider this measure appropriate because it reports the underlying performance of the Dairy Crest Group excluding the material values that can be associated with exceptional items and volatility of the pension interest. This allows the Dairy Crest Directors to measure the longer-term performance of the Dairy Crest Group on a comparable basis.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Dairy Crest Shareholder is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to such Dairy Crest Shareholder.

It may be difficult for US holders to enforce their rights and claims arising out of the US federal securities laws, since Saputo and Dairy Crest are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Saputo or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Dairy Crest Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Scheme and/or the Acquisition becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Saputo and/or Dairy Crest contain statements which are, or may be deemed to be, "forward-looking statements" including for the purposes of the US Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of the Saputo Group and/or the Dairy Crest Group about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on the Saputo Group and the Dairy Crest Group, the expected timing and scope of the Acquisition and other statements

other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Saputo and Dairy Crest believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction or not of the Conditions, as well as additional factors, such as conditions relating to the economic, industry, competitive and regulatory environments in which the Saputo Group and the Dairy Crest Group operate or which could affect their activities, their ability to attract and retain customers and consumers, as well as the availability and cost of milk and other raw materials and energy supplies, the Saputo Group’s and the Dairy Crest Group’s operating costs and the pricing of their finished products on the various markets in which they carry on business. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Saputo nor Dairy Crest, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the UK Listing Rules, the Market Abuse Regulation (EU No 596/2014) (“MAR”), the Disclosure Guidance and Transparency Rules of the FCA and any applicable Canadian securities laws), none of Saputo, Saputo Inc. or Dairy Crest is under any obligation, and Saputo, Saputo Inc. and Dairy Crest expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website and hard copies

A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Saputo Inc.'s website at <http://www.saputo.com/en/investors> and Dairy Crest's website at <https://www.dairycrest.co.uk/investors>. For the avoidance of doubt, the contents of those websites are not incorporated into, and do not form part of, this announcement.

Dairy Crest Shareholders may request a hard copy of this announcement by contacting the Registrar during business hours on +44 (0) 371-664-9266 or by submitting a request in writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Not for release, publication or distribution, in whole or in part, in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction

22 February 2019

**RECOMMENDED CASH ACQUISITION
of
DAIRY CREST GROUP PLC
by
SAPUTO DAIRY UK LTD**

(a wholly-owned subsidiary of Saputo Inc.)

1. Introduction

Saputo Dairy UK Ltd (“**Saputo**”) and Dairy Crest Group plc (“**Dairy Crest**”) announce that they have reached agreement on the terms of a recommended cash acquisition by which the entire issued and to be issued ordinary share capital of Dairy Crest will be acquired by Saputo. It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

2. The Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

for each Scheme Share 620 pence in cash

The Acquisition values Dairy Crest’s entire issued and to be issued share capital at approximately £975 million.

If, after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Dairy Crest Shares, Saputo reserves the right to reduce the consideration payable under the terms of the Acquisition at such date by an amount up to the amount of such dividend and/or distribution and/or return of capital.

The price of 620 pence in cash for each Scheme Share represents:

- a premium of approximately 11.7 per cent. to the Closing Price of a Dairy Crest Share of 555 pence on the Latest Practicable Date;
- a premium of approximately 27.1 per cent. to the 30 day volume weighted average share price of a Dairy Crest Share of 488 pence on the Latest Practicable Date; and

- a premium of approximately 33.8 per cent. to the 90 day volume weighted average share price of a Dairy Crest Share of 464 pence on the Latest Practicable Date.

3. Recommendation

The Dairy Crest Directors, who have been so advised by Greenhill as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, Greenhill has taken into account the commercial assessments of the Dairy Crest Directors. Greenhill is providing independent financial advice to the Dairy Crest Directors for the purposes of Rule 3 of the City Code.

Accordingly, the Dairy Crest Directors intend unanimously to recommend Dairy Crest Shareholders to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolution(s) to be proposed at the General Meeting as the Dairy Crest Directors who hold Dairy Crest Shares have irrevocably undertaken to do in respect of all of their Dairy Crest Shares (amounting to 85,062 Dairy Crest Shares, in aggregate, and representing approximately 0.055 per cent. of the issued ordinary share capital of Dairy Crest at the close of business on the Latest Practicable Date).

Greenhill has given and not withdrawn its consent to the inclusion in this announcement of the references to its advice to the Dairy Crest Directors in the form and context in which they appear.

4. Background to and reasons for the Acquisition

One of the Saputo Group's key strategies is to grow through acquisitions, where it has a successful track record. The Saputo Group's interest in Dairy Crest is motivated by a desire to increase its international presence and enter the UK market by acquiring and investing in a well-established and successful industry player with a solid asset base and an experienced management team. The Saputo Group does not currently have any operations in Europe and sees Dairy Crest as an attractive platform for growth in the UK. Saputo believes that the Saputo Group's position as a large international dairy processor with a strong financial position would help Dairy Crest accelerate its growth plans, thereby delivering direct benefits for Dairy Crest and its stakeholders, including employees, while retaining and preserving Dairy Crest's heritage and brands. Saputo intends that, under its ownership, Dairy Crest would continue to manufacture its products from its existing facilities in the UK. Saputo would seek to support Dairy Crest's innovation and new product development through Dairy Crest's research and development functions in order to service the customer base. Therefore, Saputo does not envisage any material change to the research and development functions of Dairy Crest as a result of the Acquisition. Saputo does not intend to dispose of any material part of Dairy Crest's business, or redeploy any fixed assets of Dairy Crest, following the Acquisition.

The Combined Group's headquarters will be located at Saputo Inc.'s head office in Montréal, Québec, Canada, while Saputo intends that the management of its UK operations will continue to be based in Surrey, England.

5. Background to and reasons for the recommendation

Through decisive leadership, Dairy Crest has transformed itself from a supply-driven commoditised business to a leading UK manufacturer of foods and added-value ingredients. Pivotal to this transformation was the sale, executed by Dairy Crest's current management team, of its Dairies operation to Müller in 2015.

The Dairy Crest Directors remain confident that Dairy Crest's existing strategy and the decisions taken to transform the business mean that its future prospects are strong. Having reviewed the offer from Saputo, the Dairy Crest Board believes that the terms of the Acquisition, including valuation, reflect both the strength of the Dairy Crest business today and its future prospects to develop the business further with enhanced scale and geographic reach, including through the sharing of best operational practices.

The Dairy Crest Directors note that:

- the Acquisition provides an opportunity for Dairy Crest Shareholders to receive the certainty of a cash payment for their holdings at a valuation that reflects the positive future prospects for Dairy Crest;
- the Acquisition is priced at an attractive premium of:
 - approximately 11.7 per cent. to the Closing Price of a Dairy Crest Share of 555 pence on the Latest Practicable Date;
 - approximately 27.1 per cent. to the 30 day volume weighted average share price of a Dairy Crest Share of 488 pence on the Latest Practicable Date; and
 - approximately 33.8 per cent. to the 90 day volume weighted average share price of a Dairy Crest Share of 464 pence on the Latest Practicable Date;
- the Acquisition reflects the value created by Dairy Crest's strategy to date and the future value that the strategy is expected to create; and
- the Acquisition is expected to deliver a number of strategic benefits to Dairy Crest's business, including increased international know-how and a stronger balance sheet to deliver its growth ambitions.

In considering the Acquisition, the Dairy Crest Directors have taken into account Saputo's strategy, culture and its intentions for the Dairy Crest business and employees. The Dairy Crest Directors firmly believe that the Acquisition presents a unique opportunity which results in a positive outcome for all of its stakeholders, including farmers, other suppliers, customers, employees and shareholders.

6. Irrevocable Undertakings

Saputo has received irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolution(s) to be proposed at the General

Meeting (or, in the event that the Acquisition is to be effected by way of a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer) from all the Dairy Crest Directors who hold Dairy Crest Shares in respect of 85,062 Dairy Crest Shares, in aggregate, representing all of the Dairy Crest Shares held by the Dairy Crest Directors and approximately 0.055 per cent. of the issued ordinary share capital of Dairy Crest at the close of business on the Latest Practicable Date.

The irrevocable undertakings from the Dairy Crest Directors will cease to be binding only if (a) Saputo announces that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Scheme or Takeover Offer is announced in accordance with Rule 2.7 of the Code at the same time; or (b) the Scheme or Takeover Offer lapses or is withdrawn and no new, revised or replacement Scheme or Takeover Offer has been announced, in accordance with Rule 2.7 of the Code in its place or is announced, in accordance with Rule 2.7 of the Code, at the same time. The irrevocable undertakings remain binding in the event that a higher competing offer for Dairy Crest is made.

Further details of these irrevocable undertakings are set out in Appendix 3 to this announcement.

7. Information relating to Saputo and the Saputo Group

Saputo is a newly-incorporated English private company which is an indirectly wholly-owned subsidiary of Saputo Inc. and has been formed at the direction of Saputo Inc. for the purposes of the Acquisition. Saputo has undertaken no activity since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

The Saputo Group produces, markets and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. The Saputo Group is one of the top ten dairy processors in the world, the largest cheese manufacturer and the leading fluid milk and cream processor in Canada, the top dairy processor in Australia and the second largest in Argentina. In the United States, the Saputo Group ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. The Saputo Group's products are sold in several countries under well-known brand names such as *Saputo*, *Alexis de Portneuf*, *Armstrong*, *COON*, *Cracker Barrel* (used under licence), *Dairyland*, *DairyStar*, *Devondale*, *Friendship Dairies*, *Friigo Cheese Heads*, *La Paulina*, *Milk2Go/Lait's Go*, *Montchevre*, *Murray Goulburn Ingredients*, *Neilson*, *Nutralait*, *Scotsburn* (used under licence), *Stella*, *Sungold*, *Treasure Cave* and *Woolwich Dairy*. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP".

The Saputo Group has approximately 15,000 employees, operates 62 plants and sells its products in more than 40 countries.

For the twelve months ended 31 March 2018, Saputo Inc.'s consolidated revenues amounted to approximately CDN\$11,543 million (£6,706 million) and its net earnings amounted to CDN\$853 million (£495 million).

For the nine months ended 31 December 2018, Saputo Inc.'s consolidated revenues amounted to approximately CDN\$10,265 million (£5,964 million) and its net earnings amounted to CDN\$631 million (£367 million).

8. Information relating to Dairy Crest

Dairy Crest is a producer of leading British food brands and value-added ingredients. The company manufactures and markets a portfolio of market-leading brands including Cathedral City cheese, Clover dairy spread, Country Life butter and Frylight cooking spray. It also produces ingredients for the high growth global infant formula market – demineralised whey powder, a by-product from the cheese-making process, and galacto-oligosaccharides (“GOS”), a lactose-based prebiotic which helps to improve gut health.

During the last financial year, Dairy Crest raised just under £70 million through a share placement to increase cheese production capacity at its creamery in Davidstow, Cornwall. The proceeds are also being used to enable the site to become self-sufficient in the supply of water and to improve energy resilience, thereby reducing its environmental impact.

As announced in a recent trading update on 31 January 2019, Dairy Crest's four key brands - Cathedral City, Clover, Country Life and Frylight - all delivered strong volume and revenue growth for the third quarter ended 31 December 2018. In particular, volume of sales and revenue for Cathedral City grew by around 10% in the third quarter, helped in part by new product launches, including flavoured snack bars, Lactose Free and a refreshed kids' snacking range.

The Company employs approximately 1,100 people in seven locations in the United Kingdom – five operating sites, an Innovation Centre on the campus of Harper Adams University and a Head Office situated in the outskirts of London.

For the twelve months ended 31 March 2018, Dairy Crest reported revenue of approximately £457 million, profit before tax (including Exceptional Items) of approximately £179 million and adjusted profit before tax of approximately £62 million.

For the six months ended 30 September 2018, Dairy Crest reported revenue of approximately £225 million, profit before tax (including Exceptional Items) of approximately £18 million and adjusted profit before tax of approximately £23 million.

9. Management and employees

Saputo recognises that to maintain Dairy Crest's capabilities in the dairy industry it is important to retain the skills, knowledge and expertise within Dairy Crest's existing management and employees.

It is Saputo's intention that Dairy Crest continues to be managed and run by the current senior management and employees. This will retain the benefit of those senior managers' knowledge of the local market dynamics, the dairy industry, the Dairy Crest business and its key relationships.

Saputo expects that the existing non-executive Dairy Crest Directors will resign from office as directors of Dairy Crest with effect from the Effective Date.

Given that the Saputo Group does not have a presence in the UK, Saputo foresees only limited rationalisation of employee roles following the Acquisition, mainly targeted at corporate and support functions, notably those related to Dairy Crest's status as a public listed company. Any such reductions would be subject to appropriate consultation with employees and employee representative bodies.

Saputo does not intend to make any material change in the balance of skills and functions of the employees and management of Dairy Crest Group following the Acquisition, save as described above.

Following the completion of the Acquisition, the existing employment rights, including pension rights, of management and employees of the Dairy Crest Group will be fully safeguarded in accordance with contractual and statutory requirements. Saputo does not intend to make any material change in the conditions of employment of the employees and management of the Dairy Crest Group and Saputo has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of Dairy Crest's management. However, Saputo may following completion of the Acquisition put in place incentive arrangements such as long-term incentive plans for certain members of Dairy Crest's management team in a manner consistent with the Saputo Group's existing compensation practices and corporate objectives.

10. Dairy Crest Share Schemes

Dairy Crest Share Scheme Participants will be contacted regarding the effect of the Acquisition on their rights under the Dairy Crest Share Schemes and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in separate letters to be sent to the Dairy Crest Share Scheme Participants.

All outstanding awards under the Dairy Crest Share Schemes will be treated in accordance with the rules of the applicable Dairy Crest Share Schemes.

Dairy Crest has indicated that it does not intend to grant any awards or options under the Dairy Crest Share Schemes prior to the Long Stop Date.

11. Pensions

Saputo recognises the importance of fulfilling the Dairy Crest Group's pension obligations and of ensuring that its pension schemes are appropriately funded in accordance with statutory requirements.

The most significant pension scheme operated by the Dairy Crest Group is the Dairy Crest Group Pension Fund (the "**DB Scheme**"), which is a defined benefit pension scheme. The DB Scheme is closed to new entrants and to the future accrual of benefits for existing members. Saputo does not currently intend to make any change to the benefits provided by the DB Scheme.

Saputo has held amicable and constructive discussions with the trustee of the DB Scheme, including with respect to interaction and information sharing going forward and the investment and security arrangements to underpin the future funding of the DB Scheme. Saputo Inc. and the trustee have entered into a legally binding Memorandum of Understanding relating to the future funding of the DB Scheme. Under the Memorandum of Understanding, Saputo Inc. has agreed to guarantee all present and future employer obligations to make payments in respect of the DB Scheme. This commitment has been given in exchange for certain confirmations from the trustee relating to the future funding of the DB Scheme and the release or amendment of certain existing obligations of Dairy Crest Group plc and Dairy Crest Limited in respect of the DB Scheme.

The trustee has confirmed in the Memorandum of Understanding that based on the information provided by Saputo to date, and subject to the entry into the legal documents to give effect to the Memorandum of Understanding, the trustee does not believe that the Acquisition is materially detrimental to the ability of the DB Scheme to meet its liabilities or to the likelihood of the accrued benefits being received.

The Dairy Crest Group also operates a defined contribution pension scheme. Saputo does not currently intend to make any changes to the terms of this scheme.

No statements made in paragraphs 4, 9 and 10 above or this paragraph 11 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

12. Financing

The cash consideration payable by Saputo under the terms of the Acquisition will be funded from debt to be provided under a Credit Agreement arranged and fully underwritten by National Bank of Canada and Bank of Montréal. Following completion of the Acquisition, the Dairy Crest Group's existing financial indebtedness will be refinanced using debt to be provided under the Credit Agreement.

Lazard, in its capacity as financial adviser to Saputo Inc., confirms that it is satisfied that resources are available to Saputo to satisfy in full the cash consideration payable under the terms of the Scheme.

13. Delisting and re-registration

It is intended that dealings in Dairy Crest Shares will be suspended at 5.00 p.m. on the Business Day prior to the Effective Date. It is further intended that an application will be made to the UK Listing Authority for the cancellation of the listing of the Dairy Crest Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the Dairy Crest Shares on the London Stock Exchange's main market for listed securities, in each case, with effect as of or shortly following the Effective Date.

It is also intended that, following the Scheme becoming Effective, Dairy Crest will be re-registered as a private company under the relevant provisions of the Companies Act.

14. Offer-related Arrangements

Confidentiality Agreement

Saputo Inc. and Dairy Crest have entered into a confidentiality agreement dated 4 February 2019 (the “**Confidentiality Agreement**”) pursuant to which Saputo Inc. has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and to Dairy Crest and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and (b) use the confidential information for the sole purpose of considering, evaluating, negotiating, implementing or advising on the potential Acquisition. These confidentiality obligations remain in force until 3 February 2021. The agreement also contains provisions pursuant to which Saputo Inc. has agreed to procure that, subject to customary exceptions (including the Scheme) no member of the Saputo Group may directly or indirectly deal in Dairy Crest Shares without the prior written consent of Dairy Crest. These standstill obligations remain in force until 3 February 2020.

15. Structure of the Acquisition

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Dairy Crest and the Scheme Shareholders under Part 26 of the Companies Act. The procedure involves, among other things, an application by Dairy Crest to the Court to sanction the Scheme, in consideration for which the Scheme Shareholders will receive cash on the basis described in paragraph 2 above. The purpose of the Scheme is to provide for Saputo to become the owner of the entire issued and to be issued share capital of Dairy Crest.

The Scheme is subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document and will only become effective if, among other things, the following events occur on or before the Long Stop Date or such later date as Saputo and Dairy Crest agree:

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court

Meeting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders;

- the Special Resolution necessary to implement the Scheme is passed by the requisite majority of Dairy Crest Shareholders at the General Meeting;
- the Scheme is sanctioned (with or without modification, on terms agreed by Saputo and Dairy Crest) by the Court; and
- a copy of the Scheme Court Order sanctioning the Scheme is delivered to the Registrar of Companies.

Upon the Scheme becoming Effective: (a) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended and/or voted at the Court Meeting or the General Meeting (and if they attended and/or voted, whether or not they voted in favour); and (b) share certificates in respect of Dairy Crest Shares will cease to be valid and entitlements to Dairy Crest Shares held within the CREST system will be cancelled.

In addition, Dairy Crest will seek shareholder approval for an amendment to its articles of association to provide that any person who acquires Dairy Crest Shares following the Scheme Record Time (including on the exercise of options) is required to sell those Dairy Crest Shares to Saputo at the price of 620 pence in cash for each such Dairy Crest Share.

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as Saputo and Dairy Crest may, with the consent of the Panel, agree), it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents).

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting. The Scheme Document will also contain the expected timetable for the Acquisition and will specify the necessary actions to be taken by Dairy Crest Shareholders. The Scheme Document will be posted to Dairy Crest Shareholders and, for information only, to persons with information rights and to Dairy Crest Share Scheme Participants, as soon as practicable. Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in the second quarter of the calendar year 2019.

16. Disclosure of interests in Dairy Crest relevant securities

Except for the irrevocable undertakings referred to in paragraph 6 above, as at close of business on the Latest Practicable Date, neither Saputo, nor any of the Saputo Directors or any member of the Saputo Group, nor, so far as the Saputo Directors are aware, any person acting in concert with Saputo for the purposes of the Acquisition had any interest in, right to subscribe for, or had borrowed or lent any Dairy Crest Shares or securities convertible or exchangeable into Dairy Crest Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take

delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the City Code, in relation to Dairy Crest Shares or in relation to any securities convertible or exchangeable into Dairy Crest Shares.

In the interests of secrecy prior to this announcement, Saputo has not made any enquiries in respect of the matters referred to in this paragraph of certain parties who may be deemed by the Panel to be acting in concert with Saputo for the purposes of the Scheme. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any disclosure in respect of such parties will be included in the Scheme Document.

17. Overseas Shareholders

The availability of the Acquisition and the distribution of this announcement to Dairy Crest Shareholders who are not resident in the United Kingdom, Canada or the United States may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Dairy Crest Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale for any securities or an offer or an invitation to purchase any securities. Dairy Crest Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy once these have been dispatched.

18. Dairy Crest issued share capital

In accordance with Rule 2.9 of the City Code, Dairy Crest confirms that it has 155,523,642 Dairy Crest Shares in issue. The International Securities Identification Number for Dairy Crest Shares is GB0002502812.

19. Documents published on a website

Copies of the following documents will, by no later than 12 noon on 25 February 2019, be published on Dairy Crest's website at <https://www.dairycrest.co.uk/investors> and Saputo Inc.'s website at <http://www.saputo.com/en/investors> until the end of the Acquisition:

- (i) the Confidentiality Agreement;
- (ii) the Credit Agreement;
- (iii) in relation to the Credit Agreement:
 - (A) Syndication and Flex Letter;
 - (B) Agency Fee Letter;
 - (C) Underwriting Fee Letter;
 - (D) Interlender Agreement; and

- (E) Guarantee and Subordination Agreement;
- (iv) the irrevocable undertakings as set out in Appendix 3; and
- (v) this announcement.

20. General

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 and the further terms and conditions to be set out in the Scheme Document when issued.

Saputo reserves the right to elect to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Dairy Crest not already held by Saputo as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms and conditions (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes, or is declared, unconditional in all respects and sufficient acceptances are received, Saputo intends to: (a) make a request to the UK Listing Authority to cancel the listing of the Dairy Crest Shares from the Official List; (b) make a request to the London Stock Exchange to cancel trading in Dairy Crest Shares on its main market for listed securities; and (c) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Dairy Crest Shares in respect of which the Takeover Offer has not been accepted.

The Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the FCA.

The bases and sources of certain financial information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 4.

Enquiries

Dairy Crest

Tom Atherton, Kate Goode +44 (0) 1372 472236

Greenhill (Financial Adviser to Dairy Crest) +44 (0) 20 7198 7400
Seamus Moorhead, Andrew Stace, Dean Rodrigues

Shore Capital (Joint Broker to Dairy Crest) +44 (0) 20 7408 4090
Malachy McEntyre, Mark Percy, Toby Gibbs

Peel Hunt (Joint Broker to Dairy Crest) +44 (0) 20 7418 8900
Dan Webster, George Sellar, Guy Pengelley

Brunswick (PR Adviser to Dairy Crest) +44 (0) 20 7404 5959

Tim Danaher

Saputo Inc.

Sandy Vassiadis (Vice President, Communications & Corporate Responsibility) (+1) 514-328-3141 /
1-866-648-5902

Lazard (Financial Adviser to Saputo)

Brian Hanson (Toronto) +1 416 945 6627

Alex Hecker, Mario Skoff (New York) +1 212 632 6000

William Lawes, Fariza Kadieva (London) +44 (0) 20 7187 2000

Dairy Crest has retained Eversheds Sutherland (International) LLP, and Saputo Inc. has retained Freshfields Bruckhaus Deringer LLP and Stikeman Elliott LLP, as legal advisors in connection with the matters described in this announcement.

The person responsible for arranging for the release of this announcement on behalf of Dairy Crest is Roger Robotham, Company Secretary.

Further information

This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dairy Crest in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document, which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document.

Please be aware that addresses, electronic addresses and certain other information provided by Dairy Crest Shareholders, persons with information rights and other relevant persons for the receipt of communications from Dairy Crest may be provided to Saputo during the offer period as required under Section 4 of Appendix 4 of the City Code to comply with Rule 2.11(c).

Lazard is authorised and regulated by the FCA in the United Kingdom. Lazard is acting as financial adviser to Saputo Inc. and for no one else in connection with the matters set out in this announcement and will not be responsible to anyone other than Saputo Inc. for providing the protections afforded to clients of Lazard, nor for providing advice in relation to the matters set out in this announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with the Acquisition, this announcement, any statement contained herein or otherwise.

Greenhill, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Dairy Crest and no one else in connection with the Acquisition

and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement.

Shore Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Dairy Crest and no one else in connection with the Acquisition and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to clients of Shore Capital nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Dairy Crest and for no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into jurisdictions other than the UK, Canada and the United States may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK, Canada and the United States should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the United Kingdom to vote their Dairy Crest Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.

Copies of this announcement and the formal documentation relating to the Acquisition will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex

or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional information for US investors

The Acquisition is being made to acquire the securities of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer rules. Except in relation to non-IFRS financial performance measures, namely, adjusted profit before tax, the financial information included in this announcement and to be included in the Scheme documentation, if any, has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Saputo exercises its right to implement the acquisition of the Dairy Crest Shares by way of a Takeover Offer, such offer will be made in compliance with applicable US securities laws and regulations.

Adjusted profit before tax represents the Dairy Crest Group's profit before tax from continuing operations, before "exceptional items", "other finance expense – pensions" and "amortisation from acquired intangible assets" (in each case as referred to in Dairy Crest's annual report and accounts for the year ended 31 March 2018). The Dairy Crest Directors consider this measure appropriate because it reports the underlying performance of the Dairy Crest Group excluding the material values that can be associated with exceptional items and volatility of the pension interest. This allows the Dairy Crest Directors to measure the longer-term performance of the Dairy Crest Group on a comparable basis.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Dairy Crest Shareholder is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to such Dairy Crest Shareholder.

It may be difficult for US holders to enforce their rights and claims arising out of the US federal securities laws, since Saputo and Dairy Crest are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US

securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Saputo or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Dairy Crest Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Scheme and/or the Acquisition becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Saputo and/or Dairy Crest contain statements which are, or may be deemed to be, "forward-looking statements" including for the purposes of the US Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of the Saputo Group and/or the Dairy Crest Group about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on the Saputo Group and the Dairy Crest Group, the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Saputo and Dairy Crest believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction or not of the Conditions, as well as additional factors, such as conditions relating to the economic, industry, competitive and regulatory environments in which the Saputo Group and the Dairy Crest Group operate or which could affect their activities, their ability to attract and retain customers and consumers, as well as the availability and cost of milk and other raw materials and energy supplies, the Saputo Group's and the Dairy Crest Group's operating costs and the pricing of their finished products on the various markets in

which they carry on business. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Saputo nor Dairy Crest, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the UK Listing Rules, the Market Abuse Regulation (EU No 596/2014) (“MAR”), the Disclosure Guidance and Transparency Rules of the FCA and any applicable Canadian securities laws), none of Saputo, Saputo Inc. or Dairy Crest is under any obligation, and Saputo, Saputo Inc. and Dairy Crest expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of

an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website and hard copies

A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Saputo Inc.'s website at <http://www.saputo.com/en/investors> and Dairy Crest's website at <https://www.dairycrest.co.uk/investors>. For the avoidance of doubt, the contents of those websites are not incorporated into, and do not form part of, this announcement.

Dairy Crest Shareholders may request a hard copy of this announcement by contacting the Registrar during business hours on +44 (0) 371-664-9266 or by submitting a request in writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Appendix 1

Conditions and Certain Further Terms of the Scheme and the Acquisition

A. Conditions to the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Code, by no later than the Long Stop Date or such later date (if any) as Saputo and Dairy Crest may, with the consent of the Panel, agree and (if required) the Court may allow.

Scheme approval

2. The Scheme will be conditional upon:
 - (a) approval of the Scheme at the Court Meeting (or at any adjournment thereof, provided that the Court Meeting may not be adjourned beyond the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course or such later date (if any) as Saputo and Dairy Crest may agree) by a majority in number of the Scheme Shareholders who are on the register of members of Dairy Crest at the Scheme Voting Record Time present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders;
 - (b) the Special Resolution being duly passed by the requisite majority at the General Meeting (or at any adjournment thereof, provided that the General Meeting may not be adjourned beyond the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course or such later date (if any) as Saputo and Dairy Crest may agree); and
 - (c) the sanction of the Scheme without modification or with modification on terms acceptable to Saputo and Dairy Crest (provided that the Scheme Court Hearing may not be adjourned beyond the 22nd day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course or such later date (if any) as Saputo and Dairy Crest may agree) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies for registration.

In addition, Saputo and Dairy Crest have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

General Third Party clearances

3. All notifications to and filings with Third Parties which are necessary or are reasonably considered appropriate by Saputo having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated or waived (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in

each case, in connection with the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Dairy Crest or any other member of the Wider Dairy Crest Group by any member of the Wider Saputo Group or the carrying on by any member of the Wider Dairy Crest Group of any material aspect of its business.

4. No Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might reasonably be expected (to an extent or in a manner which is or would be material in the context of the Wider Dairy Crest Group taken as a whole) to:
 - (a) make the Scheme or the Acquisition or, in each case, its implementation or the acquisition or proposed acquisition by Saputo or any member of the Wider Saputo Group of any shares or other securities in, or control or management of, Dairy Crest or any member of the Wider Dairy Crest Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or delay the same or impose additional material conditions or obligations with respect to the Scheme or the Acquisition or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Acquisition or such acquisition, or require material amendment to the terms of the Scheme or Acquisition or the acquisition or proposed acquisition of any Dairy Crest Shares or the acquisition of control or management of Dairy Crest or the Wider Dairy Crest Group by Saputo or any member of the Saputo Group;
 - (b) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Saputo Group or any member of the Wider Dairy Crest Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Dairy Crest Group or any member of the Wider Saputo Group;
 - (c) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture, by any member of the Wider Saputo Group of any shares or other securities in any member of the Dairy Crest Group;
 - (d) require, prevent or materially delay the divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Wider Saputo Group or by any member of the Wider Dairy Crest Group of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
 - (e) except pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Saputo Group or of the Wider Dairy Crest Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
 - (f) materially limit the ability of any member of the Wider Saputo Group or of the Wider Dairy Crest Group to conduct or integrate or co-ordinate its

businesses, or any part of its businesses, with the businesses, or any part of the businesses, of any other member of the Wider Saputo Group or of the Wider Dairy Crest Group;

- (g) result in any member of the Wider Dairy Crest Group or the Wider Saputo Group ceasing to be able to carry on business under any name under which it presently does so; or
- (h) otherwise materially adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Wider Dairy Crest Group or of the Wider Saputo Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated or waived.

5. All Authorisations which are necessary or are reasonably considered necessary or appropriate by Saputo in any relevant jurisdiction for or in respect of the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Dairy Crest or any other member of the Wider Dairy Crest Group by any member of the Wider Saputo Group or the carrying on by any member of the Wider Dairy Crest Group of any material part of its business having been obtained, in terms and in a form in each case reasonably satisfactory to Saputo, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider Dairy Crest Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same.

Certain matters arising as a result of any arrangement, agreement etc.

6. Since 31 March 2018, except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Dairy Crest Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, Dairy Crest or any other member of the Wider Dairy Crest Group by any member of the Wider Saputo Group or otherwise, could or might reasonably be expected to result in (in any case to an extent which is or would be material in the context of the Wider Dairy Crest Group taken as a whole):
 - (a) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Dairy Crest Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider Dairy Crest Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;

- (b) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Dairy Crest Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (c) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Dairy Crest Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (d) any asset or interest of any member of the Wider Dairy Crest Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider Dairy Crest Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Dairy Crest Group otherwise than in the ordinary course of business;
- (e) any member of the Wider Dairy Crest Group ceasing to be able to carry on business under any name under which it presently does so;
- (f) the creation of material liabilities (actual or contingent) by any member of the Wider Dairy Crest Group other than in the ordinary course of business;
- (g) the rights, liabilities, obligations or interests of any member of the Wider Dairy Crest Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (h) the financial or trading position or the value of any member of the Wider Dairy Crest Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would be reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (a) to (h) of this Condition 6 in any case to an extent which is or would be material in the context of the Wider Dairy Crest Group taken as a whole.

7. Since 31 March 2018 and except as Disclosed, no member of the Wider Dairy Crest Group having:

- (a) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between Dairy Crest and wholly-owned subsidiaries of Dairy Crest and other than any shares issued or shares transferred from treasury upon the exercise of any options granted under any of the Dairy Crest Share Schemes;

- (b) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (c) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Dairy Crest or a wholly-owned subsidiary of Dairy Crest);
- (d) except as between Dairy Crest and its wholly-owned subsidiaries or between such wholly-owned subsidiaries made or authorised any change in its loan capital;
- (e) (other than any acquisition or disposal in the ordinary course of business or a transaction between Dairy Crest and a wholly-owned subsidiary of Dairy Crest or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
- (f) issued or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between Dairy Crest and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;
- (g) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - (i) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or
 - (ii) could materially restrict the business of any member of the Wider Dairy Crest Group; or
 - (iii) is other than in the ordinary course of business,
 and which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;
- (h) except as between Dairy Crest and its wholly-owned subsidiaries or between such wholly-owned subsidiaries entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Dairy Crest Group;
- (i) entered into or varied in a material way the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider Dairy Crest Group;

- (j) taken any corporate action or had any legal proceedings instituted or threatened against it or any petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer over all or any part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which, in any such case, is or would be material in the context of the Wider Dairy Crest Group taken as a whole;
- (k) been unable, or admitted in writing that it is unable, to pay its debts as they fall due or having stopped or suspended (or threatened to stop or suspend) payment of its debts as they fall due generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (l) waived or compromised any claim which is material in the context of the Wider Dairy Crest Group taken as a whole, otherwise than in the ordinary course of business;
- (m) made any material alteration to its memorandum or articles of association save pursuant to the Special Resolution;
- (n) made or agreed or consented to:
 - (i) save for changes required by law or otherwise approved by Saputo, any material change to:
 - (A) the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependants; or
 - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
 - (C) the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
 - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,
 - (ii) save for changes required by law or otherwise approved by Saputo, any change to the trustees including the appointment of a trust corporation;
- (o) proposed any modification to, agreed to propose any modification to or modified any material terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Dairy Crest Group; or
- (p) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or

proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 7.

No adverse change, litigation or regulatory enquiry

8. Since 31 March 2018 and except as Disclosed:
- (a) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider Dairy Crest Group which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;
 - (b) no contingent or other liability of any member of the Wider Dairy Crest Group having arisen or become apparent or increased which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;
 - (c) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Dairy Crest Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Dairy Crest Group which in any case is material in the context of the Wider Dairy Crest Group taken as a whole; and
 - (d) (other than as a result of the Acquisition) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Dairy Crest Group which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;
 - (e) other than with the consent of Saputo, no action having been taken or proposed by any member of the Wider Dairy Crest Group, or having been approved by Dairy Crest Shareholders or consented to by the Panel, which falls or would fall within or under Rule 21.1 of the Code or which otherwise is or would be materially inconsistent with the implementation by Saputo of the Acquisition on the basis contemplated as at the date of this announcement; and
 - (f) no member of the Wider Dairy Crest Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the Wider Dairy Crest Group taken as a whole.

No discovery of certain matters

9. Saputo not having discovered:
- (a) that any financial or business or other information concerning the Wider Dairy Crest Group disclosed at any time by or on behalf of any member of the Wider Dairy Crest Group, whether publicly, to any member of the Wider Saputo Group or otherwise, is misleading or contains any misrepresentation of a material fact or omits to state a material fact necessary to make any

information contained therein not misleading and which was not subsequently corrected before 21 February 2019 by disclosure either publicly or otherwise to Saputo to an extent which in any case is material in the context of the Wider Dairy Crest Group taken as a whole;

- (b) that any member of the Wider Dairy Crest Group is subject to any liability (actual or contingent) which is not disclosed in Dairy Crest's annual report and accounts for the financial year ended 31 March 2018 which has not been Disclosed and which in any case is material in the context of the Wider Dairy Crest Group taken as a whole; or
- (c) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Dairy Crest Group to an extent which is material in the context of the Wider Dairy Crest Group taken as a whole.

10. Saputo not having discovered, other than Disclosed:

- (a) that any past or present member of the Wider Dairy Crest Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Dairy Crest Group;
- (b) that there is, or is likely to be, any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Dairy Crest Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise; or
- (c) that circumstances exist whereby a person or class of persons would be reasonably likely to have a claim in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Dairy Crest Group;

in each case to an extent or in a manner which is material in the context of the Wider Dairy Crest Group taken as a whole.

Anti-corruption, sanctions and criminal property

11. Saputo not having discovered, other than Disclosed:

- (a) (i) any past or present member, director, officer or employee of the Wider Dairy Crest Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, Part 3 of the Criminal Finances Act 2017 or any other anti-corruption or anti-tax evasion legislation applicable to the Wider Dairy Crest Group or (ii) any person that performs or has performed services for or on behalf of the Wider Dairy Crest Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, Part 3 of the Criminal Finances Act 2017 or any other applicable anti-corruption or anti-tax evasion legislation; or
- (b) any asset of any member of the Wider Dairy Crest Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (c) any past or present member, director, officer or employee of the Dairy Crest Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United Kingdom, the United States, the European Union or any of its member states; or
- (d) a member of the Dairy Crest Group has engaged in any transaction which would cause Saputo to be in breach of any law or regulation upon its acquisition of Dairy Crest, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United Kingdom, the United States, the European Union or any of its member states.

For the purpose of these Conditions:

- (i) “Third Party” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel;

- (ii) a Third Party shall be regarded as having “intervened” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided and “intervene” shall be construed accordingly; and
- (iii) “Authorisations” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals, in each case, of a Third Party.

B. Waiver and invocation of the Conditions

The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Saputo to be or remain satisfied by no later than the date referred to in Condition 1 in Part A above (or such later date as Saputo and Dairy Crest may, with the consent of the Panel, agree and (if required) the Court may allow).

Subject to the requirements of the Panel, Saputo reserves the right in its sole discretion to waive, in whole or in part, all or any of the Conditions in Part A above that are capable of being waived.

Under Rule 13.5(a) of the Code (subject to Rule 13.2 of the Code), Saputo may not invoke a Condition so as to cause the Scheme not to proceed, or to lapse, or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Saputo in the context of the Acquisition. Conditions 1 and 2 of Part A of this Appendix 1 and, if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to this provision of the Code.

Saputo shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A above by a date earlier than the latest date specified above for the fulfilment of that condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.

If the Panel requires Saputo to make an offer or offers for any Dairy Crest Shares under the provisions of Rule 9 of the Code, Saputo may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

C. Implementation by way of Takeover Offer

Saputo reserves the right to elect to implement the Acquisition by way of a Takeover Offer, subject to the Panel’s consent. In such event, such Takeover Offer will be implemented on the same terms and conditions, so far as applicable, as those which

would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such other percentage (being more than 50 per cent.) as Saputo may decide (subject to the Panel's consent)) (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

D. Certain further terms of the Acquisition

Dairy Crest Shares will be acquired by Saputo fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of this announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of this announcement.

If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Dairy Crest Shares, Saputo reserves the right (without prejudice to any right of Saputo to invoke Condition 7(c) in Part A of this Appendix 1), to reduce the consideration payable under the terms of the Acquisition for the Dairy Crest Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. If Saputo exercises its right to reduce the consideration payable under the terms of the Acquisition for the Dairy Crest Shares by an amount up to the amount of a dividend and/or distribution and/or return of capital that has not been paid, Dairy Crest Shareholders will be entitled to receive and retain any such dividend and/or other distribution and/or other return of capital. To the extent that any such dividend and/or distribution and/or other return of capital is declared, made or paid or is payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Saputo to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by Saputo of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.

The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.

The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

This announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme, and any Forms of Proxy will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

Appendix 2

Bases and Sources

- (a) The value attributed to the existing issued and to be issued ordinary share capital of Dairy Crest is based upon:
 - (i) the 155,523,642 Dairy Crest Shares in issue on the Latest Practicable Date; and
 - (ii) 2,663,002 Dairy Crest Shares which may be issued on or after the date of this announcement to satisfy the exercise of options outstanding under the Dairy Crest Share Schemes as at the Latest Practicable Date; less
 - (iii) 812,018 Dairy Crest Shares as at the Latest Practicable Date held by the Dairy Crest Employees' Share Ownership Plan Trust which can be used to satisfy the exercise of options granted under the Dairy Crest Share Schemes.
- (b) Unless otherwise stated, the financial information relating to Saputo is extracted (without material adjustment) from Saputo's Annual Report and Accounts for the year ended 31 March 2018, from the announcement of Saputo Inc.'s quarterly results for the three months ended 30 June 2018, from the announcement of Saputo Inc.'s quarterly results for the three and six month periods ended 30 September 2018, from the announcement of Saputo Inc.'s quarterly results for the three and nine month periods ended 31 December 2018 and from Saputo Inc.'s internal records.
- (c) Unless otherwise stated, the exchange rate used is: £1.00:CDN\$1.7213.
- (d) Unless otherwise stated, the financial information relating to Dairy Crest is extracted (without material adjustment) from Dairy Crest's Annual Report and Accounts for the year ended 31 March 2018 and from the announcement of Dairy Crest's interim results for the six months ended 30 September 2018.

Appendix 3

Details of Irrevocable Undertakings

The following holders of Dairy Crest Shares have given irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolution(s) to be proposed at the General Meeting (or, in the event that the Acquisition is to be effected by way of a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer) in relation to the following Dairy Crest Shares:

Name	Number of Dairy Crest Shares	Percentage of issued ordinary share capital of Dairy Crest
Stephen Alexander	4,270	0.003%
Mark Allen	24,258	0.016%
Tom Atherton	21,884	0.014%
Adam Braithwaite	16,378	0.011%
Sue Farr	5,661	0.004%
John Gibney	11,111	0.007%
Richard Macdonald	1,500	0.001%
Total	85,062	0.055%

The irrevocable undertakings will lapse if:

- (a) Saputo announces that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Scheme or Takeover Offer is announced in accordance with Rule 2.7 of the Code at the same time; or
- (b) the Scheme or Takeover Offer lapses or is withdrawn and no new, revised or replacement Scheme or Takeover Offer has been announced, in accordance with Rule 2.7 of the Code, in its place or is announced, in accordance with Rule 2.7 of the Code, at the same time.

Appendix 4

Definitions

The following definitions apply throughout this announcement unless the context requires otherwise.

“£”, “Sterling”, “pence” or “p”	the lawful currency of the UK
“CDN\$”	the lawful currency of Canada
“Acquisition”	the direct or indirect acquisition of the entire issued and to be issued share capital of Dairy Crest by Saputo (other than Dairy Crest Shares already held by Saputo, if any) to be implemented by way of the Scheme or (should Saputo so elect, subject to the consent of the Panel) by way of the Takeover Offer
“Business Day”	a day, other than a Saturday or Sunday or public holiday, when banks are open in London for general banking business
“Canada”	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
“Closing Price”	the closing middle market quotation of a share derived from the Daily Official List
“Code” or “City Code”	the City Code on Takeovers and Mergers
“Combined Group”	the enlarged group following the Acquisition, comprising the Saputo Group and the Dairy Crest Group
“Companies Act”	the Companies Act 2006, as amended from time to time
“Conditions”	the conditions to the implementation of the Acquisition (including the Scheme) as set out in Appendix 1 to this announcement and to be set out in the Scheme Document
“Court”	the High Court of Justice of England and Wales
“Court Meeting”	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of approving the Scheme, including any adjournment thereof
“Credit Agreement”	the credit agreement dated 21 February 2019 between Saputo Foods Limited, Saputo Inc., National Bank of Canada, Bank of Montréal and others
“CREST”	the relevant system (as defined in the Uncertificated

Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form

“Daily Official List”	the daily official list of the UK Listing Authority
“Dairy Crest”	Dairy Crest Group plc
“Dairy Crest Directors”	the directors of Dairy Crest as at the date of this announcement or, where the context so requires, the directors of Dairy Crest from time to time
“Dairy Crest Group”	Dairy Crest and its subsidiary undertakings
“Dairy Crest Shareholders”	the registered holders of Dairy Crest Shares from time to time
“Dairy Crest Share Scheme Participants”	participants in the Dairy Crest Share Schemes
“Dairy Crest Share Schemes”	the Dairy Crest Sharesave Scheme, the Dairy Crest Group plc Save as You Earn Scheme, the Dairy Crest Long Term Incentive Share Plan (which for the avoidance of doubt includes the award known as the Transformational Incentive Award), the Dairy Crest Group plc Long Term Alignment Plan, the Dairy Crest Group plc Long Term Incentive Plan and the Dairy Crest Deferred Bonus Plan 2014
“Dairy Crest Shares”	ordinary shares of 25 pence each in the capital of Dairy Crest
“DB Scheme”	the Dairy Crest Group Pension Fund
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the City Code containing details of dealings in interests in relevant securities of a party to an offer
“Disclosed”	information which has been fairly disclosed by or on behalf of Dairy Crest: (i) in the annual report and accounts of the Dairy Crest Group for the 12 month period to 31 March 2018; (ii) in the interim results announcement of the Dairy Crest Group for the six month period to 30 September 2018; (iii) in this announcement; (iv) in any other public announcement by, or on behalf of, Dairy Crest in accordance with the Listing Rules, Disclosure Guidance and Transparency Rules of the FCA (as applicable) prior to the date of this announcement; (v) in writing prior to the date of this announcement by or on behalf of Dairy Crest to

Saputo (or its respective officers, employees, agents or advisers in their capacity as such); or (vi) in the virtual data room operated by or on behalf of Dairy Crest in respect of the Acquisition prior to the date of this announcement

“Effective”	in the context of the Acquisition: (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Scheme Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having become, or been declared, unconditional in all respects in accordance with the requirements of the Code
“Effective Date”	the date upon which the Scheme becomes Effective in accordance with its terms
“Exceptional Items”	the items referred to in Note 4 to Dairy Crest’s annual report and accounts for the year ended 31 March 2018 (pages 87 and 88)
“Excluded Shares”	(i) any Dairy Crest Shares beneficially owned by Saputo or any other member of the Saputo Group; (ii) any Dairy Crest Shares held in treasury by Dairy Crest and (iii) any other Dairy Crest Shares which Saputo and Dairy Crest agree will not be subject to the Scheme
“FCA”	the Financial Conduct Authority
“Forms of Proxy”	the form of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
“General Meeting”	the general meeting of Dairy Crest to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, including any adjournment thereof
“Greenhill”	Greenhill & Co. International LLP
“Latest Practicable Date”	21 February 2019
“Lazard”	Lazard & Co., Limited
“Listing Rules”	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name

“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	31 August 2019
“Official List”	the Official List of the London Stock Exchange
“Overseas Shareholders”	Dairy Crest Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom, Canada or the United States
“Panel”	the Panel on Takeovers and Mergers
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Dairy Crest Shareholders in that jurisdiction
“Saputo Directors”	the directors of Saputo (being Maxime Therrien) and the directors of Saputo Inc. (being Lino A. Saputo, Jr, Louis-Philippe Carrière, Henry Demone, Anthony Fata, Annalisa King, Karen Kinsley, Tony Meti, Diane Nyisztor, Franziska Ruf and Annette Verschuren), as at the date of this announcement or, where the context so requires, the directors of Saputo or Saputo Inc. (as applicable) from time to time
“Saputo Group”	Saputo Inc. and its subsidiary undertakings
“Scheme”	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Dairy Crest and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Dairy Crest and Saputo
“Scheme Court Hearing”	the hearing of the Court to sanction the Scheme
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
“Scheme Document”	the document to be sent to (among others) Dairy Crest Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and General Meeting

“Scheme Record Time”	the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date
“Scheme Shareholders”	holders of Scheme Shares
“Scheme Shares”	Dairy Crest Shares: <ul style="list-style-type: none"> (a) in issue as at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and (c) (if any) issued on or after the Scheme Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, but in each case other than the Excluded Shares
“Scheme Voting Record Time”	the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
“Special Resolution”	the special resolution to be proposed by Dairy Crest at the General Meeting in connection with, among other things, the approval of the Scheme and the amendment of Dairy Crest’s articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the Dairy Crest Shares
“Substantial Interest”	a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking
“Takeover Offer”	if (subject to the consent of the Panel) Saputo elects to effect the Acquisition by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the offer to be made by or on behalf of Saputo to acquire the issued and to be issued ordinary share capital of Dairy Crest on the terms and subject to the conditions to be set out in the related offer document
“treasury shares”	any Dairy Crest Shares held by Dairy Crest as treasury shares
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States of America”,	the United States of America, its territories and

“United States” or “US”	possessions, any state of the United States and the District of Columbia
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“Wider Dairy Crest Group”	Dairy Crest and the subsidiaries and subsidiary undertakings of Dairy Crest and associated undertakings (including any joint venture, partnership, firm or company in which any member of the Dairy Crest Group is interested or any undertaking in which Dairy Crest and such undertakings (aggregating their interests) have a Substantial Interest)
“Wider Saputo Group”	Saputo Inc. and the subsidiaries and subsidiary undertakings of Saputo Inc. and associated undertakings (including any joint venture, partnership, firm or company in which any member of the Saputo Group is interested or any undertaking in which Saputo Inc. and such undertakings (aggregating their interests) have a Substantial Interest)

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement. All references to time in this announcement are to UK time unless otherwise stated.