

**THIS LETTER AND ACCOMPANYING LTISP AND ESOS 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.**

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**To: Individuals holding awards (Participants) pursuant to the Dairy Crest Long Term Incentive Share Plan (LTISP) and linked options under the Dairy Crest 2006 Executive Share Option Scheme (ESOS)**

*Please note that if you also hold options/awards under any other Dairy Crest Group plc share incentive scheme, 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 award you hold under the LTISP identified in the table below under the heading "Your Award and Option" (**Award**) and the linked option you hold under the ESOS identified in the table below under the heading "Your Award and Option" (**Option**). This letter explains the impact on your Award and 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 Award and Option, (**LTISP and ESOS Decision Form**) should you wish to accept the Proposal (referred to below) in respect of such Award and Option.

Save where otherwise defined in this letter and the LTISP and ESOS Decision Form, capitalised terms and expressions used in this letter and the LTISP and ESOS 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**).



share in respect of which you exercise your Option (**Exercise Price**). Your Option has not been granted subject to dividend enhancement.

Your Award and Option have been granted as linked awards. This means that the number of Dairy Crest Shares over which your Award may be exercised will be reduced by the number of Dairy Crest Shares over which your Option is exercised and which remain after the sale of such number of the Dairy Crest Shares acquired pursuant to your Option that need to be sold to satisfy the exercise price of the Dairy Crest Shares acquired pursuant to your Option. For example, if your Option was granted over 2,000 Dairy Crest Shares and the exercise price payable for those 2,000 Dairy Crest Shares is £6,580, pursuant to the Scheme you will need to sell 1,062 of the Dairy Crest Shares to satisfy that aggregate exercise price (£6,580 / £6.20). Following the sale of such shares this would leave you with 938 Dairy Crest Shares. This is the number of Dairy Crest Shares that your Award will be reduced by. If your Award was granted over 5,000 Dairy Crest Shares this would mean that your Award can only be exercised over 4,062 Dairy Crest Shares.

Following the exercise of your Award, you will also be entitled to receive such number of Dividend Shares as are determined by the Remuneration Committee in accordance with the rules of the LTISP.

### **Effect of the Scheme on your Award and Option**

Your Award became capable of exercise in respect of all of the Dairy Crest Shares over which it subsists on 3 July 2015. In normal circumstances your Award would be capable of exercise until 3 July 2022 (**Final Lapse Date**).

However, if the Scheme is sanctioned by the Court, and the Scheme subsequently becomes effective, the board of directors of Dairy Crest (**Dairy Crest Board**) is obliged by the rules of the LTISP to issue you with a notice to this effect (**Notice of Change of Control**) as soon as practicable after the Scheme becomes effective notifying you of the same. Once such a Notice of Change of Control has been issued, your Award may only be exercised within the period of one month following such notification and to the extent that your Award is not so exercised, it shall lapse immediately upon the expiry of such one month period.

Your Option became capable of exercise in respect of all of the Dairy Crest Shares over which it subsists on 3 July 2015. In normal circumstances your Option can be exercised until the Final Lapse Date. If the Scheme is sanctioned by the Court this will not curtail the exercise period for your Option.

### **Saputo's Proposal**

Saputo is proposing that you exercise your Award and Option with effect from the Approval Date. As a consequence of such exercise, any Dairy Crest Shares that you acquire on exercise of your Award (including any Dividend Shares) and your Option will be purchased by Saputo pursuant to the Scheme. This is referred to as the **Proposal**. You can accept the Proposal in respect of your Award and your Option by completing the enclosed LTISP and ESOS Decision Form. Please note that if you accept the Proposal for the Award, you must also accept the Proposal in respect of the Option.

**You should note that the LTISP and ESOS 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 LTISP and ESOS Decision Form will be of no effect and your Award will continue to subsist in accordance with the rules of the LTISP and your Option will continue to subsist in accordance with the rules of the ESOS.**

Upon the exercise of an Award and an Option the trustee of the Dairy Crest Employees' Share Ownership Plan Trust (**Trustee**) would ordinarily transfer the Dairy Crest Shares to which you are entitled as a result (including any Dividend Shares) to you. However, if you accept the Proposal in respect of your Award and Option the Trustee will, immediately upon the exercise of your Award and Option transfer to you the beneficial title in the Dairy Crest Shares to which you have become entitled (including any Dividend Shares) and will retain the legal title to such Dairy Crest Shares on bare trust for you. Upon the Scheme becoming effective the Trustee will transfer such Dairy Crest Shares to Saputo and will receive the consideration for such Dairy Crest Shares (**Consideration**) on your behalf. The Trustee will then transfer the Consideration that it receives on your behalf to Dairy Crest which will deduct an amount equal to the Exercise Price and the income tax and employee's national insurance contributions that will arise in respect of the exercise of your Award (for which your employer is liable to account to HM Revenue & Customs and which you are liable to reimburse to

your employer in accordance with the rules of the LTISP – see the Appendix to this letter for further details of the tax treatment of your Award and your Option) before arranging for the amount of the Consideration remaining after such deductions to be paid to you on the next practicable payroll date following the date Dairy Crest receives the Consideration.

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

- (a) such Award and Option will be exercised immediately after the Court sanctions the Scheme on the Approval Date, in respect of all the Dairy Crest Shares over the maximum number of Dairy Crest Shares that they may be exercised;
- (b) in addition to the number of Dairy Crest Shares over which your Award is exercised you will also be entitled to receive such number of Dairy Crest Shares as is equal to the number of Dividend Shares calculated in accordance with the rules of the LTISP;
- (c) a liability to pay the Exercise Price will arise as a result of exercising your Option;
- (d) a liability to pay income tax and employee's national insurance contributions will arise as a result of exercising your Award however no such liabilities should arise in respect of the exercise if your Option – please see the Appendix to this letter which provides guidance as to the tax treatment of your Award and your Option;
- (e) the Trustee will transfer to you the beneficial title in respect of the Dairy Crest Shares (including any Dividend Shares) to which you are entitled as a result of the exercise of your Award and your Option and will retain the legal title to such Dairy Crest Shares on bare trust for you;
- (f) provided that the Scheme becomes effective (expected to occur on 15 April 2019) the Dairy Crest Shares in respect of which you have acquired the beneficial interest pursuant to the exercise of your Award and your Option will, subject to the terms of the Scheme, be acquired by Saputo for the Consideration payable per Dairy Crest Share under the terms of the Scheme;
- (g) the Trustee will receive the Consideration for such Dairy Crest Shares on your behalf;
- (h) upon receipt of the Consideration for such Dairy Crest Shares the Trustee will pay the same to Dairy Crest;
- (i) upon receipt of the Consideration for your Dairy Crest Shares, Dairy Crest will arrange to pay the same to you on the next practicable payroll date following receipt of the Consideration by Dairy Crest less an amount equal to the Exercise Price and the income tax and employee's national insurance contributions that arose in respect of the exercise of your Award.

#### **What happens if I do not accept the Proposal using the LTISP and ESOS Decision Form**

If you do not accept the Proposal using the LTISP and ESOS Decision Form in respect of your Award and your Option:

- whilst your Award subsists (and has not lapsed) you may still exercise it in the normal way at any time until:
  - if the Scheme becomes effective, the expiry of one month following the date on which you receive a Notice of Change of Control from the Board of the Company; or
  - if the Scheme does **not** become effective, the Final Lapse Date,unless it lapses sooner under the provisions of the LTISP; and
- whilst your Option subsists (and has not lapsed) you may still exercise it in the normal way at any time until the Final Lapse Date unless it lapses sooner under the provisions of the ESOS.

Any Dairy Crest Shares (including Dividend Shares) that you acquire pursuant to the exercise of your Award and 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 Award and Option will therefore **not** have any effect on the price at which you may sell the resulting Dairy Crest Shares.

Please note that you may not exercise your Award or Option at any time that Dairy Crest is in a closed period for the purposes of the Market Abuse Regulations. Before exercising your Award and Option you should therefore check that your Award and Option may be exercised.

**If the Scheme is sanctioned by the Court, you should note that delaying the exercise of your Award to a time falling after the Approval Date will not result in the number of Dividend Shares to which you may be entitled following such exercise being more than the number of Dividend Shares to which you would be entitled in the event that the Award is exercised on the Approval Date. The reason for this is that only dividends paid by reference to a dividend record date occurring on or prior to 3 July 2015 are taken into account for the purpose of determining the number of Dividend Shares to which you become entitled.**

#### **What happens if I do nothing?**

If the Court sanctions the Scheme and it becomes effective you will receive a Notice of Change of Control very shortly after the Scheme becomes effective. Your Award will lapse after the expiry of one month following your receipt of such Notice of Change of Control and accordingly if you are issued with a Notice of Change of Control and take no action, your Award will ultimately lapse and become worthless.

If the Court sanctions the Scheme but it does not become effective, and you take no action to exercise your Award, your Award will remain in existence and subject to the rules of the LTISP until it lapses on the Final Lapse Date, unless it lapses earlier in accordance with the rules of the LTISP.

If the Court sanctions the Scheme your Option will continue to subsist and can be exercised at any time up to the Final Lapse Date (unless it lapses earlier in accordance with the rules of the ESOS) following which it will lapse.

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

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

#### **Leavers**

If you have already left employment with a company in the Dairy Crest Group or if you leave employment with a company in the Dairy Crest Group between now and the Approval Date in circumstances in which your Award and Option may be retained and your Award and Option will not lapse before the Approval Date, you may use the LTISP and ESOS Decision Form to exercise your Award and Option and accept the Proposal. Alternatively, you may exercise your Award and Option at any time before it lapses using exercise documentation which can be obtained on request from Dairy Crest and returning it to Dairy Crest (provided that Dairy Crest is not in a closed period for the purposes of the Market Abuse Regulations).

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 Award or Option may be exercised and nothing in this letter will extend the period during which you may exercise your Award or Option, in either case, beyond the date upon which your Award or Option (as the case may be) lapses in accordance with the rules of the LTISP or the ESOS (as the case may be).

## Taxation

A summary of the tax consequences for a Participant who is UK tax resident of accepting the Proposal 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 LTISP and ESOS Decision Form by the deadline referred to in the paragraph below headed "**Action Required**" and the Scheme becomes effective, the sale proceeds due under the Scheme in respect of the Dairy Crest Shares resulting from the exercise of your Award and Option after deduction of an amount equal to the Exercise Price and the income tax and employee's national insurance contributions arising as a result of the exercise of your Award, will be paid to you by bank transfer on the next practicable payroll date after the date Dairy Crest has received the Consideration on your behalf.

## Recommendation

The Dairy Crest Directors, who have been so advised by Greenhill & Co. International LLP (**Greenhill**) as to the financial terms of the Proposal, consider the terms of the Proposal 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 Proposal set out in this letter and make the choice in relation to your Award and 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 Award or 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.**

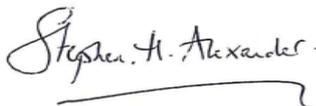
## Action Required

If you wish to accept the Proposal in respect of your Award and your Option, you need to complete and return the enclosed LTISP and ESOS Decision Form in accordance with the instructions set out in it **as soon as possible** and return it to Roger Robotham by hand or 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 LTISP and ESOS Decision Form) and the explanatory notes printed on the LTISP and ESOS Decision Form carefully before you complete it.

If you have any queries, you should contact Colin Keene at Dairy Crest on 01372 472228.

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 LTISP and the rules of the ESOS (as the case may be) shall have the same meanings in this letter and the enclosed LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS.
7. Any consideration for the sale of Dairy Crest Shares resulting from the exercise of your Award and your Option outside of the Proposal 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 LTISP and ESOS Decision Form, including the notes and instructions on it, shall be deemed an integral part of the Proposal.
9. All acceptances and elections in respect of the Proposal will be irrevocable.
10. Your Award is governed by the rules of the LTISP and applicable legislation and your Option is governed by the rules of the ESOS and applicable legislation. If there is any inconsistency between those rules and the legislation and this letter and the LTISP and ESOS Decision Form, the rules of the LTISP and the rules of the ESOS (as the case may be) and the applicable legislation will prevail. Nothing in this letter or the Scheme Document serves to vary the rules of the LTISP or the rules of the ESOS or to extend the life of any Awards or Options which have lapsed or may lapse under the rules of the LTISP or the rules of the ESOS (as the case may be). The information relating to taxation given in this document is given by way of guidance only.
11. The accidental omission to despatch this letter, or the accompanying LTISP and ESOS Decision Form to, or any failure to receive the same by, any person to whom the Proposal is made, or should be made, shall not invalidate the Proposal in any way.
12. Receipt of documents will not be acknowledged. All documents sent by or to you will be sent at your own risk.
13. The Proposal (and acceptances and elections in respect of the LTISP and ESOS Decision Form) shall be governed by and construed in accordance with English law.

14. 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 Awards and Options 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 Award/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. AWARDS

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

A liability to pay income tax and employee's national insurance contributions will arise on the gain made in respect of the exercise of an Award. Accordingly, if you exercise the Award you will be liable to pay the income tax and employee's national insurance contributions relating to such exercise.

For these purposes the gain made on the exercise of an Award will be the aggregate market value of the Dairy Crest Shares (including any Dividend Shares) acquired pursuant to the exercise of the Award (measured at the time of exercise).

Your employer will be responsible for paying the income tax and employee's national insurance contributions that arise on the exercise of an Award to HM Revenue & Customs. However, under the rules of the LTISP you are liable to reimburse such liabilities to Dairy Crest and/or your employer (if different). By accepting the Proposal you will authorise Dairy Crest to make arrangements to withhold an amount equal to such liabilities from the Consideration you will receive pursuant to the Scheme for your Dairy Crest Shares (including any Dividend Shares). If you do not accept the Proposal and wish to exercise your Award, then before your Award exercise becomes effective you will need to enter into arrangements satisfactory to Dairy Crest to reimburse such liabilities.

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

If you have left employment within the Dairy Crest Group (or leave such employment), then the tax treatment set out above under paragraph 1.1 should still apply to you.

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

When your Dairy Crest Shares are acquired by Saputo at the offer price per Dairy Crest Shares 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 will be the market value of the Dairy Crest Shares at the time that the Award is exercised. This means you should have no (or no significant) liability to pay CGT in relation to the disposal of such Dairy Crest Shares. This is because the amount of the cash consideration per Dairy Crest Share payable under the terms of the Scheme is expected to be equal to (or very nearly equal to) the base cost of the Dairy Crest

Shares, so that no gain (or no significant gain) should arise 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.

## 2. **OPTIONS**

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

As your Option has been held for more than three years from the date of grant, there should be no liability to pay any income tax and employee's national insurance contributions on the gain made in respect of the exercise of your Option PROVIDED that it is exercised prior to the date the listing of Dairy Crest Shares on the London Stock Exchange is cancelled (expected to be on 16 April 2019). Accordingly if you exercise your Option and accept the Proposal in respect of it, you should not be liable for any income tax or employee's national insurance contributions relating to such exercise.

If you exercise your Option after the date the listing of Dairy Crest Shares on the London Stock Exchange is cancelled a liability to pay income tax and employee's national insurance contributions will arise on the gain made in respect of the exercise of the Option. Accordingly, if you exercise an Award you will be liable to pay the income tax and employee's national insurance contributions relating to such exercise.

For these purposes the gain made on the exercise of the 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.

Your employer will be responsible for paying the income tax and employee's national insurance contributions that arise on the exercise of an Option to HM Revenue & Customs. However, under the rules of the ESOS you are liable to reimburse such liabilities to Dairy Crest and/or your employer (if different). If you do not accept the Proposal and wish to exercise your Option after the listing of Dairy Crest Shares on the London Stock Exchange is cancelled, then before your Option exercise becomes effective you will need to enter into arrangements satisfactory to Dairy Crest to reimburse such liabilities.

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

If you have left employment within the Dairy Crest Group in the last 12 months (or leave such employment), then the tax treatment set out above under paragraph 2.1 should still apply to you.

### 2.3 ***Will there be any tax to pay when 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 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 an Option will be different depending on whether you pay income tax on the exercise of the relevant Option:

- if you exercise an 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 291 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 that 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.**

## TERMS & CONDITIONS

1. By completing, signing and returning the LTISP and ESOS Decision Form duly executed in respect of my Award, I:
  - (a) confirm that I have received the LTISP and ESOS Letter and the LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS Decision Form;
  - (e) confirm that I am entitled to exercise the Award in accordance with the rules of the LTISP at the time that I have indicated by ticking BOX A of the LTISP and ESOS Decision Form, subject to the sanction of the Scheme by the Court;
  - (f) confirm that I am entitled to exercise the Option in accordance with the rules of the ESOS at the time that I have indicated by ticking BOX B of the LTISP and ESOS Decision Form, subject to the sanction of the Scheme by the Court;
  - (g) confirm that both the Award and Option that I hold are valid and have not lapsed and are free from all liens, mortgages and third party interests of any nature whatsoever, and I acknowledge that any award certificate in respect of the Award and that any option certificate in respect of the Option I hold shall become void once the Award and the Option have been exercised;
  - (h) understand that the exercise of the Award and the Option pursuant to the LTISP and ESOS 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 LTISP and ESOS Decision Form shall have no effect and my Award will remain in existence and continue to be governed by, and subject to, the rules of the LTISP and my Option will remain in existence and continue to be governed by, and subject to, the rules of the ESOS, even if I have completed and submitted the LTISP and ESOS Decision Form prior to the time that the Scheme was expected to be sanctioned by the Court;
  - (i) understand that if my Award or Option has lapsed or lapses (or has been exercised or is exercised) before exercise takes effect pursuant to the LTISP and ESOS Decision Form, completion of the LTISP and ESOS Decision Form will be of no effect in relation to the Award or the Option;
  - (j) confirm that all decisions made in the LTISP and ESOS Decision Form are irrevocable and cannot be withdrawn or altered;
  - (k) acknowledge that neither Dairy Crest nor Saputo will be responsible for any consequential loss if the LTISP and ESOS Decision Form is incorrectly completed or where it has not been possible to obtain clarification of my instructions;
  - (l) authorise that any correspondence or other items or documents (if any) in connection with the acquisition of any Dairy Crest Shares which I acquire as a result of the exercise of the Award and the Option may be sent to me at my own risk at the address set out for me in the LTISP and ESOS Decision Form;
  - (m) acknowledge that if I take no action in respect of my Option it will lapse and become worthless on the Final Lapse Date; and

- (n) acknowledge that if I take no action in respect of my Award, it will lapse and become worthless:
  - (i) if the Court sanctions the Scheme and it becomes effective, on the expiry of the period of one month following my receipt of the Notice of Change of Control (that shall be issued to me by Dairy Crest very shortly after the Scheme becomes effective);
  - (ii) if the Court sanctions the Scheme but it does not become effective, on the Final Lapse Date, unless it lapses earlier in accordance with the rules of the LTISP.

### **Exercising the Award**

2. By placing a tick in BOX A of the LTISP and ESOS Decision Form, I irrevocably:
- (a) elect, if the Court sanctions the Scheme, to exercise the Award immediately following the Court sanctioning the Scheme on the date of the Court Hearing to the fullest extent permitted;
  - (b) instruct the Trustee to transfer the beneficial title to the Dairy Crest Shares that I become entitled to receive pursuant to the exercise of the Award (including any Dairy Crest Shares representing Dividend Shares) to me and to retain the legal title on bare trust on my behalf;
  - (c) acknowledge and understand that, if the Scheme becomes effective, all of the Dairy Crest Shares that I have acquired an interest in pursuant to the exercise of the Award (including any Dairy Crest Shares representing Dividend Shares) will be acquired by Saputo, under and subject to the terms of, the Scheme;
  - (d) authorise and instruct the Trustee to receive the proceeds of sale that result from the sale of the Dairy Crest Shares referred to in paragraph 2 (c) above pursuant to the Scheme for and on my behalf and to pay the same to Dairy Crest; and
  - (e) authorise and instruct Dairy Crest to:
    - (i) withhold from the amount that it receives from the Trustee pursuant to paragraph 2 (d) above an amount equal to the income tax and employee's national insurance contributions that arise in relation to the exercise of the Award and to arrange for such withheld amount to be paid to HM Revenue & Customs; and
    - (ii) arrange for the net amount of the sum it receives from the Trustee pursuant to paragraph 2 (d) above that remains after the withholding referred to in paragraph 2 (e) (i) above has been made, to be paid to me by bank transfer on the next practicable payroll date following the date that Dairy Crest receives the monies referred to in paragraph 2 (d) above.

### **Exercising the Option**

3. By placing a tick in BOX B of the LTISP and ESOS 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 to the fullest extent permitted;

- (b) instruct the Trustee to transfer the beneficial title to the Dairy Crest Shares that I become entitled to receive pursuant to the exercise of the Option to me and to retain the legal title on bare trust on my behalf;
- (c) acknowledge and understand that, if the Scheme becomes effective, all of the Dairy Crest Shares that I have acquired an interest in pursuant to the exercise of the Option will be acquired by Saputo, under and subject to the terms of, the Scheme;
- (d) authorise and instruct the Trustee to receive the proceeds of sale that result from the sale of the Dairy Crest Shares referred to in paragraph 3 (c) above pursuant to the Scheme for and on my behalf and to pay the same to Dairy Crest; and
- (e) authorise and instruct Dairy Crest to:
  - (i) withhold from the amount that it receives from the Trustee pursuant to paragraph 3 (d) above an amount equal to the Exercise Price that arises in relation to the exercise of the Option; and
  - (ii) arrange for the net amount of the sum it receives from the Trustee pursuant to paragraph 3 (d) above that remains after the withholding referred to in paragraph 3 (e) (i) above has been made, to be paid to me by bank transfer on the next practicable payroll date following the date that Dairy Crest receives the monies referred to in paragraph 3 (d) above.

**Income tax and National Insurance Contributions and Exercise Price if the Scheme does not become effective**

4. By completing, signing and returning the LTISP and ESOS Decision Form duly executed in respect of my Award and Option, I irrevocably:
  - (a) indemnify Dairy Crest and my employer, if different, in respect of the income tax and employee's national insurance contributions that will arise in respect of, or in connection with, the exercise of my Award pursuant to the LTISP and ESOS Decision Form;
  - (b) if the Scheme does not become effective, instruct the Trustee to arrange for the sale of sufficient of the Dairy Crest Shares which the Trustee is holding on my behalf as will realise (after deduction of any reasonable costs of sale) a sum sufficient to satisfy the amount of the Exercise Price that I am liable to pay as a result of the exercise of my Option pursuant to the LTISP and ESOS Decision Form and to pay to Dairy Crest from such sale proceeds an amount equal to such Exercise Price and to pay the balance (if any) to me.

**Incorrectly completed LTISP and ESOS Decision Form**

5. Subject to paragraph 6 of these Terms & Conditions, I acknowledge and agree that the delivery of the LTISP and ESOS Decision Form will be of no effect unless it is duly completed and received by Dairy Crest no later than 5pm on 29 March 2019.
6. I agree and accept that Dairy Crest reserves the right, at its discretion, to accept any LTISP and ESOS Decision Form which is not duly completed or received by Dairy Crest by 5pm pm on 29 March 2019 but that:
  - (a) if I do not place a tick in BOX A of the LTISP and ESOS Decision Form, I will be treated as making no decision in respect of the Award and that such Award shall not be exercised pursuant to the LTISP and ESOS Decision Form but shall instead continue to remain in existence, subject to the rules of the LTISP and will, if the Scheme is sanctioned by the Court and becomes effective, lapse on expiry of the

period of one month following my receipt of the Notice of Change of Control (that shall be issued to me by Dairy Crest very shortly after the Scheme becomes effective); and

- (b) if I do not place a tick in BOX B of the LTISP and ESOS Decision Form, I will be treated as making no decision in respect of the Option and that such Option shall not be exercised pursuant to the LTISP and ESOS Decision Form but shall instead continue to remain in existence, subject to the rules of the ESOS and will lapse on the Final Lapse Date.

# Dairy Crest Long Term Incentive Share Plan (LTISP) and the Dairy Crest 2006 Executive Share Option Scheme (ESOS)

## LTISP and ESOS Decision Form

### SECTION 1 – DETAILS OF PARTICIPANT

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

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

**The choices available to you are set out in the LTISP and ESOS Letter and this LTISP and ESOS Decision Form. If you wish to accept the Proposal in respect of your Award and Option using this LTISP and ESOS Decision Form you must complete, sign and date this LTISP and ESOS 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 Roger Robotham by hand or in the return paid envelope supplied. Your completed LTISP and ESOS Decision Form should be returned as soon as possible and, in any event, so as to be received by no later than 5pm on 29 March 2019.**

**PLEASE NOTE THAT IF YOU WISH TO ACCEPT THE PROPOSAL IN RESPECT OF YOUR AWARD AND OPTION PLEASE ENSURE THAT YOU COMPLETE:**

- **SECTION 1**
- **SECTION 2;**
- **SECTION 3; AND**
- **SECTION 4,**

**IN EACH CASE, IN ACCORDANCE WITH THE INSTRUCTIONS BELOW.**

**IF YOU ACCEPT THE PROPOSAL IN RELATION TO THE AWARD YOU MUST ACCEPT THE PROPOSAL IN RELATION TO THE OPTION.**

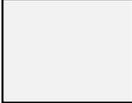
**YOU DO NOT NEED TO SEND YOUR AWARD OR OPTION CERTIFICATE WITH THIS LTISP AND ESOS DECISION FORM.**

This LTISP and ESOS Decision Form (including the Terms & Conditions which are incorporated in this LTISP and ESOS 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 Proposal and/or the Terms & Conditions and/or this LTISP and ESOS Decision Form.

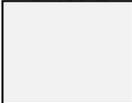
**Completion by an attorney or personal representative**

If this LTISP and ESOS 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 LTISP and ESOS Decision Form. If the Participant has died and this LTISP and ESOS 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 LTISP and ESOS Decision Form.

**SECTION 2 – EXERCISE OF YOUR AWARD GRANTED ON 3 JULY 2012 (AWARD)**

<p><b>BOX A</b></p> 	<p>Tick BOX A to accept the Proposal in respect of your Award. If you tick BOX A:</p> <ul style="list-style-type: none"><li>(a) your Award shall be exercised by you, in respect of all of the Dairy Crest Shares in respect of which the Award has vested, immediately after the Scheme is sanctioned by the Court on the Approval Date;</li><li>(b) pursuant to the exercise of your Award you will also be entitled to such number of Dairy Crest Shares as is equal to the number of Dividend Shares determined in accordance with the rules of the LTISP, as at the time that your Award is exercised;</li><li>(c) if the Scheme becomes effective, the Dairy Crest Shares resulting from the exercise of your Award (including any Dividend Shares) will be acquired by Saputo under the terms of the Scheme;</li><li>(d) 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>
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**SECTION 3 – EXERCISE OF YOUR OPTION GRANTED ON 3 JULY 2012 (OPTION)**

<p><b>BOX B</b></p> 	<p>Tick BOX B to accept the Proposal in respect of your Option. If you tick BOX B:</p> <ul style="list-style-type: none"><li>(a) your Option shall be exercised by you, in respect of all of the Dairy Crest Shares in respect of which the Option has vested, immediately after the Scheme is sanctioned by the Court on the Approval Date;</li><li>(b) if the Scheme becomes effective, the Dairy Crest Shares resulting from the exercise of your 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>
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**SECTION 4 – 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 LTISP and ESOS Decision Form:

1. I have read and understood the LTISP and ESOS Letter and understand and irrevocably agree to the Terms & Conditions set out in the LTISP and ESOS Letter and which are incorporated into this LTISP Decision Form;
2. If I have ticked BOX A, I hereby irrevocably elect to exercise the Award immediately after the Court sanctions the Scheme;
3. If I have ticked BOX B, I hereby irrevocably elect to exercise the Option immediately after 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP and ESOS 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 LTISP AND ESOS DECISION FORM TO BE EFFECTIVE IT MUST BE RECEIVED BY ROGER ROBOTHAM BY HAND OR USING THE RETURN PAID ENVELOPE SO AS TO BE RECEIVED BY NO LATER THAN 5PM ON 29 MARCH 2019.**