



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

**If you have already sold or otherwise transferred all of your Dairy Crest shares, please send this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.**

**Dear Shareholder**

### **Notice of Fourteenth Annual General Meeting / Corporate Governance Changes**

I am pleased to make available to you a copy of the notice of the annual general meeting ('AGM') of Dairy Crest Group plc (the 'Company') which will be held once again at Eversheds LLP, 1 Wood Street London EC2V 7WS on Tuesday 20th July 2010 starting at 11.00am. The AGM will be my first as Chairman, having been appointed to that role on 1 January, this year. You are welcome to join us from 10.30am when tea and coffee will be served and I very much hope that you will have the opportunity to meet the Directors before the AGM and that I can meet as many shareholders as possible at that time. Please note that our full Annual Report and Financial Statements are available on our website: [www.dairycrest.co.uk](http://www.dairycrest.co.uk).

If you have not received a paper copy of the Annual Report and Financial Statements but now wish to do so, please contact our registrars, Equiniti, by calling their telephone helpline on 0871 384 2134.

I set out below the business we will consider at the AGM but would draw your particular attention to the background to Resolutions 4 to 10, dealing with the election and re-election of Directors. Resolutions 4 to 10 reflect the latest changes on corporate governance recommended by the Financial Reporting Council (the 'FRC') in its UK Corporate Governance Code, published 28 May 2010 (the '2010 Code'). Your Board welcomes the changes proposed and is moving quickly with such changes as are required to bring Dairy Crest in line with these guidelines. It is our intention to be fully compliant with the 2010 Code during the current year, long ahead of the actual requirement for compliance. Starting at this year's AGM, all Directors will retire and offer themselves for re-election (with the exception of Neil Monnery, who has decided to retire from the Board).

### **Report and Accounts, Dividends and Auditors**

Resolutions 1 to 3 and Resolutions 11 and 12 are standard matters considered at each AGM.

### **Re-election/Election of Directors**

Resolutions 4 to 10 concern the election and re-election of Directors.

The FRC has recommended in the 2010 Code that all directors of FTSE350 companies be subject to annual re-election in reporting periods beginning on or after 29 June 2010. The Board welcomes this recommendation as an opportunity to affirm its accountability to the Company's shareholders and to underline the collective responsibility of the Board as a whole for the actions and decisions taken during the course of each year. Accordingly, while the Company would not be expected to adopt this approach until the AGM in July 2012, the Directors will all resign at this year's AGM and (with the exception of Neil Monnery) offer themselves for re-election. A requirement that all Directors be subject to annual

re-election has been incorporated into the Company's proposed new articles of association, which are the subject of Resolution 17.

### **Political Donations**

Resolution 13 will be proposed as an ordinary resolution to authorise the making of political donations and political expenditure. Part 14 of the Companies Act 2006 (the '2006 Act') requires companies to obtain the approval of shareholders before any political donations or expenditure can be made. Although the Company does not make what, prior to the implementation of the 2006 Act, were usually regarded as political donations, it may incur expenditure on such items as sponsorship or attendance at political discussions and business liaison events organised by political parties within the EU on a non-partisan basis in order to ensure the issues and concerns of the Company are considered and addressed. Some of these activities may, as a result of the breadth of drafting used in the 2006 Act, be covered by the extended definitions in the 2006 Act and this resolution is being proposed to ensure that the Company remains within the law in carrying out these activities. The policy of not giving any cash contribution to political parties or independent election candidates will continue.

### **Share Purchases and Allotments**

Resolutions 14, 15 and 16 are similar to resolutions passed at last year's AGM except that this year's proposed resolutions reflect the relevant provisions of the 2006 Act. These provisions have been brought into force since last year's AGM and replace the previous provisions of the Companies Act 1985 (the '1985 Act'). We consider that Resolutions 14, 15 and 16 would give us the flexibility to take advantage of business opportunities should they arise, and we would anticipate similar resolutions being proposed again at each future AGM. In addition, Resolution 14 has been amended to reflect the guidelines issued in December 2008 by the Association of British Insurers on directors' authority to allot shares. These guidelines state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two thirds of the Company's issued share capital. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one third of the Company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue. The Directors have no present intention of exercising this authority. However if they do exercise this authority, the Directors intend to follow ABI recommendations concerning their use (including as regards the directors standing for re-election in certain cases).

### **Changes to Articles of Association**

We indicated in last year's notice of AGM our view that it would be prudent to defer any revisions of the Company's articles of association until the remaining provisions of the 2006 Act and the Shareholders Rights Directive (the 'Directive') had been brought into force in the UK. Following implementation of this legislation since last year's AGM, a wholesale review of the current articles has been undertaken. Resolution 17 is a proposal to adopt new articles of association at the AGM, which are intended to reflect the new legislation and current best market practice. A further detailed explanation of the changes can be found on pages 5, 6 and 7 of the notice of meeting. You can view the proposed new articles by visiting our website, [www.dairycrest.co.uk](http://www.dairycrest.co.uk).

### **Convening General Meetings**

Resolution 18 is similar to a resolution passed last year, to address one of the requirements of the Directive. The Directive stipulates that all general meetings (other than annual general meetings) must be held on 21 days' notice unless shareholders agree to a shorter notice period of at least 14 days. We are proposing this resolution at this year's AGM in order to preserve the right to call general meetings (other than annual general meetings) on 14 days' notice if there are circumstances where that is appropriate, until the following AGM. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is considered to be in the best interests of shareholders as a whole and the matter to be considered is time sensitive.

### **Shareholder Voting**

All shareholders have the opportunity to vote on the resolutions set out in the notice of meeting. This may be done in a variety of ways including: attending at the meeting and voting in person; or appointing the Chairman of the Company or another person as proxy to vote on the resolutions in accordance with your instructions. You can appoint a proxy by completing the form of proxy and returning it by post or by registering your appointment of a proxy online. Details of how to vote using a proxy are set out in the following pages or on the form of proxy, (enclosed, where appropriate). If you choose to vote by post or

online you may still subsequently attend the AGM and vote in person. Details of the levels of proxy appointments and associated voting instructions received prior to the AGM and details of votes conducted by poll at the AGM will be published on our website: [www.dairycrest.co.uk](http://www.dairycrest.co.uk) after the meeting.

### **Recommendation**

Your Directors believe that all of the proposals detailed in the notice of meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. They will be voting their own shareholdings in favour of all of the resolutions proposed and unanimously recommend that you also vote in favour of the proposed resolutions. The formal notice of the fourteenth AGM and explanatory notes set out in the following pages contain full details of all of the proposed resolutions to be considered at the AGM together with appropriate explanations.

### **Electronic Communication**

Many of you will be viewing this document on our website [www.dairycrest.co.uk](http://www.dairycrest.co.uk), following our announcement last year that we would notify shareholders of the electronic publication of future notices of meeting. This reflects our continuing belief that electronic communication with our shareholders benefits the environment through the use of fewer raw materials and enables more efficient management of shareholder funds through reduced costs. Consequently our intention from the next meeting is to distribute hard copy shareholder proxy and attendance cards only to those shareholders who have previously told us they wish to continue to receive hard copy communications. For those of you unable to join us at meetings in person, electronic proxy voting will become the primary means of voting on resolutions. We will continue to notify shareholders by post of the availability of electronic voting and of the publication of new communications addressed to our shareholders on our website unless they have indicated they wish to receive such notifications by e-mail. If you wish to register for e-mail communications, please register your preference on [www.shareview.co.uk](http://www.shareview.co.uk). We trust you will support this change.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Anthony Fry', written in a cursive style.

**Anthony Fry**  
Chairman (Non-Executive)