

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»

8 July 2009

Our Ref: DJK/DAH

Dear «Saluation»

**Dairy Farmers of Britain Limited (Receivers and Managers Appointed) (known as the "Company" or "DFB")
Initial payment under the Monthly Contract**

I refer to the above matter and confirm that payment was made today directly into your bank account in respect of the milk supplied for the period commencing one minute **past** Midnight on 17th June 2009 until Midnight on 30th June 2009. This is the initial, on account payment under the Monthly Contract.

The Monthly Contract specifically provides for the payment of Base Prices for the purchase of Conventional, Channel Island and Organic milk. These Base Prices were notified to Members, by letter and via the website, on Friday 12 June 2009 and are:

- Conventional Milk – 10ppl
- Channel Islands Milk – 13ppl
- Organic Milk – 16ppl

A statement showing the litreage supplied and the Base Price used to calculate your payment is enclosed. We will pay the second payment due under the Monthly Contract, (for the period 1st July 2009 to 16th July 2009), by 23 July 2009.

As explained in previous communications, the Base Price will be part of the total price paid to farmers each month. The total price paid will be the trading margin for the month - in simple terms this is:

- | | |
|---|------------|
| ▪ Sales price achieved for milk | A |
| ▪ Less the costs of getting that milk to sale | <u>(B)</u> |
| ▪ Equals trading margin | C |

The total price paid for milk will be reconciled and calculated at the end of each payment period but will be a minimum of the Base Price and could be higher. Please remember that this calculation excludes Receivers and Managers fees.



This calculation will be completed at the end of the first monthly period, i.e. after 16th July 2009. Further information on the timing of final payments, if any, will be provided in due course.

Yours faithfully

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

A handwritten signature in black ink, appearing to read 'D. Kelly', with a horizontal line underneath.

David J Kelly
Joint Receiver and Manager
Dairy Farmers of Britain Limited

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.