

**THIS LETTER AND ACCOMPANYING SHARESAVE DECISION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.**

Saputo Dairy UK Ltd  
(registered number 11834952)  
Suite 1, 3<sup>rd</sup> Floor  
11-12 St James's Square  
London  
SW1Y 4LB

Dairy Crest Group plc  
(registered number 03162897)  
Claygate House  
Littleworth Road  
Esher  
Surrey  
KT10 9PN

**To: Individuals holding an option (Participants) pursuant to the Dairy Crest Sharesave Scheme (Sharesave Scheme)**

*Please note that if you also hold options/awards under any other Dairy Crest Group plc share incentive scheme (including the Dairy Crest Group plc Save as You Earn Scheme which is the scheme that governs options granted in 2018 and 2019), you will receive a separate proposal letter in relation to such other options/awards.*

8 March 2019

Dear Participant

**Recommended Cash Acquisition of Dairy Crest Group plc by Saputo Dairy UK Ltd, a wholly-owned indirect subsidiary of Saputo Inc**

I am writing in connection with the option you hold under the Sharesave Scheme identified in the table below under the heading "Your Option" (**Option**). This letter explains the impact on your Option of the proposed acquisition of Dairy Crest Group plc (**Dairy Crest**) by Saputo Dairy UK Ltd (**Saputo**). Enclosed is a form for you to complete and return in relation to your Option (**Sharesave Decision Form**) should you wish to accept the Proposals (referred to below) in respect of such Option.

*If the Court sanctions the Scheme (as defined below) and you do not exercise your Option before the expiry of one month period commencing on the date of such Court sanction (which is expected to be 11 April 2019), it will lapse and become worthless (unless you die or the Option lapses sooner under the terms of the Sharesave Scheme). It is, therefore, important that you read this letter and decide what action to take in respect of your Option.*

Save where otherwise defined in this letter and the Sharesave Decision Form, capitalised terms and expressions used in this letter and the Sharesave Decision Form have the meanings given to them in the Scheme Document (as defined below).

**Background**

The boards of directors of Dairy Crest and Saputo have recently reached agreement on the terms of a recommended cash offer by Saputo to acquire the entire issued and to be issued ordinary share capital of Dairy Crest (**Acquisition**).

It is proposed that the Acquisition is to be made by means of a Court-sanctioned scheme of arrangement under part 26 of the Companies Act 2006 (**Scheme**) which requires the approval of the Dairy Crest Shareholders and the sanction of the UK High Court (**Court**).

A copy of the document containing full details of the Scheme (**Scheme Document**) is available at <https://www.dairycrest.co.uk/investors>. You should read this letter (including the Appendix) and the enclosed Sharesave Decision Form in conjunction with the Scheme Document.

Under the terms of the Acquisition, which is subject to the satisfaction of the conditions set out in the Scheme Document, each Scheme Shareholder (i.e. a person holding Dairy Crest Shares at the Scheme Record Time which is currently expected to be 6.00 pm on 12 April 2019) will, provided that the Scheme becomes effective and subject to its terms, receive:

**For each Dairy Crest Share they hold:                      620 pence in cash**

It is expected that:

- the Court hearing to consider sanctioning the Scheme will take place on 11 April 2019 (**Approval Date**);
- the Scheme should become effective on 15 April 2019 (**Effective Date**)

*Your attention is drawn to the fact that under the Scheme, in the event that any dividend or other distribution or other return of capital is authorised, declared or made or paid or becomes payable in respect of Dairy Crest Shares, Saputo reserves the right to reduce the cash consideration per Dairy Crest Share payable to Scheme Shareholders in connection with the Acquisition by the aggregate amount of such dividend or distribution or return of capital, in which case the relevant eligible Dairy Crest Shareholders will be entitled to receive and retain such dividend and/or distribution and/or return of capital. **However, Dairy Crest is not proposing any interim dividend prior to the Scheme becoming effective.** Provided that no dividend and/or distribution and/or return of capital is declared, made or paid or becomes payable and you accept Proposal One (as described below) in respect of your Option, you should, subject to the Scheme becoming effective, receive the consideration of 620 pence per Dairy Crest Share resulting from the exercise of your Option, in cash pursuant to the Scheme.*

**Your Option**

The details of your Option are set out below:

Date of Grant	Option Price	Current Maturity Date
21 June 2016	463 pence	1 September 2019

The option certificate issued to you at the time that an Option was granted to you will detail the number of Dairy Crest Shares over which your Option was granted.

If you are unable to find your option certificate please contact the Equiniti Customer Excellence Centre on 0371 384 2133 (or +44 121 415 7161 if calling from outside the UK)<sup>1</sup> who will be able to assist you. This helpline is open 9.00 am – 5.00 pm Monday to Friday.

**Effect of the Scheme on your Option**

In normal circumstances, your Option is not capable of exercise until 1 September 2019. However, under Rule 7(3) of the Sharesave Scheme, if the Scheme is sanctioned by the Court, the board of Directors of Dairy Crest (**Dairy Crest Board**) is obliged to notify you forthwith that the Scheme has been so sanctioned and once such notification is issued, you will normally be entitled to exercise your Option during the period of one month following such notification. For the purpose of Rule 7(3) of

<sup>1</sup> All communications with Equiniti may be monitored/recorded to improve the quality of their service and for your protection and security. Charges to 0845 numbers may vary. Prices can be checked with your phone provider. Mobile calls usually cost more.

the Sharesave Scheme, this letter constitutes the notice of the Dairy Crest Board referred to therein, issued so as to take effect immediately that the Scheme is sanctioned by the Court. Accordingly, if the Scheme is sanctioned by the Court, your Option shall become immediately capable of exercise on the Approval Date, and subject to the rules of the Sharesave Scheme, will ordinarily remain capable of exercise during the period of one month commencing on the Approval Date.

**To the extent that you fail to exercise your Option before the expiry of such one month period, your Option will lapse immediately following the expiry of such one month period (unless you die or the Option lapses earlier pursuant to the terms of the Sharesave Scheme).**

### **Saputo's Proposal**

Saputo is proposing that you either:

1. exercise your Option with effect from the Approval Date (**Proposal One**); or
2. you can continue saving and exercise your Option at the end of the one month period commencing on the Approval Date (**Proposal Two**),

(together **the Proposals**).

You can accept either Proposal One or Proposal Two in respect of your Option by completing the enclosed Sharesave Decision Form.

**You should note that the Sharesave Decision Form shall only take effect if the Court sanctions the Scheme. Accordingly in the event that the Scheme is not sanctioned by the Court, any choice that you make on the Sharesave Decision Form will be of no effect and your Option will continue to subsist in accordance with the rules of the Sharesave Scheme.**

If you accept Proposal One in respect of the Option and the Court sanctions the Scheme, then:

- (a) the Option will be exercised immediately after the Court sanctions the Scheme on the Approval Date, to the fullest extent permitted under the Sharesave Scheme;
- (b) the savings account relating to the Option will be closed on the Approval Date and the proceeds of such savings account as at the Approval Date will be used pursuant to the exercise of the Option to acquire Dairy Crest Shares at the Option Price per share. Please note that because your savings account will be closed early you will not be able to acquire all of the Dairy Crest Shares your Option was granted over (see below for more details);
- (c) any residual cash from the savings account which cannot be used to buy Dairy Crest Shares (because such residual amount is less than the Option Price of one Dairy Crest Share) will be returned to you (you will not be entitled to any interest on such monies);
- (d) provided that the Scheme becomes effective, the Dairy Crest Shares that you acquire pursuant to the exercise of the Option will, subject to the terms of the Scheme, be acquired by Saputo for 620 pence per share;
- (e) you should not have to pay any income tax as a result of exercising the Option – please see the Appendix to this letter which provides guidance as to the tax treatment of your Option.

If you accept Proposal Two in respect of the Option and the Court sanctions the Scheme and it becomes effective, then:

- (a) contributions will continue to be taken from your salary in the normal way during the one month period commencing on the Approval Date (provided you do not cease to be an employee and do not instruct payroll that you wish to cease making contributions);
- (b) provided that the Option has not lapsed sooner under the rules of the Sharesave Scheme the Option will be exercised to the fullest extent permitted under the Sharesave Scheme

on the day prior to the expiry of the one month period commencing on the Approval Date (which is expected to be 10 May 2019);

- (c) the savings account relating to the Option will be closed on the date of exercise and the proceeds of such savings account as at the date of exercise will be used pursuant to the exercise of the Option to acquire Dairy Crest Shares at the Option Price per share. Please note that because your savings account will be closed early you will not be able to acquire all of the Dairy Crest Shares your Option was granted over (see below for more details);
- (d) any residual cash from the savings account which cannot be used to buy Dairy Crest Shares (because such residual amount is less than the Option Price of one Dairy Crest Share) will be returned to you (you will not be entitled to any interest on such monies);
- (e) the Dairy Crest Shares that you acquire pursuant to the exercise of the Option will be automatically transferred to Saputo (or its nominee) for a price per Dairy Crest Share which is exactly the same as that which would have been paid per Dairy Crest Share pursuant to the Scheme, under a special mechanism proposed to be included in Dairy Crest's articles of association prior to the Court sanctioning the Scheme. Delaying the exercise of your Option will therefore **not** have any effect on the price at which you may sell the resulting Dairy Crest Shares;
- (f) **it is not anticipated that you will pay any income tax as a result of exercising such Option but please note that in certain circumstances you may be liable to pay income tax** – please see below and the Appendix to this letter which provides guidance as to the tax treatment of your Option.

You should note that the Option can **only** be exercised to the extent to which the proceeds of the related savings contract, as at the time of exercise, permit. Therefore should you choose to accept either of the Proposals in respect of the Option, the exercise of the Option will take effect in respect of such number of Dairy Crest Shares for which the aggregate Option Price payable for such Dairy Crest Shares under the Option is most nearly equal to, but does not exceed, the aggregate amount of the proceeds in the savings account relating to the Option as at the time that it is exercised.

Should you choose to accept either of the Proposals in respect of the Option you will not therefore be able to acquire all of the Dairy Crest Shares over which the Option was originally granted because your savings contract will have been terminated early. Under the rules of the Sharesave Scheme you are only permitted to exercise an Option once, so when the Option has been exercised, it will not be possible to make any more savings under the related savings contract or to exercise the Option again.

If you accept Proposal Two in respect of the Option provided you continue to make your regular contribution(s) from salary into the savings account relating to such Option for the one month period following the Approval Date, you will be able to acquire more Dairy Crest Shares than if you accept Proposal One in respect of the Option and exercise such Option on the Approval Date, as you will have more savings.

**However, you should note that once the Scheme has become effective the listing of Dairy Crest Shares on the London Stock Exchange will be cancelled with effect as of or shortly following the Effective Date of the Scheme. If you choose to exercise your Option after the cancellation of the listing of Dairy Crest Shares on the London Stock Exchange then you may be liable to pay income tax on the exercise of your Option if either the shares of Saputo Inc are no longer listed on the Toronto Stock Exchange or Saputo Inc has become a close company for UK tax purposes at the time that you exercise your Option. Whilst it is expected that the shares of Saputo Inc shall remain listed on the Toronto Stock Exchange and that Saputo Inc shall not become a close company for UK tax purposes throughout the one month period following the Approval Date, this cannot be guaranteed.**

You will therefore need to take careful account of your personal circumstances, including but not limited to the rate at which you would pay income tax should you happen to exercise your Option after the date that the Scheme becomes effective at a time when either the shares of Saputo Inc are no longer listed on the Toronto Stock Exchange or Saputo Inc is a close company for UK tax purposes, before you decide whether to accept either of the Proposals in respect of the Option.

You will find some illustrative examples in the Appendix to this letter under the title "**Illustrative Examples**" which may be helpful to you in deciding whether it is in your best interests to accept either of the Proposals or not in respect of the Option. You should note that the examples are for illustrative purposes only and are based on the assumptions set out therein which may, or may not, represent your personal circumstances.

### **What happens if I do not accept either of the Proposals using the Sharesave Decision Form**

If you do not accept either of the Proposals in respect of the Option a further contribution (or contributions where you are paid weekly) will be taken from your salary in the normal way (unless you cease to be an employee or your instruct payroll to cease making contributions).

You may choose to exercise your Option at any time during the one month period commencing on the Approval Date provided that it has not lapsed (for example because you leave employment). Should you wish to exercise your Option during the one month period commencing on the Approval Date you will need to contact the Equiniti Customer Excellence Centre on 0371 384 2133 (or +44 121 415 7161 if calling from outside the UK) **as soon as possible** who will be able to assist you. This helpline is open 9.00 am – 5.00 pm Monday to Friday.

If you exercise your Option in the normal way at any time during the one month period commencing on the Approval Date you can use the money in the savings account related to the Option at the date on which you exercise the Option to acquire Dairy Crest Shares at the Option Price payable under the Option. Please note that as you will be terminating the savings contract early you will not be able to acquire all of the Dairy Crest Shares over which such Option was originally granted.

Any Dairy Crest Shares that you acquire on exercise of your Option on or after the Scheme Record Time (expected to be on 12 April 2019), will be automatically transferred to Saputo (or its nominee) for a price per Dairy Crest Share which is exactly the same as that which would have been paid per Dairy Crest Share pursuant to the Scheme, under a special mechanism proposed to be included in Dairy Crest's articles of association prior to the Court sanctioning the Scheme. Delaying the exercise of your Option will therefore **not** have any effect on the price at which you may sell the resulting Dairy Crest Shares.

**As set out above under the heading "Saputo's Proposal" a liability to pay income tax will only arise should you exercise your Option after the cancellation of the listing of Dairy Crest Shares on the London Stock Exchange and either the shares of Saputo Inc are no longer listed on the Toronto Stock Exchange or Saputo Inc has become a close company for UK tax purposes at the time that you exercise your Option. Whilst it is expected that the shares of Saputo Inc shall remain listed on the Toronto Stock Exchange and that Saputo Inc shall not become a close company for UK tax purposes throughout the one month period following the Approval Date, this cannot be guaranteed. You should therefore consider carefully before making a decision in respect of your Option.**

If you exercise your Option during the one month period commencing on the Approval Date you will receive the same treatment as you would have received had your elected Proposal Two in respect of your Option (please see above).

**If you do not exercise your Option it will lapse and become worthless on the expiry of the one month period commencing on the Approval Date** (which is expected to occur on the 11 May 2019). In these circumstances, you could either:

- close the savings account and receive the proceeds of such savings account upon such closure; or
- continue contributing to the savings account relating to the Option until the normal maturity date of such savings contract, in which case the proceeds of such savings account will be paid to you, following such maturity date.

In either case you will not be entitled to any interest on the savings returned to you.

## **What happens if the Court does not sanction the Scheme?**

The Sharesave Decision Form only takes effect if the Court sanctions the Scheme. In the event that you complete the Sharesave Decision Form indicating that you wish to exercise your Option and the Court does not sanction the Scheme, your Option will not be exercised and will continue in existence, subject to the rules of the Sharesave Scheme.

## **Leavers**

If you have already left employment with a company in the Dairy Crest Group in circumstances in which you may exercise your Option and: i) your Option does not lapse before the Approval Date where you wish to choose Proposal One in respect of the Option; or ii) does not lapse before the expiry of the one month period commencing on the Approval Date, if you wish to accept Proposal Two in respect of an Option, you may use the Sharesave Decision Form to exercise your Option and accept either of the Proposals. Alternatively, you may exercise your Option at any time before it lapses using the exercise documentation already sent to you and returning it to SAYE Team, Equiniti Group plc, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH.

If you leave employment with a company in the Dairy Crest Group between now and the Approval Date, your Option will lapse on such cessation of employment unless the reason for your leaving is injury, disability, death, redundancy, retirement, a transfer of the business for which you work outside of the Group or the company by which you are employed ceasing to be an associated company for the purpose of the Sharesave Scheme. If you believe that one of these special circumstances applies to you, you should contact the Equiniti Customer Excellence Centre on 0371 384 2133 (or + 44 121415 7161 if calling from outside the UK) in the first instance.

If you have ceased, or on or following the date of this letter cease, to be an employee within the Dairy Crest Group, you should note that the Scheme, if approved, will not extend the period in which your Option may be exercised and nothing in this letter will extend the period during which you may exercise your Option, in either case, beyond the date upon which your Option lapses in accordance with the rules of the Sharesave Scheme.

## **Taxation**

A summary of the tax consequences for a Participant who is UK tax resident of accepting either of the Proposals is set out in the Appendix to this letter. If you are resident in any other jurisdiction or are in any doubt as to your own tax position, you should consult a personal tax adviser immediately.

## **When will I receive my sale proceeds?**

If you complete and return the enclosed Sharesave Decision Form by the deadline referred to in the paragraph below headed "**Action Required**" and the Scheme becomes effective, and you have elected Proposal One in respect of the Option, the sale proceeds due under the Scheme in respect of the Dairy Crest Shares resulting from the exercise of your Option will be paid to you by cheque sent to the address stated in the Sharesave Decision Form not later than 14 days after the Effective Date of the Scheme. If you have elected Proposal Two in respect of the Option the sale proceeds due in respect of the Dairy Crest Shares resulting from the exercise of such Option will be paid to you by cheque sent to the address stated in the Sharesave Decision Form not later than 14 days after the issue of the shares.

## **Recommendation**

The Dairy Crest Directors, who have been so advised by Greenhill & Co. International LLP (**Greenhill**) as to the financial terms of the Proposals, consider the terms of the Proposals to be fair and reasonable in the context of the Acquisition as a whole. In providing advice to the Dairy Crest Directors, Greenhill has taken into account the commercial assessments of the Dairy Crest Directors.

The Dairy Crest Directors unanimously recommend that you should give careful consideration to the Proposals set out in this letter and make the choice in relation to your Option most appropriate to your personal circumstances.

**Please note that no officer or employee of Dairy Crest or Saputo will be able to give you legal, financial or tax advice nor advise you personally on the course of action that you should take in relation to your Option. If you are in any doubt as to the contents of this letter, the course of action you should take, or your tax position, you should seek your own independent professional advice immediately.**

### **Action Required**

If you wish to accept either of the Proposals in respect of your Option, you need to complete and return the enclosed Sharesave Decision Form in accordance with the instructions set out in it **as soon as possible** and return it to Equiniti in the prepaid reply envelope provided **so as to be received no later than 5pm on 29 March 2019.**

Please read the Terms & Conditions at the end of this letter (which form part of the Sharesave Decision Form) and the explanatory notes printed on the Sharesave Decision Form carefully before you complete it.

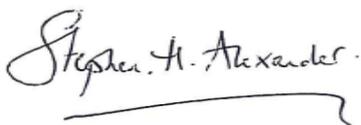
If you do not wish to accept either of the Proposals in respect of your Option you should not return the Sharesave Decision Form. If you do not return the Sharesave Decision Form contributions will continue to be made in the normal way for one month following the Approval Date and then your Option will lapse. Should you wish to exercise your Option in the normal way during the one month period commencing on the Approval Date you must contact the Equiniti Customer Excellence Centre on 0371 384 2133 (or + 44 121415 7161 if calling from outside the UK) **as soon as possible** and they will be able to assist you. This helpline is open 9.00 am – 5.00 pm Monday to Friday.

Please note that if you wish to carry on saving for a further month after the Approval Date and exercise your Option on the date immediately prior to the date it will lapse (which is expected to be 11 May 2019) then you can do this by selecting Proposal Two in respect of your Option on the Sharesave Decision Form.

You are reminded to read the illustrative examples contained in the Appendix before making your decision as to what to do with your Option.

If you have any queries, you should contact the Equiniti Customer Excellence Centre on 0371 384 2133 (or + 44 121 415 7161 if calling from outside the UK) who will be able to assist you. This helpline is open 9.00 am – 5.00 pm Monday to Friday.

Yours faithfully



Stephen Alexander  
Chairman  
**Dairy Crest Group plc**



Maxime Therrien  
Director  
**Saputo Dairy UK Ltd**

## Notes

1. Unless the context otherwise requires or otherwise defined herein, words and expressions defined in the Scheme Document and the rules of the Sharesave Scheme shall have the same meanings in this letter and the enclosed Sharesave Decision Form.
2. The Dairy Crest Directors, whose names are set out in paragraph 2.1 of Part Seven of the Scheme Document, accept responsibility for the information (including any expressions of opinion) contained in this letter (including the Appendix hereto) and the accompanying Sharesave Decision Form (other than the information for which the Saputo Responsible Persons, whose names are set out in paragraph 2.2 of Part Seven of the Scheme Document, accept responsibility in accordance with Note 3 below). To the best of the knowledge and belief of the Dairy Crest Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including the Appendix) and the accompanying Sharesave Decision Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
3. The Saputo Responsible Persons, whose names are set out in paragraph 2.2 of Part Seven of the Scheme Document, accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying Sharesave Decision Form relating to Saputo, the Saputo Group, the Saputo Responsible Persons and their respective immediate families and the related trusts of and persons connected with the Saputo Responsible Persons, and persons deemed to be acting in concert (as such term is defined in the Code) with Saputo. To the best of the knowledge and belief of the Saputo Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
4. Greenhill & Co. International LLP which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Dairy Crest and for no-one else in connection with the Acquisition and other matters referred to in this letter and the accompanying Sharesave Decision Form and will not be responsible to anyone other than Dairy Crest for providing the protections afforded to clients of Greenhill & Co. International LLP, nor for providing advice in connection with the Acquisition or in relation to the matters referred to herein.
5. Greenhill & Co. International LLP, has given and has not withdrawn its written consent to the issue of this letter (including the Appendix) and the accompanying Sharesave Decision Form, with the inclusion of the references to its name in the form and context in which they appear.
6. The dates set out in this letter are based on current expectations and may be subject to change. If the expected dates change, Dairy Crest will give notice of the change by issuing an announcement to all participants in the Sharesave Scheme.
7. Any consideration for the sale of Dairy Crest Shares resulting from the exercise of your Option outside of the Proposals set out in this letter which you may become entitled to receive will be despatched to you at your own risk by post to the address provided by you.
8. The enclosed Sharesave Decision Form, including the notes and instructions on it, shall be deemed an integral part of the Proposals.
9. All acceptances and elections in respect of the Proposals will be irrevocable.
10. Your Option is governed by the rules of the Sharesave Scheme and applicable legislation. If there is any inconsistency between those rules and the legislation and this letter and the Sharesave Decision Form, the rules of the Sharesave Scheme and the applicable legislation will prevail. Nothing in this letter or the Scheme Document serves to vary the rules of the Sharesave Scheme or to extend the life of any Options which have lapsed or may lapse under the rules of the Sharesave Scheme. The information relating to taxation given in this document is given by way of guidance only.
11. The ability to exercise your Option pursuant to the Scheme is subject to the Scheme being sanctioned by the Court. If the Scheme is not sanctioned by the Court, your Option will not become capable of exercise and will continue to subsist on the terms of the Sharesave Scheme.
12. The accidental omission to despatch this letter, or the accompanying Sharesave Decision Form to, or any failure to receive the same by, any person to whom the Proposals are made, or should be made, shall not invalidate the Proposals in any way.
13. Receipt of documents will not be acknowledged. All documents sent by or to you will be sent at your own risk.

14. The Proposals (and acceptances and elections in respect of the Sharesave Decision Form) shall be governed by and construed in accordance with English law.
15. A copy of this letter will be available to view (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on Saputo's website at <http://www.saputo.com/en/investors> and Dairy Crest's website at <https://www.dairycrest.co.uk/investors>.

## Appendix

### UK Tax Treatment

**Summarised below are the generally applicable UK tax implications for holders of an Option who work, and are resident and domiciled for tax purposes, only in the UK. This summary is for guidance only. The precise consequences will depend on your particular circumstances and, if you are in any doubt, you should consult an appropriate independent professional adviser. If you are resident, domiciled or work in a jurisdiction other than the UK, you should consult a suitably qualified professional adviser to determine your tax position.**

**The following assumes that you are tax resident in the UK and have been so resident from the date of grant of your Option up to the date of exercise. The following is based on current legislation and published HM Revenue & Customs guidance and represents the current position in the 2019/20 tax year.**

#### 1. OPTIONS

##### 1.1 *Will I have to pay income tax or NICs when I exercise the Option?*

You should not be subject to any income tax on the gain made on the exercise of an Option provided that it is exercised whilst the Dairy Crest Shares remain listed on the London Stock Exchange. Accordingly, if you exercise an Option and accept Proposal One in respect of it, you should not be liable for any income tax relating to such exercise.

Please note that if you exercise an Option after the listing of the Dairy Crest Shares on the London Stock Exchange has been cancelled and at the time of such exercise the shares of Saputo Inc are not listed on the Toronto Stock Exchange or Saputo Inc has become a close company for UK tax purposes, any gain made on the exercise of such Option will be subject to income tax. For these purposes the gain made on the exercise of an Option will be the amount by which the aggregate market value of the Dairy Crest Shares acquired on the exercise of the Option (measured at the time of exercise) exceeds the aggregate exercise price payable to acquire such Dairy Crest Shares. Whilst it is expected that the shares of Saputo Inc shall remain listed on the Toronto Stock Exchange and that Saputo Inc shall not become a close company for UK tax purposes throughout the period of one month following the Approval Date, this cannot be guaranteed. Accordingly, if you exercise the Option in accordance with Proposal Two or do not accept either of the Proposals and exercise the Option during the one month period commencing on the Approval Date you may be liable to pay income tax.

National insurance contributions should not be payable in respect of the exercise of an Option.

##### 1.2 *If I have left employment will this affect the tax treatment of the Option?*

If you left employment within the Dairy Crest Group (or leave such employment) prior to the date on which the Scheme is sanctioned by the Court, in circumstances where the rules of the Sharesave Scheme allow you to exercise the Option, then the tax treatment set out above under paragraph 1.1 should still apply to you **provided** that the reason for such cessation is not a transfer of your employment outside of the Dairy Crest Group which does not amount to a TUPE transfer (in this case a liability to pay income tax will arise).

If the Scheme is sanctioned by the Court before you cease employment within the Dairy Crest Group, so that the event triggering the ability for you to exercise your Option is the Court sanctioning the Scheme, then the tax treatment set out under paragraph 1.1 should still apply to you.

1.3 ***Will there be any tax to pay if I sell the Dairy Crest Shares resulting from the exercise of the Option?***

When your Dairy Crest Shares are acquired by Saputo at the offer price per Dairy Crest Share pursuant to the Scheme (or otherwise), you will be treated as having disposed of your Dairy Crest Shares for capital gains tax (**CGT**) purposes.

You will make a capital gain on the disposal of the Dairy Crest Shares to the extent that the proceeds that you receive for such shares exceeds the base cost of such Dairy Crest Shares.

The base cost of the Dairy Crest Shares resulting from the exercise of the Option will be different depending on whether you pay income tax on the exercise of the Option:

- if you exercise the Option in circumstances where **no** income tax is payable on the option gain, then the base cost of the Dairy Crest Shares acquired pursuant to the exercise of such Option should be equal to the exercise price payable under the Option. In this case as the cash consideration for the Dairy Crest Shares resulting from the exercise of the Option will exceed the amount payable under the Option, a capital gain will arise on the amount by which such cash consideration exceeds the exercise price. If the Option is exercised in circumstances where no income tax arises, the capital gain will be 157 pence per Dairy Crest Share;
- if you exercise the Option in circumstances where income tax is payable on the option gain, then the base cost of the Dairy Crest Shares acquired pursuant to the exercise of such Option should be the market value of the Dairy Crest Shares at the time that the Option is exercised. In this case you are likely to have no liability (or only a small liability) to pay CGT in relation to the Dairy Crest Shares acquired pursuant to the exercise of the Option. This is because the amount of the cash consideration per Dairy Crest Share under the terms of the Scheme is likely to be equal to (or not substantially different to) the base cost of the Dairy Crest Shares, so that no gain (or a very small gain) arises on the disposal of such Dairy Crest Shares.

In practice there should not be any CGT to pay unless your chargeable gains, as reduced by any allowable losses, from all sources for the 2019/20 tax year exceed the annual exemption for that tax year. This is £12,000.

**ANY PARTICIPANT WHO IS IN ANY DOUBT ABOUT HIS OR HER TAX POSITION SHOULD CONSULT HIS OR HER INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

## Illustrative Examples

*It is assumed in the following examples that the individual exercising their Option is subject to income tax in the United Kingdom only and will have no liability to capital gains tax on the disposal of the Dairy Crest Shares resulting from the exercise of the Option. This assumption may, or may not, apply to you. It is also assumed that you will be able to make the maximum amount of 1 months' worth of additional contributions into the savings account relating to the Option in the event that you do not accept Proposal One. The examples are intended for the purpose of illustration ONLY and may not be representative of your personal position.*

### Position if you accept Proposal One

If you accept Proposal One it is assumed that you will have made 33 monthly contributions under the savings contract relating to the Option at the time that is exercised on the Approval Date and that your monthly contribution is **£200** per month. On this basis:

- the total contributions made at the time that your Option is exercised will be **£6,600** (i.e. 33 x £200);
- the number of Dairy Crest Shares that you would be able to acquire at the time of exercise of your Option on the Approval Date would be **1,425 Dairy Crest Shares** (i.e. £6,600 ÷ £4.63) and a cash refund of £2.25;
- the gain made on exercising the Option on the Approval Date would be **£2,237.25** (i.e. 1,425 x (£6.20 - £4.63));
- no income tax should be payable in respect of the gain made on the exercise of your Option, so that you may retain the entire amount of **£2,237.25**.

### Position if you elect not to accept Proposal One and make one further monthly contribution

If you elect to make a further monthly contribution before the last day on which your Option is capable of exercise, it is assumed that you would make one further contribution of £200. **Provided that you exercise your Option before it lapses on 11 May 2019** then:

- the total contributions made at the time that your Option is exercised will be **£6,800** (i.e. 34 x £200);
- the number of Dairy Crest Shares that you would be able to acquire at the time of exercise of your Option before it lapses one month after the Approval Date would be **1,468 Dairy Crest Shares** (i.e. £6,800 ÷ £4.63) and a cash refund of £3.16
- the gain made on exercising the Option would be **£2,304.76** (i.e. 1,468 x (£6.20 - £4.63)).

In this example, provided that Saputo Inc remains listed on the Toronto Stock Exchange and is not a close company for UK tax purposes at the time that you exercise your Option so that no income tax arises on the exercise of your Option, you would make more of a financial gain from the exercise of your Option by **not** accepting Proposal One and continuing to make one more monthly contribution before the last day on which your Option is capable of exercise, and then exercising it (either pursuant to Proposal Two or in the normal way).

However, if Saputo Inc ceases to be listed on the Toronto Stock Exchange or whilst so listed becomes a close company for UK tax purposes, before your Option is exercised, income tax would arise on the gain made upon exercise of your Option. In such case, on the basis of the example above, if you:

- pay income tax at the rate of 20%, then after the incidence of income tax in respect of the gain of £2,304.76, you will receive a net amount of **£1,843.81**;
- pay income tax at the rate of 40%, then after the incidence of income tax in respect of the gain of £2,304.76, you will receive a net amount of **£1,382.86**;

- pay income tax at the rate of 45%, then after the incidence of income tax in respect of the gain of £2,304.76, you will receive a net amount of **£1,267.62**.

From this example it can be seen that, in the event that Saputo Inc ceases to be listed on the Toronto Stock Exchange or whilst so listed becomes a close company for UK tax purposes, before your Option is exercised, and you pay income tax at the rate of either 20%, 40% or 45% on the gain made pursuant to the exercise of your Option, that you would have been financially better off by accepting Proposal One in respect of your Option and making an income tax free gain on the exercise of your Option of £2,237.25.

PLEASE NOTE THAT IF YOU ARE SUBJECT TO CAPITAL GAINS TAX ON THE DISPOSAL OF THE DAIRY CREST SHARES RESULTING FROM THE EXERCISE OF THE OPTION THEN THE ABOVE EXAMPLES WILL NOT BE REPRESENTATIVE OF YOUR POSITION.

## **TERMS & CONDITIONS**

1. By completing, signing and returning the Sharesave Decision Form duly executed in respect of my Option, I:
  - (a) confirm that I have received the Sharesave Letter and Sharesave Decision Form and have had an opportunity to read both of these documents and have understood them (including these Terms & Conditions);
  - (b) confirm that these Terms & Conditions shall form part of the Sharesave Decision Form;
  - (c) confirm that I have had an opportunity to read the Scheme Document and have understood it;
  - (d) confirm that I have had an opportunity to obtain independent advice in relation to the decisions set out in the Sharesave Decision Form;
  - (e) confirm that I am entitled to exercise the Option in accordance with the rules of the Sharesave Scheme at the time that I have indicated by ticking BOX A or BOX B of the Sharesave Decision Form, subject to the sanction of the Scheme by the Court;
  - (f) confirm that the Option that I hold is valid and has not lapsed and is free from all liens, mortgages and third party interests of any nature whatsoever, and I acknowledge that any option certificate in respect of the Option that I hold shall become void once the Option has been exercised;
  - (g) understand that the exercise of the Option pursuant to the Sharesave Decision Form is conditional upon and subject to the Scheme being sanctioned by the Court and that if the Scheme is not sanctioned by the Court, the Sharesave Decision Form shall have no effect and my Option will remain in existence and continue to be governed by, and subject to, the rules of the Sharesave Scheme, even if I have completed and submitted the Sharesave Decision Form prior to the time that the Scheme was expected to be sanctioned by the Court;
  - (h) understand that if my Option has lapsed or lapses (or has been exercised or is exercised) before exercise takes effect pursuant to the Sharesave Decision Form, completion of the Sharesave Decision Form will be of no effect in relation to the Option;
  - (i) confirm that all decisions made in the Sharesave Decision Form are irrevocable and cannot be withdrawn or altered;
  - (j) acknowledge that neither Dairy Crest nor Saputo will be responsible for any consequential loss if the Sharesave Decision Form is incorrectly completed or where it has not been possible to obtain clarification of my instructions;
  - (k) authorise that any correspondence or any other items or documents (if any) in connection with the acquisition of any Dairy Crest Shares which I acquire on the exercise of the Option may be sent to me at my own risk at the address set out for me in the Sharesave Decision Form; and
  - (l) acknowledge that if I take no action in respect of my Option it will lapse and become worthless on the expiry of the period of one month commencing on the date that the Court sanctions the Scheme (unless I die, or the Option lapses earlier under the terms of the Sharesave Scheme).

### **Exercising the Option**

2. By placing a tick in BOX A of the Sharesave Decision Form, I irrevocably:

- (a) elect, if the Court sanctions the Scheme, to exercise the Option immediately following the Court sanctioning the Scheme on the date of the Court Hearing using the proceeds of my savings account relating to the Option at the date of exercise;
- (b) authorise Equiniti to pay the savings and interest accumulated in the savings account (if any) relating to my Option to Dairy Crest, so as to be received by Dairy Crest on the day of exercise and then close such savings account;
- (c) authorise and direct Equiniti to pay to me any monies in the savings account relating to the Option which exceed the amount utilised to exercise the Option and to return to me any surplus cash in such savings account after the purchase of Dairy Crest Shares pursuant to the exercise of the Option which is not enough to purchase one Dairy Crest Share at the exercise price payable under the Option (463 pence);
- (d) waive any entitlement I may have to receive a share certificate in respect of the Dairy Crest Shares acquired by me on exercise of my Option; and
- (e) acknowledge and understand that, if the Scheme becomes effective, all of the Dairy Crest Shares that I acquire pursuant to the exercise of the Option will be acquired by Saputo, under and subject to the terms of, the Scheme and that the proceeds to which I am entitled pursuant to the Scheme for such Dairy Crest Shares shall be paid directly to me, in accordance with the terms of the Scheme.

3. By placing a tick in BOX B of the Sharesave Decision Form, I irrevocably:

- (a) elect, if the Court sanctions the Scheme, to exercise the Option immediately on the day immediately prior to the expiry of the one month period commencing on the date the Scheme is sanctioned by the Court using the proceeds of my savings account relating to the Option at the date of exercise;
- (b) authorise Equiniti to pay the savings and interest accumulated in the savings account (if any) relating to my Option to Dairy Crest, so as to be received by Dairy Crest on the day of exercise and then close such savings account;
- (c) authorise and direct Equiniti to pay to me any monies in the savings account relating to the Option which exceed the amount utilised to exercise the Option and to return to me any surplus cash in such savings account after the purchase of Dairy Crest Shares pursuant to the exercise of the Option which is not enough to purchase one Dairy Crest Share at the exercise price payable under the Option (463 pence);
- (d) waive any entitlement I may have to receive a share certificate in respect of the Dairy Crest Shares acquired by me on exercise of my Option; and
- (e) acknowledge and understand that, if the Scheme becomes effective, all of the Dairy Crest Shares that I acquire pursuant to the exercise of the Option will be acquired by Saputo, under and subject to the terms of, the special mechanism that will be included in Dairy Crest's articles of association, and that the proceeds to which I am entitled pursuant to the articles of association for such Dairy Crest Shares shall be paid directly to me, in accordance with the terms of the articles of association.

**Incorrectly completed Sharesave Decision Form**

4. Subject to paragraph 5 of these Terms & Conditions, I acknowledge and agree that the delivery of the Sharesave Decision Form will be of no effect unless it is duly completed and received by Equiniti no later than 5 pm on 29 March 2019.

5. I agree and accept that Dairy Crest reserves the right, at its discretion, to accept any Sharesave Decision Form which is not duly completed or received by Equiniti by 5 pm on 29 March 2019 but that:
- (a) if I do not place a tick in BOX A or BOX B of the Sharesave Decision Form, I will be treated as making no decision in respect of the Option and that the Option shall not be exercised pursuant to this Sharesave Decision Form but shall instead continue to remain in existence, subject to the rules of the Sharesave Scheme;
  - (b) if I have placed a tick in both BOX A and BOX B of the Sharesave Decision Form and Equiniti and/or Dairy Crest are not able to seek clarification from me as to which of the Proposals I wanted to elect in respect the Option I will be treated as making no decision in respect of the Option and that the Option shall not be exercised pursuant to the Sharesave Decision Form but shall instead continue to remain in existence, subject to the rules of the Sharesave Scheme; and
  - (c) if I have placed a tick in BOX A of the Sharesave Decision Form and the Sharesave Decision Form is received by Equiniti after 5 pm on 29 March 2019 but before the Scheme is sanctioned by the Court, the Option will be exercised on the date that Scheme is sanctioned by the Court however the Dairy Crest Shares that I acquire pursuant to the exercise of the Option may not be acquired by Saputo pursuant to the Scheme but may be acquired by Saputo pursuant to the mechanism to be included in Dairy Crest's articles of association.

## Dairy Crest Sharesave Scheme (Sharesave Scheme)

# Sharesave Decision Form

### SECTION 1 – DETAILS OF PARTICIPANT

<b>Name</b>	
<b>Home Address (including postcode)</b>	
<b>Telephone number</b>	
<b>Party URN</b>	

Please insert/amend your details above, including a telephone number, should we need to contact you regarding your Sharesave Decision Form.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Sharesave Decision Form or the actions you should take, you should immediately consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, you should consult another appropriately authorised independent financial adviser.

This Sharesave Decision Form should be read in conjunction with the accompanying letter from Dairy Crest and Saputo dated 8 March 2019 in relation to the Sharesave Scheme (**Sharesave Letter**) (in particular the Terms & Conditions set out at the end of the Sharesave Letter (**Terms & Conditions**)) which shall form part of this Decision Form) and the Scheme Document. Terms and expressions used in this Sharesave Decision Form shall have the same meaning as in the Sharesave Letter and the Scheme Document, unless otherwise defined herein.

**The choices available to you are set out in the Sharesave Letter and this Sharesave Decision Form. If you wish to accept either of the Proposals in respect of your Option using this Sharesave Decision Form you must complete, sign and date this Sharesave Decision Form in the presence of an independent witness (not being your spouse, civil partner or family member) over the age of 18 and return it to Equiniti in the return paid envelope supplied. If you do not use the return paid envelope, the Sharesave Decision Form should be returned to Equiniti Group plc, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH. Your completed Sharesave Decision Form should be returned as soon as possible and, in any event, so as to be received by no later than 5 pm on 29 March 2019.**

**YOU DO NOT NEED TO SEND YOUR OPTION CERTIFICATE WITH THIS SHARESAYE DECISION FORM.**

This Sharesave Decision Form (including the Terms & Conditions which are incorporated in this Sharesave Decision Form) is governed by and construed in accordance with the laws of England and Wales. The courts of England and Wales shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Proposals, and/or the Terms & Conditions and/or this Sharesave Decision Form.

#### **Completion by an attorney or personal representative**

If this Sharesave Decision Form is being signed under a power of attorney, the original or certified copy of the original power of attorney must be enclosed with this Sharesave Decision Form. If the Participant has died and this Sharesave Decision Form is being signed by the executor or legal

personal representative of the Participant’s estate, an office copy of the probate or letters of administration relating to the Participant’s estate must accompany this Sharesave Decision Form.

**SECTION 2 – ACCEPTING THE PROPOSALS IN RESPECT OF THE OPTION**

***If you wish to accept Proposal One in respect of your Option please tick Box A below. If you wish to accept Proposal Two in respect of your Option please tick Box B below.***

<p><b>BOX A</b></p> <div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>	<p>Tick BOX A to accept Proposal One in respect of the Option. If you tick BOX A:</p> <ul style="list-style-type: none"> <li>(a) the Option shall be exercised by you, to the fullest extent possible using the proceeds of the related savings account, immediately after the Scheme is sanctioned by the Court;</li> <li>(b) if the Scheme becomes effective, the Dairy Crest Shares resulting from the exercise of the Option will be acquired by Saputo under the terms of the Scheme;</li> <li>(c) if the Scheme becomes effective, you will receive the consideration due per Dairy Crest Share pursuant to, and subject to, the terms of the Scheme.</li> </ul> <p>You may not revoke this election once it is made.</p>
---	---

<p><b>BOX B</b></p> <div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>	<p>Tick BOX B to accept Proposal Two in respect of the Option. If you tick BOX B and the Scheme becomes effective:</p> <ul style="list-style-type: none"> <li>(a) contributions will continue to be taken from your salary and paid into the savings account relating to your Option in the usual way (provided that you do not cease to be an employee or instruct payroll to cease making contributions);</li> <li>(b) the Option shall be exercised by you, to the fullest extent possible using the proceeds of the related savings account, on the day immediately prior to the expiry of the one month period commencing on the date the Scheme is sanctioned by the Court;</li> <li>(c) the Dairy Crest Shares resulting from the exercise of the Option will be acquired by Saputo under the terms of the special mechanism that will be included in Dairy Crest’s articles of association;</li> <li>(d) you will receive the consideration due per Dairy Crest Share pursuant to, and subject to, the special mechanism that will be included in Dairy Crest’s articles of association.</li> </ul> <p>You may not revoke this election once it is made.</p>
---	--

**SECTION 3 – DECLARATION AND SIGNATURE OF PARTICIPANT**

*Please complete the following in the presence of an independent witness (a person who is aged 18 or more and who is not your spouse or civil partner, or a member of your immediate family).*

I confirm that by signing this Sharesave Decision Form:

1. I have read and understood the Sharesave Letter and understand and irrevocably agree to the Terms & Conditions set out in the Sharesave Letter and which are incorporated into this Sharesave Decision Form; and

2. If I have ticked BOX A, I hereby irrevocably elect to exercise the Option immediately after the Court sanctions the Scheme;
3. If I have ticked BOX B, I hereby irrevocably elect to exercise the Option on the date falling immediately prior to the expiry of the one month period commencing on the date the Court sanctions the Scheme;
4. I irrevocably appoint any director of Dairy Crest and/or Saputo and any person nominated by them as my attorney and authorise such attorney to execute, complete, sign and submit any documents and deliver any document (including deeds) and do any act or thing which the attorney in his absolute and unfettered discretion, considers necessary or desirable on my behalf in order to give effect to my instructions in this Sharesave Decision Form, including the sale of my Dairy Crest Shares to Saputo, or otherwise in connection with the Scheme;
5. I agree that all powers of attorney and authorities on the terms conferred by this Sharesave Decision Form are given by way of security for the performance of my obligations and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971; and
6. I undertake to confirm and ratify any action properly or lawfully taken on my behalf by any attorney appointed by or pursuant to this Sharesave Decision Form.

SIGNED AND DELIVERED AS A DEED BY:

<b>Your Full Name (in block capitals)</b>	
<b>Your Signature:</b>	
<b>Date:</b>	
<b>Daytime contact telephone number:</b>	
<b>In the presence of:</b>	
<b>Witness' Name:</b>	
<b>Witness' Address:</b>	
<b>Witness' Signature:</b>	

**IN ORDER FOR THIS SHARESAVE DECISION FORM TO BE EFFECTIVE IT MUST BE RECEIVED BY EQUINITI USING THE RETURN PAID ENVELOPE OR POSTED TO EQUINITI GROUP PLC, HIGHDOWN HOUSE, YEOMAN WAY, WORTHING, WEST SUSSEX, BN99 3HH SO AS TO BE RECEIVED BY NO LATER THAN 5 PM ON 29 MARCH 2019.**