



Dairy Farmers of Britain Ltd
Alpha Building
London Road, Stapeley
Nantwich, Cheshire
CW5 7JW

«Member_Name»
«Address_1»
«Address_2»
«Address_3»
«Address_4»
«Postcode»

11 June 2009

Our ref: SMO/CA

Dear «Member_Name»,

Dairy Farmers of Britain Limited (Receivers and Managers Appointed) (known as the "Company" or "Dairy Farmers")

As you are aware, I was appointed as Joint Receiver and Manager of the Co-operative at 3pm on 3 June 2009 together with my colleagues Ian Green and David Kelly.

The purpose of this letter is to confirm the position regarding all the money owed to you and provide you with details of the meeting for farmer members who are owed money that will be held on 7 September 2009.

Communication with members

As you know I have held member meetings for all current supplying members from the date of my appointment in Carlisle, Stoke, Harrogate and St Clears right through last weekend. The members wanted to hear from me and I wanted to hear from them. I was helped with this by the Member Council, particularly Stephen Yates who chaired each of those member meetings. The Council continue to assist me in my work which I have welcomed as the members representative body.

Many of you have already visited the dedicated website which was set up to communicate with all of the Company's stakeholders, particularly the members.

The address of the website is as follows:

www.pwc.co.uk/dfob

I will be regularly updating this website with news of what is happening during this receivership, however I will also send a copy of all formal communications by post, and milk contract information by fax and email where available. Please advise us of any change in address by calling the members helpline on 08700 108 181.



Summary of the money you are owed

We committed at the members meetings that we would summarise the monies owed to you by the co-operative up to and including all collections of milk as at 3pm 3 June. This is summarised at Table 1. The enclosures with this letter are individual statements which support each of the balances.

Please review Table 1 and the supporting enclosures, check their accuracy and then sign and return one copy either to Dairy Farmers in Nantwich, or using the prepaid envelope to return it to PricewaterhouseCoopers, keeping the other copy for your files. The returned letter will form part of the records of the co-operative and will be used to calculate the total amount of money the co-operative owes. **There is no prospect of receiving any of this money back** and you should treat the total amount as a bad debt.

Debt to equity swap

On 27 March 2009 there was a debt to equity swap and I have asked my legal advisors to review this transaction in the, albeit unlikely event, it can be reversed. We understand, if this were possible, it may be beneficial to some members from a taxation perspective. I will post more information on the website when it is available, but members should assume the debt to equity swap cannot be reversed by the Co-operative unless they hear otherwise.

Meeting of members

Following my meetings with members in Carlisle, Stoke-on-Trent, Harrogate and Saint Clears, I was asked to agree to a further members meeting.

This meeting will be on 7 September 2009 and the venue will be decided in due course.

The purpose of this meeting is to update you on the progress of the receivership since my appointment, for me to provide some facts on the reasons for the Co-operative's receivership and to answer any questions you may have. You **do not** have to attend this meeting. The meeting will be for both members and ex-members. Advisors and the families of members and ex-members will also be able to attend the meeting if you so wish.

Prior to this meeting I will send you a summary report. This report will also be posted on the website.

If you will be attending the meeting, please email dfobfarmers@uk.pwc.com between 1 August 2009 and 31 August 2009 to register your attendance. Please include details of your name, your membership number and who will be attending. We will then forward you details of the start time and venue.



If you have any queries regarding the content of this letter, please do not hesitate to contact the Members helpline on 08700 108 181.

Yours sincerely

For and on behalf of the Company as its agent and without personal liability

A handwritten signature in blue ink, appearing to read 'S Oldfield', located below the typed name.

Stephen Oldfield
Joint Receiver and Manager
Dairy Farmers of Britain Limited

Enclosures:

Table 1 - Summary of amounts owed by Dairy Farmers of Britain Limited as at 3pm on 3 June 2009 (two copies enclosed)

May balance outstanding (where applicable)

June balance outstanding (where applicable)

Capital statement (where applicable)

Messrs Ian Green, David Kelly and Stephen Oldfield are all licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and were appointed as Receivers and Managers and in their capacity as agents of Dairy Farmers of Britain Limited at 3pm on the 3rd of June 2009. Neither they nor their partners, firm, employees or agents shall incur any personal liability howsoever arising from their actions or under or in connection with any deed or other document or agreement entered into on behalf of Dairy Farmers of Britain Limited pursuant to or in connection with their appointment or the performance of their duties as Receivers and Managers. In particular (but without prejudice to the generality of the foregoing) no such personal liability shall arise by virtue of either Sections 37(1)(a) or 44(1)(b) Insolvency Act 1986 or otherwise.



Table 1 – Summary of amounts owed to you by Dairy Farmers of Britain Limited at 3pm on 3 June 2009

Holding	Value (£)
Total Capital	«Cap_»
Milk Cheque – May	«May»
Milk Cheque – June ¹	«June»

Please see the enclosures for further detail regarding each of the above balances. Your capital statement also confirms the value of any guarantee you hold on behalf of DFOB.

Member number «Member»

Member's name «Member_Name»

Member's signature

Date

¹ Please note that we have calculated the amount owed in relation to June with reference to the average quality of your milk during May. Since in most cases we had not sampled the quality of milk supplied in June, and this seems the fairest way of making an estimate.

Messrs Ian Green, David Kelly and Stephen Oldfield are all licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and were appointed as Receivers and Managers and in their capacity as agents of DFB at 3pm on the 3rd of June 2009. Neither they nor their partners, firm, employees or agents shall incur any personal liability howsoever arising from their actions or under or in connection with any deed or other document or agreement entered into on behalf of DFB pursuant to or in connection with their appointment or the performance of their duties as Receivers and Managers. In particular (but without prejudice to the generality of the foregoing) no such personal liability shall arise by virtue of either Sections 37(1)(a) or 44(1)(b) Insolvency Act 1986 or otherwise.



Table 1 – Summary of amounts owed by Dairy Farmers of Britain Limited at 3pm on 3 June 2009

Holding	Value (£)
Total Equity	«Cap_»
Milk Cheque – May	«May»
Milk Cheque – June ¹	«June»

Please see the enclosures for further detail on each of the above balances. Your capital statement also confirms the value of any guarantee you hold on behalf of DFOB.

Member number «Member»

Member's name «Member_Name»

Member's signature

Date

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