

CREDIT AGREEMENT

bearing formal date of February 21, 2019

between

SAPUTO FOODS LIMITED

(as Borrower)

and

SAPUTO INC.

(as Covenantor)

and

THE LENDERS NAMED HEREIN AS LENDERS

(as Lenders)

and

NATIONAL BANK FINANCIAL MARKETS

(as Co-Lead Arranger and Joint Bookrunner)

and

BMO CAPITAL MARKETS

(as Co-Lead Arranger and Joint Bookrunner)

and

NATIONAL BANK OF CANADA

(as Administrative Agent)

and

BANK OF MONTREAL

(as Syndication Agent)

GBP1,265,000,000 CREDIT FACILITY

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CREDIT AGREEMENT entered into at Montréal, Province of Québec, as of February 21, 2019.

BETWEEN: **SAPUTO FOODS LIMITED**, a corporation incorporated under the *Canada Business Corporations Act*, as Borrower;

AND: **SAPUTO INC.**, a corporation incorporated under the *Canada Business Corporations Act*, as Covenantor;

AND: **THE LENDERS SET FORTH IN SCHEDULE "A"**, as Lenders;

AND: **NATIONAL BANK OF CANADA**, as Administrative Agent;

WHEREAS Saputo Inc. and the Borrower have requested that the Lenders make available to the Borrower a non-revolving term facility consisting of a 1-year Tranche in an amount of GBP400,000,000, a 2-year Tranche in an amount of GBP265,000,000 and a 3-year Tranche in an amount of GBP600,000,000, of which an aggregate amount of GBP975,722,681 will be used for the purpose of financing the Acquisition and an aggregate amount of GBP289,277,319 will be used for the purpose of refinancing the Target Debt and paying the Scheme Costs or the Offer Costs (as applicable);

WHEREAS the Borrower is a wholly-owned Subsidiary of Saputo Inc.; and

WHEREAS the Lenders are willing to make such facility available to the Borrower and the Agent has agreed to act in such capacity on the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

Unless there be something in the subject or the context inconsistent therewith, the capitalized words and expressions used in this Agreement, in its schedules or in any deed or agreement supplemental or ancillary hereto, shall have the meaning ascribed to them in this Section 1.1.

"**Acquisition**" means the acquisition by Bidco of the Target Shares to be effected by way of:

- (a) a Scheme Acquisition; or
- (b) an Offer Acquisition.

"Acquisition Documents" means:

- (a) in the case of a Scheme Acquisition, the Scheme Documents; or
- (b) in the case of an Offer Acquisition, the Offer Documents.

"Affiliate" means a body corporate which is an affiliate within the meaning given to such term as of the date hereof in the *Canada Business Corporations Act* as well as a partnership or limited partnership that would be deemed, because of the way the shares of its capital stock are held, to be an affiliate within the meaning of said act if it were a corporation governed by said act;

"Agent" means National Bank of Canada, in its capacity as administrative agent for the Lenders for the purpose of this Agreement, the Interlender Agreement and the Guarantee and Subordination Agreement, and includes any successor to National Bank of Canada in such capacity;

"Anti-money Laundering Laws" refers collectively to all laws, regulations and government guidance on the prevention and detection of money laundering violations which are in effect in Canada, the United States, Australia, the United Kingdom or any other jurisdiction (including the European Union);

"Approvals" has the meaning ascribed to it in Section 13.11;

"Approving Lender" has the meaning ascribed to it in Section 19.2;

"Assignment" has the meaning ascribed to in subsection 19.5.1;

"Assignment Agreement" has the meaning ascribed to it under subsection 19.5.1;

"Availability Period" means, subject to Section 2.4.2 the Certain Funds Period plus 120 days;

"BA CDOR Rate" means, for any day, the average rate for bankers' acceptances denominated in Dollars having a maturity of 30 days which appears on the Reuters Screen CDOR page or other reputable service around 10:30 a.m., on such day, or if such day is not a Business Day, then on the immediately preceding Business Day. If for any such Business Day such rate does not appear on such CDOR page, **"BA CDOR Rate"** shall mean, for such Business Day, the discount rate (expressed as an annual percentage, rounded to the nearest fifth decimal point) charged by money market jobbers for non-interest bearing bills of exchange in Dollars accepted by National Bank of Canada, having a maturity of 30 days, provided that if, on any day, the BA CDOR Rate so determined is less than zero per cent (0%), then the BA CDOR Rate on such day shall be deemed to be zero percent (0%);

"BA Equivalent Advance" means an advance in Dollars evidenced by a Discount Note;

"Banker's Acceptance" means (i) a term bill of exchange denominated in Dollars drawn by the Borrower on the standard form used by a Lender which is accepted by such Lender or a Depository Bill denominated in Dollars and (ii) a Discount Note;

"Bidco" means Saputo Dairy UK Limited, a special purpose entity which is a wholly-owned Subsidiary of the Borrower incorporated under the laws of England and Wales;

"Borrower" means Saputo Foods Limited;

"Borrower's Account" refers individually to any of the Dollar account, US Dollar account or the GBP account established on behalf of the Borrower by the Agent at the Branch of Account pursuant to Section 3.3 and **"Borrower's Accounts"** refers collectively to all such accounts;

"Branch of Account" means the branch of the Agent located at 600 West, de La Gauchetière, Montreal, Province of Quebec, H3B 4L8 or such other office or branch of the Agent as the Agent may specify from time to time as the branch of account, after notice to the Borrower;

"BSA" means the *Bank Secrecy Act*, 31 U.S.C. §§ 5311 et seq.;

"Business Day" means a day on which banks are open for business in Montreal and in Toronto, excluding Saturday and Sunday; when such term is used in the context of a Prime Rate Advance denominated in US Dollars, such day must also be a day on which banks are open for business in New York City and when such term is used in the context of a Libor Advance, such day must also be a day on which banks are open for business in New York City and London, England;

"Cash Equivalent" means, as at any date:

- (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the government of Canada or the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of Canada or the United States of America), in each case maturing within one (1) year of the relevant date;
- (ii) marketable general obligations issued by any Province of Canada or by any State of the United States of America or any political subdivision of any such Province or State or any corporation or public instrumentality thereof maturing within one (1) year of the relevant date and having a credit rating of at least A-3 from Standard and Poor's Rating Services or its equivalent from Moody's Investors Services, Inc.;
- (iii) investments in commercial paper or other similar marketable promissory notes maturing no longer than 12 months from the relevant date and having a credit rating of least A-3 from Standard and Poor's Rating Services or its equivalent from Moody's Investors Services, Inc.;
- (iv) investments in Canadian or United States of America certificates of deposit, banker's acceptance and time deposits maturing within 12 months of the relevant date, issued, guaranteed by or placed with, and money market deposit accounts

issued or offered by (y) any Lender, or (z) any commercial bank or trust company organized or licensed under the Laws of Canada or the United States of America, or any Province or State thereof, having a credit rating of at least A-3 from Standard and Poor's Rating Services or its equivalent from Moody's Investors Services, Inc.; and

- (v) investments in money market funds or other mutual funds that invest in, or repurchase obligations that are comprised of the types of Cash Equivalent described in clauses (i) to (iv) above;

"Cdn Prime Rate" means, for any day, a rate per annum equal to the greater of (i) NBC Prime Rate in effect on such day and (ii) the BA CDOR Rate in effect on such day plus 1% per annum;

"Certain Funds Period" means :

- (a) in the case of a Scheme Acquisition, the period commencing on the date of this Agreement and ending on the earliest of:
 - (i) the date falling September 14, 2019;
 - (ii) the date on which the then-current Scheme lapses or is withdrawn or the relevant court refuses to sanction the then-current Scheme and rejects it (without proposing or contemplating an adjournment) (unless prior to that date the Borrower has notified the Agent in accordance with Section 15.12 that the Acquisition is to be implemented by way of an Offer); and
 - (iii) the date on which the Target becomes a wholly-owned Subsidiary of Bidco and Bidco has paid all sums due pursuant to the Acquisition, including any surrender or cancellation of options or awards over Target Shares.
- (b) in the case of an Offer Acquisition, the period commencing on the date of this Agreement and ending on the earliest of:
 - (i) the date falling September 14, 2019;
 - (ii) the date on which the then-current Offer lapses, terminates or is withdrawn in accordance with its terms and in compliance with the Takeover Code, the requirements of the Takeover Panel and all applicable laws and regulations (unless prior to that date the Borrower has notified the Agent in accordance with Section 15.12 that the Acquisition is to be implemented by way of a Scheme); and
 - (iii) the date on which the Target becomes a wholly-owned Subsidiary of Bidco and Bidco has paid all sums due pursuant to the Acquisition, including any Squeeze-out Procedure and any surrender or cancellation of options or awards over Target Shares.

"Clean-Up Date" means the date falling 60 days after the Scheme Effective Date or Unconditional Date (as applicable);

"**Compliance Certificate**" means a certificate relating, *inter alia*, to the absence of a Default and the calculation of the EBITDA Threshold and the financial covenants provided for in Section 14.8, such certificate to be substantially in the form attached hereto as Schedule "C" and to be signed by a financial officer of Saputo;

"**Commitment**" means, with respect to each Lender, its proportion (expressed as a percentage or as an amount, as the case may be) of the amount of the Facility or, as applicable, of the relevant Tranche, as specified opposite its name in Schedule A, and "**Commitments**" means, the aggregate of the Commitments of all Lenders;

"**Contaminant**" means, any pollutants, contaminants, hazardous materials, residue, waste or substance of any nature, as defined or regulated in any Environmental Law;

"**Control**" means control within the meaning given to such term as of the date hereof in the *Canada Business Corporations Act*;

"**Conversion Date**" means, as the case may be, the date as of which a currency conversion occurs or the date as of which any basis of calculating interest on the whole or any part of the Loans is converted into another or is continued on the same basis or the date as of which any part of the Loans is converted into or continued as a Banker's Acceptance;

"**Credit Rating**" means a credit rating attributed by any one of the Rating Agencies to Saputo's senior unsecured long-term debt;

"**Default**" means any event or circumstance which constitutes an Event of Default or which, with the passage of time or the giving of notice or both, would constitute an Event of Default;

"**Defaulting Lender**" has the meaning ascribed to it in Section 19.8.1;

"**Depositary Bill**" means a depositary bill subject to the *Depositary Bills and Notes Act* (Canada);

"**Depositary Note**" means a depositary note subject to the *Depositary Bills and Notes Act* (Canada);

"**Derivative Instrument**" means any agreement with respect to any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions);

"Discount" means if it is:

- (i) a term bill of exchange accepted by a Lender which is a bank or a Depository Bill: the difference between the face amount of such Banker's Acceptance and the price at which such Banker's Acceptance could be sold on the money market at the time of its issue, calculated on the basis of the following formula:

$$F^{(1)} \times \left[1 - \frac{1}{1 + (\text{Rate}^{(2)} \times n^{(3)} / 365)} \right]$$

and

- (ii) a Discount Note: the discount applicable to Bankers' Acceptances referred to in (i) above issued on the same day as such Discount Note;

"Discount Note" means a non-interest bearing promissory note or a Depository Note, denominated in Dollars, issued by a Lender to a Non-BA Lender to evidence a BA Equivalent Advance and having a rate of return equivalent to the Discount;

"Discounted Proceeds" means, with respect to any Banker's Acceptance which is not a Discount Note, the amount obtained by subtracting the applicable Discount from the face amount of such Banker's Acceptance;

"Disposal" has the meaning ascribed to it in Section 15.2;

"Dissenting Lender" has the meaning ascribed to it in Section 19.2;

"Dollars" and "\$" means the lawful currency of Canada;

"EBITDA" means, the net earnings of the applicable Person for the rolling four-quarter period ending on the date EBITDA is determined, plus Interest Expense, income taxes, depreciation and amortization, to the extent such items have been deducted in calculating net earnings, provided that net earnings shall be calculated excluding extraordinary, non-recurrent or unusual items that would give rise to separate disclosure of income and expense as per generally accepted accounting principles (other than inventory write-downs) and transaction fees that would have been capitalized prior to the coming into effect of the International Financial Reporting Standards;

"EBITDA Threshold" has the meaning ascribed to it in Section 12.2;

¹ Face amount of the Banker's Acceptance.

² Discount rate applicable on the money market to bankers' acceptances of the Lender who is the Agent at the time of issue for bankers' acceptances of the selected period. This rate is expressed as an annual rate on the basis of a 365-day year.

³ Number of days until maturity of the Banker's Acceptance.

"Environmental Activity" means any activity, presence, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil (land surface or subsurface strata), surface water or groundwater;

"Environmental Law" means any and all Laws relating to the protection of the environment and human health and safety or relating to any Environmental Activity;

"Equivalent" means the equivalent in any one currency of any value or sum denominated or expressed in any other currency using the rate of exchange referred to in Section 10.4, the whole as calculated by the Agent, as at the date that any such calculation is so required to be made;

"ERISA" means the *Employee Retirement Income Security Act* of 1974 of the United States of America, as amended from time to time, together with all rules and regulations promulgated from time to time thereunder;

"ERISA Affiliate" means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the US Revenue Code of which the Borrower, the Guarantors or their Subsidiaries is a member and (ii) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the US Revenue Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the US Revenue Code, described in Section 414(m) or (o) of the US Revenue Code of which the Borrower, the Guarantors or their Subsidiaries is a member;

"Event of Default" has the meaning ascribed to it in Section 16.1;

"Existing Loan Documents" means collectively (i) the Second Amended and Restated Credit Agreement dated August 1, 2012 between Saputo, Saputo Foods Limited, Saputo Dairy Products Canada G.P., Saputo U.S., L.P. and Saputo Cheese USA Inc., as borrowers, National Bank of Canada, as administrative agent and the other parties thereto, as same may be amended, supplemented or restated from time to time; (ii) the Credit Agreement dated December 21, 2017 between Saputo, as Covenantor, Saputo Foods Limited, as borrower, National Bank of Canada, as administrative agent and the other parties thereto, as same may be amended, supplemented or restated from time to time, and (iii) the trust indenture providing for the issue of medium term notes dated November 4, 2014 among Saputo as issuer and Computershare Trust Company of Canada as trustee, as amended, supplemented and restated from time to time, and including all notes issued thereunder (including under supplemental agreements);

"Facility" means the non-revolving term facility referred to in Section 2.1 which is made available to the Borrower by the Lenders;

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof;

"Federal Funds Effective Rate" means, on any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published the following Business Day by the Federal Reserve Bank of New York or, if such rate is not published for any day which is a Business Day, the average quotations for the day for such transactions received by the Agent from three federal funds brokers of recognized standing selected by the Agent; provided that if, on any day, the Federal Funds Effective Rate so determined is less than zero per cent (0%), then the Federal Funds Effective Rate on such day shall be deemed to be zero percent (0%);

"GBP" or the symbol **"£"** means the lawful currency of the United Kingdom;

"Guarantee" means any obligation, contingent or not, directly or indirectly guaranteeing any liability or indebtedness of any Person or protecting a creditor of such Person from a loss in respect of such liability or indebtedness or having the same economic effect;

"Guarantee and Subordination Agreement" refers to the Guarantee and Subordination Agreement to be delivered to the Agent by the Guarantors on the date hereof pursuant to Section 4.1.1 and, with respect to any Person who becomes a Guarantor after the date hereof, a supplemental agreement substantially in the form attached to such Guarantee and Subordination Agreement;

"Guarantors" refers collectively to:

- (a) as at the date of this Agreement, Saputo, Saputo U.S. L.P., Saputo Dairy Products Canada G.P., Saputo Cheese USA Inc., Saputo Dairy Foods USA, LLC and Saputo Dairy Australia Pty Ltd; and
- (b) any Subsidiary of Saputo who becomes a Guarantor after the date hereof pursuant to subsection 12.2.2,

in each case until such time (if any) as such person is released as Guarantor pursuant to subsection 12.3.

"Indebtedness" includes, for any Person:

- (i) obligations for borrowed money, including under bankers' acceptances;
- (ii) obligations under letters of credit or letters of guarantee or obligations to financial institutions who issued such letters of credit or letters of guarantee for the account of such Person;
- (iii) obligations representing the deferred purchase price of property or services and lease obligations which would be shown as a liability on a balance sheet of such Person, which in the aggregate exceed US\$5,000,000;
- (iv) the Risk Value of Derivative Instruments;

- (v) any other obligations which in accordance with generally accepted accounting principles would constitute a liability on the balance sheet of such Person; and
- (vi) Guarantees securing obligations of another Person of the type listed in clauses (i) to (v) (except by reason of endorsement for collection in the ordinary course of business);

"Indemnified Liabilities" has the meaning ascribed to it in Section 17.6;

"Indemnified Parties" has the meaning ascribed to it in Section 17.6;

"Initial Notice" has the meaning ascribed to it in Section 6.5 or Section 8.13 (as applicable);

"Interest-Bearing Debt" means, as at any time, the aggregate amount of Indebtedness of Saputo and its Subsidiaries listed in clauses (i), (ii), and (iii) of the definition of "Indebtedness" hereof, determined on a consolidated basis, and all Guarantees by Saputo or any of its Subsidiaries of Indebtedness of another Person of the type listed in such clauses (i), (ii), and (iii), it being understood that Indebtedness of the type listed in clauses (iv) and (v) of the definition of Indebtedness as well as Guarantees of Indebtedness of the type listed in such clauses (iv) and (v) do not constitute Interest-Bearing Debt;

"Interest-Bearing Debt/EBITDA Ratio" means, at any time, with respect to Saputo, the ratio calculated on a consolidated basis of (i) the Interest-Bearing Debt at such time, net of cash and of Cash Equivalent (to the extent Saputo has discretionary use of such cash or Cash Equivalent and that same are free and clear of any Lien and have not been deposited in trust or in escrow in connection with any obligation, other than Interest-Bearing Debt), over (ii) EBITDA for the period ending at (or immediately preceding) the time at which such ratio shall be determined;

"Interest Coverage Ratio" means, at any time, with respect to Saputo, the ratio calculated on a consolidated basis of (i) EBITDA for the period ending at (or immediately preceding) the time at which such ratio shall be determined, over (ii) Interest Expense for such period;

"Interest Expense" means, for a given period, interest and other financial charges paid or accrued on the Indebtedness of a Person during such period, including fees on bankers' acceptances, letters of guarantee and letters of credit;

"Interlender Agreement" refers to that certain interlender agreement to be entered into immediately after the execution of this Agreement among the Lenders, the Agent and the Borrower, as same may be amended, supplemented or restated from time to time;

"Law" means all applicable provisions of statutes, ordinances, decrees, orders in council, rules, regulations, policies and guidelines and orders of governmental bodies and all applicable orders and decrees of courts and arbitrators;

"Lender" refers individually, as at any time, to any Lender and **"Lenders"** refers collectively, as at any time, to the Lenders;

"Lenders-Indemnified Parties" has the meaning ascribed to it in Section 18.1;

"Libor Advance" means a direct advance denominated in US\$ or GBP (as applicable) bearing interest calculated on the Libor Basis;

"Libor Basis" means the calculation of interest on the outstanding amount of monies advanced in US Dollars or GBP (as applicable) under the Facility or any portion thereof as provided under Section 6.1;

"Libor Interest Payment Date" means the last day of a Libor Interest Period and, if such Libor Interest Period is longer than three (3) months, the last day of every period of three (3) months after the beginning of such Libor Interest Period;

"Libor Interest Period" means a period of at least one (1) month and of no more than six (6) months, as selected by the Borrower, commencing the day on which a Libor Advance is made or renewed and ending the last day of such period;

"Libor Rate" means, with respect to any Libor Advance, the annual rate of interest determined by the Agent as being (a) the average rate for deposits in US Dollars or GBP (as applicable) in the London interbank market which is shown on the applicable page of the Reuters service (or, if such service ceases to be available, any similar reputable service selected by the Agent) as of 11:00 a.m. (London, England time) on the second Business Day prior to the commencement of the Selected Maturity of such Libor Advance if same is to be in US Dollars or on the date of the commencement of the Selected Maturity of such Libor Advance if same is to be in GBP and, in each case, for a comparable period, or (b) if such rate is not available, the annual rate (rounded up to the nearest 0.01%) which the Agent is prepared to offer in the London interbank market for taking deposits in US Dollars or GBP (as applicable) at approximately 11:00 a.m. (London time) on the relevant day and for a comparable period; provided that if, on any day, the Libor Rate so determined under clauses (a) and (b) is less than zero per cent (0%), then the Libor Rate on such day shall be deemed to be zero percent (0%);

"Lien" means any security interest, hypothec, mortgage, pledge, lien (statutory or other) or similar encumbrance, or any cession, transfer or assignment by way of security (including any agreement to grant or agree to grant any of the foregoing), any conditional sale or other title retention agreement or any lease which will be capitalized on a balance sheet of the lessee and, for greater certainty, a Person is deemed to own subject to a Lien securing obligations incurred for financing purposes any property that such Person has acquired or holds under any such conditional sale, title retention agreement or capital lease;

"Loan Documents" means this Agreement, the Interlender Agreement, the Guarantee and Subordination Agreements, any note issued pursuant to Section 19.6 and any other present and future document relating to any of the foregoing, in each case, as amended, supplemented or restated;

"Loans" means, as at any time, the sum of the Prime Rate Advances, the Libor Advances, the face amount of the Bankers' Acceptances plus any other amounts in principal, interest and fees and interest on arrears of interest and fees, payable to the Lenders hereunder by the Borrower;

"Losses" has the meaning ascribed to it in Section 18.1;

“Major Default” means any of the Events of Default set out in the sections of this Agreement listed below, in each case to the extent that they relate only to the Borrower or Saputo (and not for the avoidance of doubt as they relate to any representation or procurement obligations in respect of any member of the Target Group or any other Subsidiaries of Saputo);

- (a) Sections 16.1.1 and 16.1.2 [payment default] but only to the extent relating to the payment of principal, interest and Stamping Fees;
- (b) Section 16.1.3 [breach of negative covenants] but read for the purposes of this paragraph by omitting the phrase in the parenthesis and only to the extent relating to breaches of Sections 15.1 (*Consolidation, Amalgamation, Merger*), 15.2 (*Sale of Assets*), other than the proviso on Securitization Programs, 15.4 (*Corporate Restructuring*), 15.5 (*Liens*), 15.6 (*Change of Business*), 15.7 (*Redemption of Shares*), 15.10 (*Consideration and Terms and Conditions of the Scheme*) or 15.11 (*Use of Proceeds*);
- (c) Section 16.1.4 [breach of affirmative covenants] but only to the extent relating to breaches of Sections 13.3 (b) (i) and (ii) and 14.1 (*The Acquisition*);
- (d) Section 16.1.5 [insolvency], except that, with respect to clause (ii) of Section 16.1.5, the filing of a Proceeding (as defined in Section 16.1.5) against the Borrower or Saputo will not be a Major Default before the expiry of the 30-day period specified in such clause (ii) of Section 16.1.5 if such proceeding is contested as soon as reasonably practicable; and
- (e) Section 16.1.6 [breach of representations] but only to the extent relating to breaches of the Major Representation and that such breach has not been cured prior to the relevant drawdown.

“Major Representations” means in respect of only the Borrower or Saputo (and not for the avoidance of doubt as they relate to any representation or procurement obligation in respect of any member of the Target Group or any other Subsidiaries of Saputo) the representations and warranties set out in:

- (a) Section 13.1 (*Organization*), provided that for the purpose of this paragraph, Section 13.1 shall be read by omitting the phrase "is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction in which it carries on business";
- (b) Section 13.2 (*Authorization of Documents*);
- (c) Section 13.4 (*No conflict*), other than paragraph (y) thereof;
- (d) Section 13.13.1 (*Status of Guarantors as Wholly-Owned Subsidiary*) but only to the extent relating to the Borrower;

"Majority Lenders" means, as at any time, Lenders having collectively no less than 51% of the Commitments;

"Material Adverse Effect" means the occurrence or the failure to occur of any event or series of events which either singly or in the aggregate would have a material adverse effect on the ability of the Borrower or any Guarantor to perform their obligations under any of the Loan Documents;

"Material Indebtedness" means outstanding Indebtedness, on a consolidated basis, of Saputo aggregating the greater of (i) \$50,000,000 or its Equivalent in another currency and (ii) 2 % of Shareholders' Equity;

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA);

"NBC Prime Rate" means, for any day, the rate of interest, expressed as an annual rate, quoted or announced on such day by the Agent in the City of Montreal, as being its reference rate of interest then in effect for determining interest rates on commercial loans by the Agent made in Canada in Dollars;

"NBC US Prime Rate" means, for any day, with respect to Prime Rate Advances denominated in US\$ made to the Borrower, the rate of interest, expressed as an annual rate, quoted or announced on such day by the Agent, as being its reference rate of interest then in effect for determining interest rates on commercial loans made by the Agent in Canada in US\$ (such reference rate applicable to loans in Canada being also known as the US base rate);

"Non-BA Lender" means a Lender which cannot or does not as a matter of policy accept bankers' acceptances in the form of a term bill of exchange or a Depository Bill;

"Non-U.S. Plan" has the meaning ascribed to it in Section 13.15.2;

"Obligations" has the meaning ascribed to it in Section 12.1;

"Offer" means any offer proposed to be made by Bidco to acquire the Target Shares, substantially on the terms set out in the Offer Press Release, as such terms or offer may from time to time be amended, added to, revised, renewed, waived or extended as permitted by this Agreement;

"Offer Acquisition" means any acquisition by Bidco of the Target Shares, to be effected by way of

- (a) an Offer, and
- (b) if applicable, the Squeeze-out Procedure; and
- (c) if applicable, the surrender or cancellation of options or awards over Target Shares;

"Offer Costs" means all costs, fees (including any arrangement, up-front or other fees payable to the Agent or any Lender in connection with this Agreement) and expenses (and taxes thereon) and all stamp, documentary, registration or similar taxes payable by or incurred by or on behalf of the Borrower, Bidco or their respective Affiliates in connection with any Offer, including without limitation the preparation and negotiation of and entry into the necessary financing

documentation and all other documentation in relation to any Offer and the financing of the Offer Acquisition;

“Offer Document” means any Offer Press Release, any other document dispatched to the shareholders of the Target generally in relation to any Offer by or on behalf of Bidco and containing the terms of an Offer which is consistent in all material respects with the terms of the Offer Press Release, except as those terms may from time to time be amended, added to, revised, renewed or varied as permitted by this Agreement and any document designated as an "Offer Document" by the Borrower.

“Offer Press Release” “means the press announcement to be released by or on behalf of Bidco or by Saputo pursuant to Rule 2.7 of the Takeover Code announcing the terms and conditions of an Offer, substantially in the form agreed with the Lenders prior to its issue (unless conversion pursuant to Section 15.12 (Choice of Scheme or Offer) has occurred in which case it shall be in substantially the same terms as set out in the Scheme Press Release save only for changes necessary to reflect that the Acquisition shall be completed by way of Offer rather than by way of Scheme as permitted by this Agreement) and for including a minimum acceptance condition requiring that Bidco shall have received valid acceptances in respect of Target Shares representing not less than 90% of the voting rights carried by the Target Shares;

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA;

"Permitted Encumbrances" means the following Liens and other encumbrances:

- (i) the reservation in the original grant of an immovable from the Crown;
- (ii) Liens and other encumbrances created, granted or otherwise required pursuant to the Loan Documents or the Existing Loan Documents to the extent, in the latter case, that a similar Lien or other encumbrance is created or granted pursuant to the Loan Documents;
- (iii) servitudes of rights of way or for purposes of public utility, zonings, or easements affecting the use of any immovable property of the Borrower, any Guarantor or their respective Subsidiaries, which will not materially or adversely impair the use for which any one of the said immovable properties is intended;
- (iv) which are customary inchoate or minor property Liens incurred in the ordinary course of business for debts (A) which are not overdue and which, in the aggregate, do not significantly reduce the value of the Property or significantly impair the use for which they were intended or (B) which are being contested in good faith and by appropriate proceedings;
- (v) title defects or irregularities which are non-material and in the aggregate will not substantially impair the use of the Property affected by any such title defect or irregularity for the purposes for which it is held by the Borrower, any Guarantor or their respective Subsidiaries;

- (vi) the pledges or deposits made pursuant to Laws relating to workmen's compensation or similar Laws, or deposits made in good faith in connection with offers, tenders, leases or contracts (excluding, however, the borrowing of money or the repayment of money borrowed), deposits of cash or securities in order to secure appeal bonds or bonds required in respect of judicial proceedings;
- (vii) for taxes or assessments not yet due or for which payment is not yet delinquent;
- (viii) for taxes or assessments, due or past due and payable, the validity of which is being contested in good faith by the Borrower, any Guarantor or their respective Subsidiaries by appropriate proceedings timely instituted; provided, however, that where taxes must be paid or deposited in whole or in part subject to resolution of such contest in order to stay enforcement of such Lien, such taxes or required part thereof shall have been so paid or deposited;
- (ix) for services performed for or materials delivered to the Borrower, any Guarantor or their respective Subsidiaries for which payment is not yet delinquent, and attachments, judgments and other similar Liens arising in connection with services performed or materials delivered; provided, however, that the execution or other enforcement of such liens is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;
- (x) Liens or other encumbrances securing judgments for the payment of money in respect of which an appeal has been made and a suspension of execution has been obtained pending the appeal but only to the extent that failure to pay such judgments does not otherwise constitute an Event of Default;
- (xi) Liens created pursuant to a Securitization Program permitted under this Agreement, provided that such Liens attach only to the assets subject to such Securitization Program;
- (xii) Liens on the assets of any Person that becomes a Subsidiary or on assets acquired by the Borrower, any Guarantor or their Subsidiaries, in each case, pursuant to an acquisition permitted hereunder and provided that such Liens were in existence prior to such acquisition and were not created in the contemplation of same;
- (xiii) other Liens on the assets of the Borrower, any Guarantor and their Subsidiaries securing obligations incurred or assumed by them for general corporate purposes, including for financing purposes; and
- (xiv) any extension, renewal or replacement of any Lien permitted by clauses (i) through (xiii) above, provided that no Event of Default shall occur and be continuing or would result therefrom;

provided that the aggregate amount of the obligations secured by Liens referred to in clauses (xi), (xii) and (xiii) and any extension, renewal or replacement thereof does not exceed at any time 15% of Shareholders' Equity; and provided further that (y) obligations secured by Liens referred to in clause (xii) shall be excluded from the calculation of such 15% threshold for a period of 180

days following the related acquisition, and (z) no Lien referred to in this paragraph shall affect the shares or other ownership interests in the capital of the Borrower or any Guarantor (other than Saputo);

"Person" means any corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization, government or any department, agency or instrumentality of any government;

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five (5) years, has been established or maintained, or to which contributions are or, within the preceding five (5) years, have been made or required to be made, by the Borrower or any ERISA Affiliate or with respect to which the Borrower or any ERISA Affiliate may have any liability;

"Prime Rate Advance" means a direct advance denominated in Cdn\$ or in US\$ bearing interest calculated on the Prime Rate Basis;

"Prime Rate Basis" with respect to any principal amount denominated in Dollars, means the calculation of interest as provided under Section 5.1 and, with respect to any principal amount denominated in US Dollars, means the calculation of interest as provided under Section 5.2;

"Proceedings" has the meaning ascribed to it in subsection 16.1.5;

"Properties" and **"Property"** mean the collective reference on a consolidated basis to the assets and properties of Saputo and its Subsidiaries, unless the context requires that it apply to the Borrower, any Guarantor or their respective Subsidiaries particularly;

"Pro Rata Share" means, with respect to any Lender, the ratio of the Commitment of such Lender to the Commitments;

"Rating Agency" means any of DBRS Limited, Moody's Canada Inc. and Standard & Poor's Rating Services (Canada), or, if any of the foregoing does not (or ceases to) assign a publicly available rating to the senior unsecured long-term debt of Saputo, such replacement recognized securities rating agency as may be selected by Saputo, which assigns such a rating and is reasonably acceptable to the Majority Lenders;

"Release" means discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

"Relevant Margin (or Rate)" has the meaning ascribed to it in Schedule "B";

"Risk Value of Derivative Instruments" means, at any time, the negative mark-to-market value of the Derivative Instruments to which any Guarantor is a party, as determined in accordance with normal market practices;

"Rollover Date" means with respect to a Banker's Acceptance or Libor Advance the Conversion Date or the date of any advance where the Borrower has elected that such advance be made by

way of Bankers' Acceptances or that interest thereon be calculated on a Libor Basis, as the case may be;

"**Saputo**" means Saputo Inc., a corporation incorporated under the *Canada Business Corporations Act*, and includes any successor thereto;

"**Saputo Family**" means Mr. Emanuele (Lino) Saputo, his common-law partner (within the meaning of the *Income Tax Act* (Canada)), their children and their respective common-law partners, Mr. Emanuele (Lino) Saputo's brothers and sisters and their respective common-law partners and their children, as well as any successor thereof provided that such successor has agreed to exercise its voting rights attached to any Saputo shares in accordance with the instructions of another Person (other than another successor) who is a member of the Saputo Family under this definition;

"**Scheme**" means any scheme of arrangement to be proposed by the Target to its shareholders under Part 26 of the Companies Act 2006 in connection with the Scheme Acquisition, as such scheme may from time to time be amended, added to, revised, renewed or varied, including by the making available of any alternative consideration under such scheme, as permitted by this Agreement;

"**Scheme Acquisition**" means the acquisition by Bidco of the Target Shares, to be effected by way of an arrangement under Part 26 of the Companies Act 2006 and, if applicable, the surrender or cancellation of options and awards over Target Shares;

"**Scheme Circular**" means a document to be issued by or on behalf of the Target to shareholders of the Target setting out the proposals for a Scheme which is consistent in all material respects with the terms of the Scheme Press Release, except as those terms may from time to time be amended, added to, revised, renewed or varied as permitted by this Agreement;

"**Scheme Costs**" means all costs, fees (including any arrangement, up-front or other fees payable to the Agent or any Lender in connection with this Agreement) and expenses (and taxes thereon) and all stamp, documentary, registration or similar taxes and duties payable by or incurred by or on behalf of the Borrower, Bidco or their respective Affiliates in connection with any Scheme including, without limitation, the preparation and negotiation of and entry into the necessary financing documents and all other documentation in relation to any Scheme and the financing of the Scheme Acquisition;

"**Scheme Documents**" means any Scheme Press Release, any Scheme Circular and any other document designated as a "Scheme Document" by the Borrower;

"**Scheme Effective Date**" means the date of delivery to the Registrar of Companies in England and Wales of an office copy of the order of the High Court of Justice in England and Wales sanctioning the Scheme under section 899 of the Companies Act 2006 (the "**Court Order**");

"**Scheme Press Release**" means the press announcement to be released by or on behalf of Bidco and the Target announcing the intention of the Target to propose a Scheme pursuant to Rule 2.7 of the Takeover Code and containing the terms and conditions of the Scheme, substantially in the form agreed with the Lenders prior to its issue;

"Securitization Programs" means programs entered into by Saputo or any of its Subsidiaries, pursuant to which Saputo or any of its Subsidiaries is transferring or pledging its accounts receivables to a trust, partnership, corporation or other Person, directly or indirectly, which transfer or pledge is funded by such trust, partnership, corporation or other Person in whole or in part by borrowings or the issuance of instruments or securities that are paid principally from the cash flow derived from such accounts receivables, in each case on customary terms for fair market value consideration;

"Selected Amount" means, with respect to:

- (i) Bankers' Acceptances, the whole or any portion of any advance in Dollars under any Tranche or any portion of the Loans outstanding under such Tranche, which the Borrower has requested to be or become outstanding by way of Bankers' Acceptances; and
- (ii) Libor Advances, the whole or any portion of any advance in US\$ or GBP (as applicable) under any Tranche or any portion of the Loans outstanding under any such Tranche, which the Borrower has requested that interest payable thereon be calculated on a Libor Basis;

"Selected Maturity" means, with respect to any Banker's Acceptance or Libor Advance, the maturity elected by the Borrower under the provisions of Sections 6.4 and 8.2, as the case may be;

"Shareholders' Equity" means the amount of total equity of Saputo as set forth in the consolidated balance sheet contained in the most recently available quarterly financial statements of Saputo prepared in accordance with generally accepted accounting principles in effect from time to time in Canada (including the International Financial Reporting Standards);

"Solvent" means, with respect to any Person at any relevant time, that such Person (a) has capital sufficient to carry on its business transactions and all business and transactions in which it is about to engage and is able to pay its liabilities as they mature, (b) has assets having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay its liabilities (including contingencies), and (c) does not believe that it will incur liabilities beyond its ability to pay such liabilities as they mature;

"Squeeze-out Notice" means a notice under section 979 of the Companies Act 2006 given by Bidco to a shareholder of the Target who has not accepted the Offer implementing the Squeeze-out Procedure;

"Squeeze-out Procedure" means the procedure set out in sections 979 to 982 (inclusive) of the Companies Act 2006 that allows Bidco to compulsorily acquire the Target Shares of a shareholder in the Target that has not accepted the Offer;

"Stamping Fee" has the meaning ascribed to it in Section 8.3;

"Subsidiary" means a subsidiary within the meaning given to such term as of the date hereof in the *Canada Business Corporations Act* as well as a partnership or limited partnership that would

be deemed, because of the way the partnership units are held, to be a subsidiary within the meaning of said act if it were a corporation governed by said act;

“**Takeover Code**” means the City Code on Takeovers and Mergers, as amended from time to time;

“**Takeover Panel**” means the Panel on Takeovers and Mergers;

"**Target**" means Dairy Crest Group plc;

"**Target Debt**" means indebtedness of Target and any of its Subsidiaries under or in connection with (i) the facility agreement dated as of October 6, 2015 providing credit facilities for Target and arranged by Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank London, and Lloyds Bank plc, and Royal Bank of Scotland plc, and Abbey National Treasury Services plc, as Mandated Lead Arrangers, with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., as Facility Agent, as same may be amended, supplemented or restated from time to time, (ii) the note purchase agreement dated as of November 7, 2011, providing for the issue by Target of, *inter alia*, US\$60,000,000 3.93% Guaranteed Series B Senior Notes due November 30, 2021, as same may be amended, supplemented or restated from time to time, (iii) the note purchase agreement dated as of March 23, 2016 providing for the issue by Target of US\$45,000,000 3.33% Guaranteed Series A Senior Notes due March 23, 2023 and £45,000,000 3.34% Guaranteed Series B Senior Notes due March 23, 2026, as same may be amended, supplemented or restated from time to time, (iv) lease agreement number A001178150 dated September 22, 2016 between Lombard Business Leasing Limited, as Lessor, and Dairy Crest Limited, as Lessee, as same may be amended, supplemented or restated from time to time, (v) lease agreement number A001178871 dated March 29, 2017 between Lombard Business Leasing Limited, as Lessor, and Dairy Crest Limited, as Lessee, as same may be amended, supplemented or restated from time to time, and (vi) lease agreement number A001179171 dated March 23, 2018 between Lombard Business Leasing Limited, as Lessor, and Dairy Crest Limited, as Lessee, as same may be amended, supplemented or restated from time to time.

"**Target Group**" means Target and its Subsidiaries;

“**Target Shares**” means all of the issued shares of the Target and any shares of the Target that may be issued prior to consummation of the Offer or the Scheme including pursuant to any options or other award scheme;

"**Taxes**" has the meaning ascribed to it in Section 17.5;

"**Tranche**" means any of Tranche A, Tranche B and Tranche C of the Facility;

"**Tranche A**" means the portion of the Facility made available to the Borrower as provided in Section 2.1.1.1;

"**Tranche B**" means the portion of the Facility made available to the Borrower as provided in Section 2.1.1.2;

"**Tranche C**" means the portion of the Facility made available to the Borrower as provided in Section 2.1.1.3;

"**Tranche A Maturity Date**" means the first anniversary date of the initial drawdown under the Facility;

"**Tranche B Maturity Date**" means the second anniversary date of the initial drawdown under the Facility;

"**Tranche C Maturity Date**" means the third anniversary date of the initial drawdown under the Facility;

"**Transferee**" has the meaning ascribed to it in subsection 19.5.1;

"**Transferor**" has the meaning ascribed to it in subsection 19.5.1;

"**Unconditional Date**" means the date on which the Offer becomes or is declared unconditional in all respects;

"**US Dollars**" and "**US\$**" means the lawful currency of the United States of America in same day immediately available funds or if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day any payment is due to be made hereunder;

"**US Prime Rate**" means, for any day, a rate per annum equal to the greater of (i) the NBC US Prime Rate in effect on such day and (ii) the Federal Funds Effective Rate on such day plus 1% per annum;

"**US Revenue Code**" means the Internal Revenue Code of 1986 of the United States of America, as amended from time to time;

1.2 Accounting Terms and Practices

1.2.1 Unless otherwise defined herein, each accounting term used in this Agreement has the meaning ascribed to it under generally accepted accounting principles in effect from time to time in Canada (including the International Financial Reporting Standards) as established, specified and updated in the Canadian Institute of Chartered Accountants Handbook. The financial calculations, audits, audit reports and financial statements (and their different items) referred to herein or pertaining to Saputo's business shall be made or prepared in accordance with such accounting principles (insofar as applicable) applied on a consistent basis and in accordance with the normal practice in Saputo's industry.

1.2.2 In the event of a change in such accounting principles (including the International Financial Reporting Standards) having a material effect on the intent or the application of the provisions of this Agreement which are of a financial nature, Saputo and the Agent, at the request of either of them, will use reasonable efforts to negotiate amendments to the affected provisions in order to

preserve their original intent or to facilitate their application provided that all such amendments will be subject to the Lenders' approval required pursuant to Section 19.2 and provided further that no fee in connection with any such amendment shall be requested from the Borrower. Should no such amendments be agreed on by the Borrower and the required Lenders within 90 days from any such request, then the affected provisions will be applied as if the change giving rise to the request had not occurred; in such case, any Compliance Certificate thereafter shall be accompanied with the details that may be necessary, as the case may be, to reconcile the calculations provided therein with the financial statements delivered for the fiscal period to which such Compliance Certificate relates.

- 1.2.3 Notwithstanding the new IFRS 16 rules that came into force on January 1, 2019 with respect to the accounting treatment of leases, (i) the provisions of this Agreement of a financial or accounting nature (including ratios and tests) will be applied without taking into account the new rules and as if there had been no change in such accounting treatment and (ii) any Compliance Certificate thereafter shall be accompanied with a reconciliation of the calculation of the financial ratios and tests with the financial statements delivered for the period to which such Compliance Certificate relates.

1.3 Time

Except where otherwise indicated, any reference to time refers to local time in Montreal.

1.4 Headings

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of titles are for convenience of reference only and do not affect the meaning or the interpretation of the present Agreement.

1.5 Governing Laws

This Agreement and the interpretation and enforcement thereof shall be governed by and construed in accordance with the laws applicable in the Province of Québec and the laws of Canada applicable therein.

1.6 Saputo Mandatary for the Borrower

Saputo is hereby appointed as mandatary (agent) for the Borrower in connection with notices (including for greater certainty drawdown, conversion or renewal notices) and directives emanating from or to be received by the Borrower under this Agreement and all such notices and directives may emanate from or be addressed to Saputo only for and on behalf of the Borrower and in such case shall be deemed to have been granted or issued by or sent to or received by the Borrower, including any successor thereto.

1.7 Formal Notice

The Borrower shall be *en demeure* and be deemed to have received formal notice to fulfill its obligations by the mere lapse of the time provided for their execution or by the end or forfeiture of the term, or by any other cause provided for by law.

1.8 Schedules

The schedules annexed hereto shall form an integral part of this Agreement.

1.9 References to this Agreement

The expressions "hereto" or "hereunder" or "hereof" or "herein" or this "Agreement" refer to this Credit Agreement together with any future amendment, updating or restatement.

2. THE FACILITY

2.1 Grant of the Facility

2.1.1 The Lenders, severally and not solidarily, agree to make available to the Borrower, subject with respect to each Lender to the amount of its Commitment, a non-revolving term credit facility (the "**Facility**") available in three (3) Tranches, as follows:

2.1.1.1 Tranche A in an amount of GBP400,000,000;

2.1.1.2 Tranche B in an amount of GBP265,000,000; and

2.1.1.3 Tranche C in an amount of GBP600,000,000.

2.1.2 None of the Lenders is bound, in connection with the Facility, to make an advance or to contract an obligation under any Tranche over and above its Commitment under the applicable Tranche.

2.2 Non-Revolving Nature of the Facility

Any amount repaid under any Tranche shall permanently reduce on a pro rata basis the amount of the Commitments under such Tranche and may not be reborrowed.

2.3 Use of Proceeds

The proceeds of the Facility shall be used as follows:

2.3.1 an amount of GBP975,722,681 to finance the Acquisition, to be allocated as follows:

2.3.1.1 in case of a Scheme Acquisition:

- (a) first to pay the cash price payable by Bidco to the holders of Target Shares pursuant to a Scheme or otherwise to acquire Target Shares issued or transferred in respect of options or awards over Target Shares to the extent such Target Shares are to be acquired other than pursuant to the Scheme; and
- (b) to pay the consideration payable in respect of the surrender or cancellation of options or awards over Target Shares (or to pay compensation, if any, in relation to such options or awards);

2.3.1.2 in the case of an Offer Acquisition:

- (a) first to pay the cash price payable by Bidco to the holders of Target Shares pursuant to the Offer;
- (b) to pay any consideration payable pursuant to the operation by Bidco of the Squeeze-out Procedure; and
- (c) to pay the consideration payable in respect of the surrender or cancellation of options or awards over Target Shares (or to pay compensation, if any, in relation to any such options or awards);

2.3.2 an amount of GBP289,277,319 to repay the Target Debt and to pay the Scheme Costs or the Offer Costs (as applicable) following the Scheme Effective Date or the Unconditional Date (as applicable).

2.4 Availability of the Facility

2.4.1 The Facility shall be utilized by the Borrower in one (1) or several drawdowns until the last day of the Availability Period. Upon the expiry of the Availability Period, any unused portion of the Facility (or of a Tranche) shall cease to be available.

2.4.2 Any drawdown after the expiry of the Certain Funds Period shall only be permitted to the extent the Target has become (a) a wholly-owned Subsidiary of the Borrower if the Acquisition is made by way of a Scheme or (b) a Subsidiary of the Borrower of which the Borrower owns shares representing at least the number of shares required for the minimum acceptance condition of the Offer to be met if the Acquisition is made by way of an Offer.

2.4.3 The Borrower may request that the whole or any portion of any Tranche be advanced by the Lenders by way of:

2.4.3.1 Prime Rate Advances in Dollars in a minimum amount of \$1,000,000;

- 2.4.3.2 Prime Rate Advances in US Dollars in a minimum amount of US\$1,000,000;
- 2.4.3.3 the issuance of Bankers' Acceptances in a minimum amount of \$5,000,000;
- 2.4.3.4 Libor Advances in US Dollars in a minimum amount of US Dollars 5,000,000; and
- 2.4.3.5 Libor Advances in GBP in a minimum amount of GBP5,000,000.

2.5 Lending Offices of Lenders

Advances to the Borrower shall be made by the Lenders from lending offices located in Canada.

3. DRAWDOWN AND OPERATION OF ACCOUNTS

3.1 Drawdown Under the Facility

Any drawdown under the Facility shall be requested by the delivery by the Borrower to the Agent of a drawdown notice substantially in the form attached hereto as Schedule 3.1 before 10:30 a.m. on the Business Day which is at least (i) one (1) Business Day prior to any advance that the Borrower wishes to request by way of Prime Rate Advances, (ii) two (2) Business Days prior to any advance that the Borrower wishes to request by way of Banker's Acceptance and (iii) three (3) Business Days prior to any advance that the Borrower wishes to request that interest thereon be calculated on a Libor Basis; any such notice, once delivered to the Agent, may not be revoked or withdrawn by the Borrower.

3.2 Disbursement of Funds

The Lenders shall disburse the advances under each Tranche in accordance with their Pro Rata Share and as provided in Article 3 of the Interlender Agreement.

3.3 Maintenance of Accounts

The Agent will open and maintain on its books at the Branch of Account, for the purpose of this Agreement, bank accounts for deposits in Dollars, US Dollars and GBP, as well as a loan account or ledger for the Borrower evidencing the aggregate Indebtedness of the Borrower to the Lenders hereunder and each constituent part of the Loans. Such loan ledger shall constitute, in the absence of manifest error, conclusive evidence of the whole and each constituent part of the Loans, the date any advance is made to the Borrower and the aggregate amounts from time to time paid by the Borrower on account of such Loans in principal, interest, fees and other amounts due hereunder.

3.4 Authority to Debit and Credit

Subject to the provisions of this Agreement, the Borrower does hereby expressly and irrevocably authorize the Agent to effect all the necessary debits, deposits and credits in the Borrower's Accounts in order to accommodate the Lenders in making advances and in order to

accommodate the Borrower in making payments to the Lenders, the whole under and subject to the terms of this Agreement.

4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to the Effectiveness of this Agreement

This Agreement will become effective on the date at which the Agent will confirm to the Borrower that the following documents have been received by the Agent to the reasonable satisfaction of the Lenders (or, in respect of any document that has not been so received, such receipt has been waived in writing by the Lenders). The Agent shall give this confirmation to the Borrower promptly upon the Lenders being so satisfied:

- 4.1.1 executed counterparts of this Agreement, the Guarantee and Subordination Agreement and the Interlender Agreement;
- 4.1.2 a copy certified by the corporate secretary of the Borrower and each Guarantor (or a managing or general partner thereof) of its constating documents;
- 4.1.3 a copy certified by the corporate secretary of the Borrower and each Guarantor (or a managing or general partner thereof) of the documents evidencing the authority of the Persons having executed the Loan Documents to which it is a party;
- 4.1.4 delivery of a near final draft of the Scheme Press Release;
- 4.1.5 a corporate chart (giving effect to the Acquisition) describing the corporate structure of Saputo and its Subsidiaries and their law and jurisdiction of incorporation or formation as at the date of this Agreement;
- 4.1.6 a pro forma Compliance Certificate giving effect to the Acquisition based on the financial statements of Saputo dated as of December 31, 2018 and the most recent financial statements of Target, and containing confirmation that no event or circumstance having a Material Adverse Effect has occurred since March 31, 2018;
- 4.1.7 the opinion (in form and substance satisfactory to the Agent) of Stikeman Elliott L.L.P., addressed to the Lenders, the Agent and McCarthy Tétrault L.L.P. and covering (i) the existence and status of the Borrower and each of the Guarantors incorporated under the laws of Canada; (ii) the corporate power, authorization and capacity of each of the Borrower and the Guarantors incorporated under the laws of Canada to execute the Loan Documents to which it is a party and to perform its obligations contained herein or incidental thereto; and (iii) the legal, valid, binding and enforceable nature of the obligations of the Borrower and each Guarantor under the Loan Documents to which it is party;
- 4.1.8 the opinion (in form and substance satisfactory to the Agent) of Latham & Watkins L.L.P., addressed to the Lenders, the Agent and McCarthy Tétrault

L.L.P. and covering (i) the existence and status of each of Saputo U.S., L.P., Saputo Cheese USA Inc. and Saputo Dairy Foods USA, LLC and (ii) the corporate power, authorization and capacity of each of the same Persons to execute the Loan Documents to which it is a party and to perform its obligations contained therein or incidental thereto;

- 4.1.9 the opinion (in form and substance satisfactory to the Agent) of Ash Street Law Office LLC, addressed to the Lenders, the Agent and McCarthy Tétrault L.L.P. and covering (i) the existence and status of Saputo Dairy Australia Pty Ltd and (ii) the corporate power, authorization and capacity of Saputo Dairy Australia Pty Ltd to execute the Loan Documents to which it is a party and to perform its obligations contained therein or incidental thereto; and
- 4.1.10 the opinion of McCarthy Tétrault, L.L.P. addressed to the Lenders and the Agent and covering the fulfillment of the conditions precedent of this Section which are of a legal nature.

4.2 Conditions Precedent during the Certain Funds Period

During the Certain Funds Period, the Borrower may not obtain any drawdown if, on the date of the intended drawdown:

- 4.2.1 the Agent has not received a drawdown notice signed by the Borrower, which shall be substantially in the form of Schedule 3.1;
- 4.2.2 the Agent has not received copies of:
 - 4.2.2.1 in the case of a Scheme Acquisition, all Scheme Documents; or
 - 4.2.2.2 in the case of an Offer Acquisition, all Offer Documents,in each case as certified by a senior financial officer of the Borrower.
- 4.2.3 any Major Representation is not true and correct in all material respects or if a Major Default has occurred and is continuing, in each case at the time of such drawdown; or
- 4.2.4 the Agent has not received:
 - 4.2.4.1 in the case of a Scheme, a certified copy of the Court Order;
 - 4.2.4.2 in the case of an Offer, a certified copy of the announcement that the Offer has become or has been declared unconditional in all respects;
- 4.2.5 the Agent has not received instructions from the Borrower for the payment of the fees referred to in Sections 9.1, 9.2 and 9.4;

- 4.2.6 after giving effect to such drawdown, the outstanding amount under the Facility, expressed in GBP, would exceed the amount of the Facility.

Each drawdown notice under this Section 4.2 will constitute a certification that all Major Representations are true and correct in all material respects, unless the relevant representation is already subject to a materiality qualifier, in which case in all respects, and that no Major Default has occurred and is continuing (or would occur as a result of giving effect to the notice).

4.3 Termination of Commitments

If all of the conditions precedent of Section 4.1 have not been fulfilled or waived on or before September 14, 2019 or if the initial drawdown under the Facility has not occurred on such date, then the Facility will cease to be available and the Commitments will terminate.

4.4 Conditions Precedent to all Subsequent Advances

After the expiry of the Certain Funds Period, the obligations of the Lenders to make any subsequent advance during the Availability Period or to agree to a request for a renewal or conversion of an existing advance, including by way of Bankers' Acceptances, are, in addition to any other requirements of this Agreement, subject to no Default being in existence (or occurring as a result of the advance) and also to the Agent having received a proper and timely drawdown, conversion or renewal notice pursuant to Article 10. Each drawdown, conversion or renewal notice shall constitute a certification that no Default has occurred and is continuing.

5. INTEREST ON PRIME RATE BASIS

5.1 Cdn Prime Rate

The Prime Rate Advances denominated in Dollars and outstanding under the Facility shall bear interest, computed daily, on the respective daily balances outstanding from the date of their respective first advance up to and including the day preceding the day of their respective repayment in full, at an annual rate applicable for each such day equal to the Cdn Prime Rate in effect on such day plus the Relevant Margin.

5.2 US Prime Rate

The Prime Rate Advances denominated in US Dollars and outstanding under the Facility shall bear interest, computed daily, on the respective daily balances outstanding from the date of their respective first advance up to and including the day preceding the day of their respective repayment in full, at an annual rate applicable for each such day equal to the US Prime Rate in effect on such day plus the Relevant Margin.

5.3 Interest on Loans Generally

Where no specific provision for interest on any amount outstanding and payable by the Borrower is made in this Agreement, interest thereon shall be computed and be payable at the Cdn Prime Rate plus the Relevant Margin.

6. INTEREST ON LIBOR BASIS

6.1 Interest on Libor Basis

The principal amounts of the Libor Advances shall bear interest, computed daily, on the respective daily balances outstanding from each relevant Rollover Date up to and including the day preceding their respective maturity date, at an annual rate applicable for each such day equal to the Libor Rate in effect applicable to such Selected Amount plus the Relevant Margin.

6.2 Determination of Libor Rate

Where, under the provisions of this Agreement, the Borrower has requested that the interest on any principal amount outstanding under the Facility be calculated on a Libor Basis, (a) the Libor Rate for Libor Advances in US Dollars shall be determined by the Agent two (2) Business Days prior to a Rollover Date and (b) the Libor Rate for Libor Advances in GBP shall be determined by the Agent on a Rollover Date.

6.3 Establishment of Libor Rate as at 11:00 a.m., London time

The Libor Rate shall be established as at 11:00 a.m., London time, two (2) Business Days prior to the relevant Rollover Date. Before the end of business, two (2) Business Days prior to the said Rollover Date, the Agent shall notify the Borrower of the Libor Rate applicable to each Selected Amount for each applicable Selected Maturity.

6.4 Limits on Libor Advances

In connection with any Libor Advances, the Borrower shall not be entitled:

- 6.4.1 to elect a Selected Amount for any Selected Maturity which is not within the amount limits provided at subsections 2.4.3.4 and 2.4.3.5; or
- 6.4.2 with respect to any Libor Advance, to elect a Selected Maturity for any Selected Amount which is not one (1), two (2), three (3) or (six) 6 months (or another period acceptable to the Agent subject to availability of funds from all Lenders), which has a maturity date that is not a Business Day, or which has a maturity date that is beyond the maturity of the applicable Tranche.

6.5 Maturity Date of Libor Advances

Within the time period stipulated in the relevant provisions hereof, prior to or on the maturity date of each Libor Advance, the Borrower shall either issue a conversion or renewal notice as contemplated in Section 10.1 or, after having delivered to the Agent a three (3) Business Days prior notice to that effect, by no later than 10:00 a.m., on the maturity date of the Libor Advances then outstanding and about to mature, make a payment by way of a deposit into its US Dollars Account or GBP Account in an amount equal to the nominal amount of such Libor Advances.

6.6 Deemed Conversion on Maturity Date

In the event the Borrower does not deliver to the Agent a conversion or renewal notice or make a deposit as contemplated in Section 6.5, or, in the event the Borrower does deliver any such notice, but at any relevant Conversion Date there exists a Default or an Event of Default, then the Borrower shall be deemed to have issued a conversion notice requesting that the Libor Advances about to mature be converted into an advance under the applicable Tranche with respect to which interest is to be calculated at the US Prime Rate for the Libor Advances in US Dollars and at the Cdn Prime Rate for the Libor Advances in GBP.

6.7 Availability

If, on the date referred to in Section 6.3, a Lender determines in good faith that due to conditions affecting the interbank market, for a Selected Maturity,

- 6.7.1 adequate and fair means do not exist to ascertain the Libor Rate; or
- 6.7.2 it is unfeasible to make or continue a Libor Advance; or
- 6.7.3 the Libor Rate is less than the actual cost to make and maintain a Libor Advance; or
- 6.7.4 a sufficient quantity of US Dollar or GBP (as applicable) deposits is not available to such Lender;

then the Agent shall give notice of this situation to the Borrower as soon as possible (the "**Initial Notice**").

Once the Initial Notice has been given, and until the Agent gives notice to the contrary to the Borrower, the affected Lender shall be under no obligation to make a renewal of or conversion into Libor Advances, but shall make its Pro Rata Share of the relevant utilization of the Facility by way of Prime Rate Advances denominated in US Dollars with respect to Libor Advances in US Dollars and by way of Prime Rate Advances denominated in Dollars with respect to Libor Advances in GBP. During a period of 30 days following the date of the Initial Notice, the affected Lender shall consult the Borrower with a view to concluding in good faith and implementing an agreement as to an alternative basis of borrowing.

The terms and conditions of this alternative basis of borrowing take effect upon the conclusion of such agreement relating to an alternative basis of borrowing, and the provisions hereof pertaining to this Libor Advance shall be automatically amended to reflect the terms and conditions of said alternative basis.

However, the second and third paragraphs of this Section 6.7 shall not apply to Libor Advances in GBP during the Certain Funds Period, and during such period, clause (b) of the definition of "Libor Rate" in Section 1.1 shall supersede such paragraphs and the rate specified in such clause (b) shall be the rate applicable to renewals of, or conversions in, Libor Advances in GBP with the affected Lender after the Initial Notice.

6.8 Libor Successor Rate

If at any time the Agent determines that (i) Lenders representing the Majority Lenders are affected by any of the circumstances set forth in Section 6.7 and for a period of time which is unlikely to be temporary, or (ii) the administrator of the Libor Rate or a governmental authority having jurisdiction over the Agent has made a public statement identifying a specific date after which the Libor Rate shall no longer be used for determining interest rates for loans, then the Agent and the Borrower shall negotiate in good faith to establish an alternate rate of interest to the Libor Rate that is, at such time, broadly accepted as the prevailing recommended market practice for syndicated loans of this type; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Upon the Borrower and the Agent agreeing on such a rate, the Borrower and the Lenders party hereto shall enter into documentation to amend the provisions hereof to refer to such rate and make all other adjustments incidental thereto, provided that such amendment shall require the consent of the Majority Lenders, notwithstanding anything contrary set forth in Section 19.2. After a determination made pursuant to clause (i) or (ii) above, until an alternate rate of interest shall become in effect in accordance with this Section 6.8, (x) any drawdown request requesting a Libor Advance or any conversion request requesting to convert or continue any Loan as a Libor Advance shall be ineffective, and (y) the Borrower may repay any outstanding Libor Advance or convert it as a Prime Rate Advance denominated in Dollars or US Dollars, as applicable.

7. COMPUTATION AND PAYMENT OF INTEREST

7.1 Computation of Interest and Fees

Under the terms of this Agreement:

- 7.1.1 interest at Prime Rate, stamping fees and ticking fees shall be calculated on the basis of a 365-day year for the actual days elapsed;
- 7.1.2 interest at US Prime Rate shall be calculated on the basis of (i) a 365-day year for the actual days elapsed during such period, for Prime Rate Advances in respect of which the US Prime Rate is calculated using the definition of NBC US Prime Rate and (ii) a 360-day year for the actual days elapsed during such period, for Prime Rate Advances in respect of which the US Prime Rate is calculated using the Federal Funds Effective Rate; and
- 7.1.3 interest at Libor Rate shall be calculated on the basis of a 360-day year for Libor Advances in US Dollars and of a 365-day year for Libor Advances in GBP, in each case for the actual days elapsed.

7.2 Interest Act (Canada)

For the purposes of the *Interest Act* (Canada) only, the annual rate of interest equivalent to a rate calculated under this Agreement on the basis of a 365-day year or a 360-day year is equal to the rate so calculated multiplied by the actual number of days included in the applicable year and divided by 365 days or 360 days (as applicable).

7.3 Payment of Interest and Interest on Overdue Amounts

The interest payable in accordance with the foregoing provisions and computed as aforesaid on the amounts outstanding from time to time shall be payable, in arrears, on the 26th day of each month or, with respect to Libor Advances, on the appropriate Libor Interest Payment Date.

Any amount (in principal, interest or otherwise) which is not paid when due shall bear interest, for any day, at the Cdn Prime Rate in effect on such day, plus the Relevant Margin increased by 2.00% in the case of an amount payable in Dollars and at the US Prime Rate in effect on such day, plus the Relevant Margin increased by 2.00% in the case of an amount payable in US Dollars or GBP, in each case compounded monthly and payable upon demand by the Agent.

8. BANKERS' ACCEPTANCES

8.1 Request for Bankers' Acceptances

The Borrower may request that any part of any Tranche be advanced or that any amount outstanding thereunder be converted into or continued respectively as Bankers' Acceptances. Such request shall be made by delivering to the Agent a drawdown, renewal or conversion notice to that effect pursuant to the provisions of this Agreement.

8.2 Requirements for Bankers' Acceptances

Each Banker's Acceptance issued pursuant to this Agreement:

- 8.2.1 shall have a Selected Amount which must be within the amount limits provided at subsection 2.4.3.3;
- 8.2.2 shall have a Selected Maturity of not less than one (1) month and not more than six (6) months (or any other period acceptable to the Agent subject to availability of funds from all Lenders), excluding days of grace as that term is defined in the *Bills of Exchange Act* (Canada); and
- 8.2.3 shall not have a Selected Maturity which has a maturity date that is not a Business Day or that is beyond the maturity of the applicable Tranche.

8.3 Stamping Fee

The Borrower shall pay to the Agent, for the account of the Lenders, forthwith upon the issue of each Banker's Acceptance, a stamping fee (the "**Stamping Fee**") on the face amount of each Banker's Acceptance equal to the product resulting from multiplying the said face amount by a fraction, the numerator of which shall consist of the product resulting from multiplying the Relevant Margin by the number of days in the Selected Maturity selected by the Borrower for such Banker's Acceptance and the denominator of which shall consist of 365.

8.4 The Agent to Advise the Lenders

The Agent, following receipt of a drawdown notice or a conversion or renewal notice requesting Bankers' Acceptances, shall advise each Lender of the applicable Selected Maturity for, and the face amount of, each of the Bankers' Acceptances to be accepted by it, and of the amount of the Discount applicable to each such Banker's Acceptance. The aggregate face amount of Bankers' Acceptances to be accepted by a Lender shall be equal to the Pro Rata Share of such Lender of the aggregate face amount of Bankers' Acceptances requested by the Borrower.

8.5 Deposit into the Borrower's Account

Before 2:00 p.m. on the date of the requested advance by way of Bankers' Acceptances, provided the Discounted Proceeds applicable to such Bankers' Acceptances have been paid by the Lenders to the Agent in accordance with the Interlender Agreement, an amount equal to such Discounted Proceeds shall be deposited into the relevant Borrower's Account by the Agent in accordance with the provisions of the Interlender Agreement.

8.6 Maturity Date of Bankers' Acceptances

Prior to or on the maturity date of each Banker's Acceptance, the Borrower shall either issue a conversion or renewal notice as contemplated in Section 10.1 (within the time period provided in that Section) or by no later than 10:30 a.m., on the maturity date of the Bankers' Acceptances then outstanding and about to mature, deposit into the relevant Borrower's Account an amount equal to the face amount of such Bankers' Acceptances, provided that where any such notice provides for the renewal of any such Banker's Acceptance about to mature, such renewal shall be subject to the payment, prior to the renewal, by the Borrower to the Agent, for the account of the Lenders, of the applicable Stamping Fee and Discount.

8.7 Deemed Conversion on Maturity Date

In the event the Borrower does not deliver to the Agent any conversion or renewal notice or does not make a deposit as contemplated in Section 8.6, or, in the event the Borrower does deliver any such notice, but at any relevant Conversion Date, there exists a Default, then the Borrower shall be deemed to have issued a conversion notice requesting that the face value of the Bankers' Acceptances about to mature be converted into an advance under the applicable Tranche with respect to which interest is to be calculated at the Cdn Prime Rate.

8.8 Power of Attorney

Each of the Lenders is hereby appointed the irrevocable agent of the Borrower with the power and authority to execute the Bankers' Acceptances to be issued and accepted by it. Furthermore, each of the Lenders is hereby appointed the irrevocable agent of the Borrower with power and authority to make the necessary arrangements for the negotiation, sale and delivery on the money market, in accordance with normal market practice, of Bankers' Acceptances accepted by each such Lender.

8.9 Waiver

The Borrower shall not claim from the Lenders any days of grace for the payment at maturity of any Banker's Acceptance presented to and accepted pursuant to this Agreement. Furthermore, the Borrower hereby waives any defense to payment which might otherwise exist if for any reason a Banker's Acceptance shall be held by a Lender in its own right at the maturity thereof.

8.10 Obligations Absolute

The obligations of the Borrower with respect to Bankers' Acceptances under this Article 8 shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

- 8.10.1 any lack of validity or enforceability of any draft issued by the Borrower and accepted by a Lender as a Banker's Acceptance; or
- 8.10.2 the existence of any defense, right of action, right of compensation or set-off or claim of any nature whatsoever which the Borrower may at any time have or have had against the holder of a Banker's Acceptance, the Lenders or any other Person, whether in connection with this Agreement or otherwise.

8.11 BA Equivalent Advances by Non-BA Lenders

Whenever the Borrower requests that an advance be made by way of Bankers' Acceptances, each Non-BA Lender shall, in lieu of accepting a Banker's Acceptance, make a BA Equivalent Advance.

8.12 Special Conditions Applicable to Non-BA Lenders

The provisions of this Article 8 dealing with Bankers' Acceptances apply to the Non-BA Lenders, provided that each of the Non-BA Lenders shall execute its obligations pursuant to this Article 8 by effecting (in the case of the drawdown of the Facility) or maintaining (in the case of a conversion) direct advances to the Borrower, through the Agent, equal to its Pro Rata Share of each advance to be outstanding by way of Bankers' Acceptances, and not by accepting bankers' acceptances as provided herein. In order to allow the Non-BA Lenders to derive benefits comparable to those enjoyed by the other Lenders under this Article 8 in respect of each advance by way of Bankers' Acceptances, each of the Non-BA Lenders may deduct for its own account, from each advance which would otherwise be granted by way of the issue and acceptance of bankers' acceptances, an amount equivalent to the total of the Discount and the Stamping Fee applicable to such advance by way of Bankers' Acceptances. In conformity with Section 8.8, the parties acknowledge that the Non-BA Lenders are authorized by the Borrower to complete and sign on their behalf non-interest bearing Discount Notes in respect of advances by way of Bankers' Acceptances in lieu of the forms of Bankers' Acceptances used by the other Lenders; provided that the borrowings from the Non-BA Lenders to be evidenced by such Discount Notes shall in no circumstance be deemed to constitute the novation of a previous advance being converted or renewed hereunder, such Discount Notes being intended to serve merely as the confirmation of the current method of computing the cost of such converted or renewed advance. At the time of each advance by way of Bankers' Acceptances, such form of Discount Notes may

be completed as follows: they may be issued and signed in the name of the Borrower, be payable to the order of the Non-BA Lender, be in principal amounts equal to each Non-BA Lender's Pro Rata Share of the related advances to be outstanding by way of Bankers' Acceptances and have the same maturities as are applicable to such advances. The absence of execution of such Discount Notes shall not relieve the Borrower from its obligations under the direct advances contemplated by this Section 8.12.

The provisions of this Agreement dealing with Bankers' Acceptances shall apply *mutatis mutandis* to Discount Notes to be issued to Non-BA Lenders, with all adjustment to the language of such provisions which may be desirable to give full effect to the spirit and intent of this Section (except that no Discount Note may be sold, rediscounted or otherwise disposed of by Non-BA Lenders, except as contemplated by Section 19.5 hereof).

8.13 Availability

If, on the date of a request for the issuance or renewal of or a conversion into Banker's Acceptances, a Lender determines in good faith that due to conditions affecting the money or capital markets, for a Selected Maturity,

- 8.13.1 adequate and fair means do not exist to ascertain the Discount Rate; or
- 8.13.2 it is unfeasible to make or continue a Banker's Acceptance; or
- 8.13.3 the Discount is less than the actual cost to make and maintain an advance by way of Banker's Acceptance; or
- 8.13.4 funds are not available to such Lender on the money market to fund Banker's Acceptances;

then the affected Lender shall so notify the Agent and the Agent shall deliver a copy of such notice to the Borrower as soon as possible.

Once such notice has been given, and until the Agent advises the Borrower to the contrary, the affected Lender shall be under no obligation to make conversions into Banker's Acceptances or renew outstanding Banker's Acceptances, and its Pro Rata Share of the relevant advances shall become Prime Rate Advances denominated in Dollars. However, if the cause of a determination made by an affected Lender ceases to exist, such Lender shall so notify the Agent in order that the Agent can advise the Borrower that availability by way of Banker's Acceptances with such Lender has resumed.

9. FEES

9.1 Ticking Fees

The Borrower shall pay to each Lender, through the Agent, a ticking fee for the period commencing on the 60th day after the date of this Agreement and ending on (but excluding) the earlier of (i) the date of the termination of the Commitments, and (ii) the date of the initial drawdown under the Facility. The ticking fee payable to each Lender shall be calculated at an

annual rate of 0.20% on the amount of such Lender's Commitment under each Tranche on the date of this Agreement and shall be earned daily and will be payable on the date of the initial drawdown under the Facility or the date of the termination of the Commitments, as applicable.

9.2 Agency Fee

The Borrower must pay to the Agent, for its account exclusively, an annual agency fee (as determined by separate agreement between the Agent and the Borrower) payable on the initial date contemplated by such separate agreement and thereafter, on each successive anniversary of such date until the date upon which all the Loans are repaid in full. No portion of the agency fee, once paid shall under any circumstances be refundable.

9.3 Stand-By Fee

The Borrower must pay to each Lender, through the Agent, a standby fee on the daily unused portion of such Lender's Commitment for the period commencing on the date of the initial drawdown under the Facility and ending on the last day of the Availability Period. The stand-by fee shall be calculated at the Relevant Rate specified in Schedule "B" and shall be payable monthly in arrears on the first Business Day of each month.

9.4 Other Fees

The Borrower shall pay the other fees that it has agreed to pay pursuant to a separate agreement dated the date hereof.

10. CONVERSIONS

10.1 Conversions

Within the limits provided for in this Agreement, the Borrower may choose to convert the currency of any principal amount outstanding under the applicable Tranche and the Borrower may change the basis on which all or a part of such amounts bear interest or are outstanding as provided hereunder. Such election shall be expressed by delivering to the Agent a written notice substantially in the form attached hereto as Schedule 10.1 at least three (3) Business Days prior to its effective date.

10.2 No Revocation or Withdrawal of Notices

Any notice under this Article, once delivered to the Agent, may not subsequently be revoked or withdrawn by the Borrower.

10.3 Limits on Conversions

No conversion may be made in respect of outstanding Bankers' Acceptances or outstanding amounts with interest thereon calculated on a Libor Basis until the maturity thereof.

10.4 Determinations of Equivalent of a currency into another currency

Where, under any provision of this Agreement, the Agent has the right or is required to determine the Equivalent in a currency of any values or sums denominated or expressed in another currency, the rate of exchange applied shall be the spot rate announced by the Bank of Canada at or around 4:30 p.m. for conversion of the original currency into the other applicable currency on the day preceding the Business Day on which such determination is made. If the Bank of Canada does not announce such a rate on such day, then the Agent shall use the spot rate available from the Bloomberg service, or if such rate is not available, its own spot rate or, if it does not have its own rate, a rate it determines to be reasonable.

11. PAYMENTS AND REPAYMENTS

11.1 Mandatory Repayments of Loans

The Borrower shall repay the outstanding principal and any accrued but unpaid interest and fees:

11.1.1 under Tranche A, on the Tranche A Maturity Date;

11.1.2 under Tranche B, on the Tranche B Maturity Date;

11.1.3 under Tranche C, on the Tranche C Maturity Date;

11.2 Currency of Payments

All payments and repayments:

11.2.1 of principal shall be made in the same currency in which such principal amounts are outstanding;

11.2.2 of interest shall be made in the same currency as the outstanding principal amount to which it relates;

11.2.3 of the Stamping Fees shall be made in Dollars only;

11.2.4 of the fees payable under Article 9 shall be made in GBP, except for the agency fees which shall be paid in Dollars; and

11.2.5 of amounts referred to in Section 17.2 with respect to losses shall be made in the same currency as the losses incurred by the Lenders.

11.3 Optional Repayments

11.3.1 The Borrower may at any time make optional repayments on Loans outstanding under the Facility on giving prior notice to the Agent not less than one (1) Business Day prior to the repayment date in respect of Loans outstanding by way of Prime Rate Loans or three (3) Business Days prior to the repayment date in respect of Loans outstanding by way of Banker's Acceptances or Libor Advances. The notice of repayment shall indicate the allocation of any such

optional repayment to the applicable Tranche, or between them, and shall be in the form of Schedule 11.3.1 hereof.

11.3.2 Any such repayment shall be in a minimum amount of GBP5,000,000 or \$5,000,000 or US\$5,000,000, as applicable.

11.3.3 No optional repayment may be made in respect of the whole or a part of any amount outstanding by way of Banker's Acceptances before their stated date of maturity unless breakage costs are paid by the Borrower as provided in Section 17.2.

11.4 Overadvances - Exchange Rate Fluctuations

On the last Business Day of each month after the expiry of the Certain Funds Period the Agent, acting reasonably, shall establish the Equivalent in GBP of any principal amounts outstanding in Dollars or US Dollars under a Tranche. If, at any such time, the aggregate amount outstanding under any Tranche exceeds the amount of the applicable Tranche as set forth in Section 2.1, the Borrower shall, within two (2) Business Days following a demand to this effect by the Agent, pay to the Agent the amount (the "Excess Amount") in excess of the amount of the applicable Tranche as set forth in Section 2.1 or, alternatively, provided the Excess Amount does not exceed 5% of the amount of the applicable Tranche, provide the Agent with a first ranking hypothec (and/or security interest) over credit balances in cash collateral accounts and/or deposits, in each case equal to such Excess Amount.

11.5 Payments at Branch of Account and Pro Rata Distributions

All payments or repayments of principal, interest, fees and other amounts due and to become due hereunder by the Borrower must be effected by direct payments to the Agent, for the account of the Lenders, at the Branch of Account only and must be distributed by the Agent among the applicable Lenders on the basis of their Pro Rata Share of such amounts. Any such payments or repayments of principal, interest, fees and other amounts payable to the Agent and otherwise effected by direct payments by the Borrower to a Lender, shall be remitted by such Lender to the Agent, for the account of the Lenders, for distribution among the applicable Lenders as hereinabove provided.

11.6 Payment on Business Day and by 2:00 p.m., Montreal Time

Whenever any payment or repayment falls due on a day which is not a Business Day, such payment or repayment shall be made on the next following Business Day, provided it is in the same calendar month; if not in the same calendar month, such payment or repayment shall be made on the Business Day immediately preceding the day on which such payment or repayment should have been made. Furthermore, any amounts received after 2:00 p.m., on any Business Day, shall be applied to the appropriate payment or repayment which was required to be made on such Business Day, on the next following Business Day. Until so applied, interest shall continue to accrue as provided in this Agreement on the amount of such payment or repayment.

12. GUARANTEE

12.1 Grant of Guarantees by Guarantors

As a general and continuing guarantee for the performance by the Borrower of all its obligations, present and future, direct and indirect, absolute and contingent, presently owing and due and hereafter to become owing and due to the Lenders and the Agent by the Borrower under the terms and conditions of this Agreement (including, without limitation, the obligation of the Borrower to repay the Loans) and the other Loan Documents (collectively the "**Obligations**"), the Guarantors on the date hereof shall deliver to the Agent a Guarantee and Subordination Agreement as required pursuant to subsection 4.1.1.

12.2 New Guarantors

12.2.1 Saputo shall ensure that at all times the combined unconsolidated EBITDA of the Borrower and the Guarantors represents at least 80% of the consolidated EBITDA of Saputo (the "**EBITDA Threshold**").

12.2.2 If the EBITDA Threshold is not met at the end of any of its fiscal quarters, at the end of any of its fiscal years, or on the closing of an acquisition or a Disposal (after giving effect thereto), then in any such case Saputo shall designate as Guarantor that number of Subsidiaries of Saputo which are not already Guarantors and cause them to execute and deliver promptly to the Agent (but no later than (x) thirty (30) days following the date at which a Compliance Certificate must be delivered in respect of relevant fiscal quarter or fiscal year or, as the case may be, (y) sixty (60) days following the date of the closing of the relevant acquisition or Disposal) a Guarantee and Subordination Agreement and (i) such other items of the type listed in subsections 4.1.2, 4.1.3 and 4.1.7 (as applicable) that are required to be delivered in respect of the Borrower as at the date of this Agreement, (ii) a certificate of a financial officer of Saputo containing pro forma calculations showing compliance with subsection 12.2.1 after giving effect to such designation, and (iii) the documents evidencing compliance with subsection 13.13.2, provided, however, that in the case of any member of the Target Group being designated as a Guarantor and the Acquisition being made by way of an Offer, the sixty (60) day period referred to in clause (y) above shall be increased to ninety (90) days and shall only begin on the Unconditional Date.

12.3 Release of Guarantors

12.3.1 Saputo may revoke any designation of any of its Subsidiaries as Guarantor pursuant to Section 12.2 provided that all of the following requirements must be met in order for the revocation to become effective on its intended effective date:

12.3.1.1 Saputo must give to the Agent a notice of revocation specifying the intended effective date of the revocation, which date must be the first day of a fiscal quarter of Saputo following the date of the giving of the notice;

- 12.3.1.2 the requirements of subsection 12.2.1 must be met on the intended effective date of the revocation (for greater certainty, after giving effect to the intended revocation);
 - 12.3.1.3 the notice of revocation must be accompanied with pro forma calculations showing compliance with subsection 12.2.1 (after giving effect to the intended revocation); and
 - 12.3.1.4 no Default is existing on the intended effective date of the revocation.
- 12.3.2 Upon such revocation becoming effective, the relevant Subsidiary shall be automatically released from any obligations or liabilities owed under its Guarantee and Subordination Agreement. The Agent shall be authorized, acting alone, to confirm such release, based on the information provided pursuant to subsection 12.3.1 and a certificate of a financial officer of Saputo stating that no Default was in existence on the intended effective date of the revocation (and after giving effect thereto).

13. REPRESENTATIONS AND WARRANTIES

Each of Saputo and the Borrower does hereby represent and warrant that:

13.1 Organization

Each of the Borrower, Saputo and the Guarantors (i) is a corporation, partnership or limited liability company duly constituted, validly existing and in good standing under the Laws of its jurisdiction of constitution, is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction in which it carries on business which requires such qualification, and is in compliance with all provisions of its constating documents and by-laws and (ii) has all requisite power and authority, corporate or otherwise, to own its property and to carry on its business as now being and hereafter proposed to be conducted, in each case except where the failure to have such power or authority or to be so qualified or to be in such good standing, as the case may be, would not have a Material Adverse Effect.

13.2 Authorization of Documents

Each of Saputo and the Borrower has the power, and has taken all necessary action, to authorize the Borrower to borrow under the terms hereof; each of the Borrower, Saputo and Guarantors has the power and has taken all necessary action to authorize it to execute, deliver and perform the Loan Documents to which it is a party in accordance with the terms thereof, and to consummate the transactions contemplated hereby and thereby. Each of the Loan Documents to which Saputo, the Borrower or a Guarantor is a party has been duly executed and delivered by the duly authorized officers of any such party and constitute legal, valid and binding obligations of each such party, enforceable against it in accordance with their terms, subject, as to enforcement or remedies, to any applicable bankruptcy, insolvency or other similar Law affecting the enforcement of creditors' rights generally, and subject to the limitation that the availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

13.3 Acquisition

- (a) The Acquisition Documents are in compliance, in all material respects with all applicable Laws relevant to the Scheme or Offer (as the case may be).
- (b) Bidco is a wholly-owned Subsidiary of the Borrower. Until the Scheme Effective Date or the Unconditional Date (as applicable), Bidco (i) shall have no other material asset and no material liability other than the Target Shares and liabilities under the Acquisition Documents and the indebtedness incurred in favour of the Borrower or any other wholly-owned Subsidiary of Saputo in connection with the Acquisition, (ii) shall not make or be party to any transaction of the type described by Section 15.1 if, as a result of such transaction, Bidco (or the entity resulting from such transaction) is no longer a wholly-owned Subsidiary of Saputo, and (iii) shall not create, incur, assume or suffer to exist any Liens on its Property.

13.4 No Conflict

The execution, delivery and performance by each of the Borrower, Saputo and the other Guarantors of the Loan Documents to which it is a party, in accordance with their respective terms, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) violate any Law in any material respect, or (ii) conflict with, result in a breach of or constitute a default under (x) the constating documents or by-laws of each such party or (y) any material agreement or instrument to which each such party is a party or by which it or any of its property may be bound in a manner which would have or would be reasonably likely to have a Material Adverse Effect.

13.5 Governmental Regulation

None of the Borrower, Saputo or the other Guarantors is required to obtain any consent, Approval, authorization, permit or license from, or effect any filing or registration with, any federal, provincial, state or local regulatory authority, in connection with the execution, delivery and performance by it, in accordance with their respective terms, of the Loan Documents to which it is a party (except those that have been obtained and which are in full force and effect).

13.6 Compliance with Law

Each of Saputo and its Subsidiaries is in compliance with all Laws, save for those with which non-compliance could not reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

13.7 Litigation

There is no notice of infraction, action, suit or proceeding pending against (nor, to the knowledge of Saputo and the Borrower, threatened against or in any other manner relating adversely to) (i) any of Saputo and its Subsidiaries, or (ii) any of their respective Properties, in any court or before any arbitrator of any kind or before or by any governmental body, which, if adversely determined, would, singly or in the aggregate, have a Material Adverse Effect.

13.8 Taxes

All federal, provincial, state and other material tax returns of each of Saputo and its Subsidiaries required by Law to be filed, have been duly filed; all federal, provincial, state and other material taxes, assessments and other governmental charges or levies upon (x) any of Saputo and its Subsidiaries and (y) any of their respective Properties, income and profits, which are due and payable, have been paid. The charges, accruals and reserves on the consolidated books of Saputo, in respect of taxes, are adequate, in the judgment of Saputo.

13.9 Financial Statements of Saputo

The audited consolidated financial statements of Saputo for the fiscal year ended March 31, 2018, present fairly, in accordance with generally accepted accounting principles, the consolidated financial position of Saputo as at such date.

13.10 No Adverse Change

Since March 31, 2018, no Material Adverse Effect has occurred and is continuing.

13.11 Approvals

All approvals, certificates of approval, authorizations, consents, permits, licenses, orders, registrations, declarations, filings, notices and other actions to be taken in respect of any federal, provincial or local governmental body (the "**Approvals**"), which are necessary for the ownership and operation by each of Saputo or its Subsidiaries, of their respective business and all the properties related thereto, have been duly obtained, made or taken and are in full force and effect, are not subject to further Approval or appeal, or any pending or threatened legal or administrative proceedings, and none of the Borrower, Saputo or the other Guarantors has knowledge of any fact which, as a matter of Law, is sufficient to justify the commencement by any governmental or regulatory body of any proceeding for termination or revocation of such Approvals, except for any such missing Approvals, appeal or pending or threatened proceedings which would not, singly or in the aggregate, have a Material Adverse Effect.

13.12 Environment

- 13.12.1 Each of Saputo and its Subsidiaries is in compliance with all applicable Environmental Laws, save for those with which non-compliance would not, either singly or in the aggregate, have a Material Adverse Effect.
- 13.12.2 To the best of Saputo's knowledge, having made due inquiry, none of Saputo and its Subsidiaries has engaged and does now engage in any Environmental Activity in violation of any applicable Environmental Law which has or would have a Material Adverse Effect.
- 13.12.3 To the best of Saputo's knowledge, having made due inquiry, no past or present lessee, owner, occupant, or licensee or other Person has or is engaged in any Environmental Activity at, upon, under, over, within, or with respect to any

Properties in violation of any applicable Environmental Law which has or would have a Material Adverse Effect.

- 13.12.4 To the best of Saputo's knowledge, having made due inquiry, no activities or operations of any of Saputo and its Subsidiaries are or have been subject to any judicial, administrative or other proceedings alleging violation of any applicable Environmental Law which if adversely determined would have a Material Adverse Effect.
- 13.12.5 To the best of Saputo's knowledge, having made due inquiry, no activities or operations of any of Saputo and its Subsidiaries, in respect of any of the Properties or therefrom, are or have been the subject of federal, provincial, municipal or other governmental or regulatory investigations or written notices requiring remedial action to respond to the Release, presence or migration of any Contaminant which has or would have a Material Adverse Effect.
- 13.12.6 None of Saputo and its Subsidiaries has filed any written notice or report of a Release of a Contaminant, which has or would have a Material Adverse Effect, with any governmental or regulatory body in respect to any Properties.
- 13.12.7 To the best of Saputo's knowledge, after having made due inquiry, no order, instruction or direction of any government agency or regulatory body has been issued which requires any of Saputo or its Subsidiaries to carry out environmental remediation of any of the Property under any applicable Environmental Law, the carrying out of which has or would have a Material Adverse Effect.

13.13 Status of Guarantors; Corporate Chart

- 13.13.1 Each of the Borrower and the Guarantors on the date hereof (other than Saputo) is a wholly-owned Subsidiary of Saputo.
- 13.13.2 Each other Guarantor is a wholly-owned Subsidiary of Saputo except if the minority shareholders or partners of the Subsidiary concerned have delivered to the Agent their written consent (in form and substance satisfactory to the Agent) to such Subsidiary being a Guarantor, such consent to include a covenant not to enter into an agreement of the type contemplated by Section 15.9.
- 13.13.3 The organizational chart set forth in Schedule 13.13.3 accurately describes the corporate structure of Saputo and its Subsidiaries and their law and jurisdiction of incorporation or formation as at the date of this Agreement (but after giving effect to the Acquisition).

13.14 Title of Ownership

Saputo and its Subsidiaries are, collectively, legal and beneficial owners of all assets, rights, title and interest forming part of their Properties.

13.15 Compliance with ERISA; Non-U.S Plans.

- 13.15.1 The Borrower, the Guarantors and their ERISA Affiliates (if applicable) have established, operated, administered, invested and maintained each Plan in compliance with its terms, applicable collective bargaining agreements and all applicable Laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. None of the Borrower, the Guarantors or any of their ERISA Affiliates has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the US Revenue Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Borrower or any Guarantor or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, Properties or assets of the Borrower, any Guarantor or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the US Revenue Code, other than such liabilities or Liens as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- 13.15.2 The present value of the aggregate benefit liabilities under all Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities except where such excess could not reasonably be expected to have a Material Adverse Effect. Each Plan that is maintained outside the United States (each, a "**Non-U.S. Plan**") that is funded is, as determined as of the end of Saputo's most recently ended fiscal year on the basis of reasonable actuarial assumptions, funded to the extent required by Law except where the failure to be so funded could not reasonably be expected to have a Material Adverse Effect. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.
- 13.15.3 The Borrower, the Guarantors and their ERISA Affiliates have not incurred withdrawal liabilities (or would not incur withdrawal liabilities if a complete withdrawal or a partial withdrawal occurred) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- 13.15.4 The expected postretirement benefit obligation (determined as of the last day of any Guarantor's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the US Revenue Code) of the Guarantors and any ERISA Affiliates in respect of any Plan could not reasonably be expected to have a Material Adverse Effect.

13.15.5 All Non-U.S. Plans have been established, operated, administered, invested and maintained in compliance with their terms, applicable collective bargaining agreements and all applicable Laws, except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. All premiums, contributions and any other amounts required by applicable collective bargaining agreements, Non-U.S. Plan documents or applicable Laws to be paid or accrued in respect of the Non-U.S. Plans by the Guarantors and their Subsidiaries have been paid or accrued as required, except where failure so to pay or accrue could not be reasonably expected to have a Material Adverse Effect.

13.15.6 None of the Borrower, the Guarantors or any of their Subsidiaries is party to any current, pending or threatened legal or regulatory proceedings with respect to any Plan or Non-U.S. Plan that has resulted in or could reasonably be expected to result in a Material Adverse Effect.

13.16 Solvency

Each of the Borrower and the Guarantors is Solvent.

13.17 Anti-Trust Laws

Each of Saputo and its Subsidiaries is in compliance with all filings or notice requirements pursuant to anti-trust legislation insofar as any of its acquisitions completed within the last three (3) years as of the date hereof may be concerned.

13.18 Intangible Assets

Each of Saputo and its Subsidiaries possesses all necessary patents, know-how, trademarks, service marks, trade names, and copyrights, and rights with respect to each of the foregoing, necessary to carry on its business as currently conducted and the possession and use thereof in its business do not conflict with the patents, know-how, trademarks, service marks, trade names, and copyrights, and rights with respect to the foregoing, of any other Person, except where such conflict or failure to hold or possess could not reasonably be expected to have a Material Adverse Effect.

13.19 Use of Proceeds and Compliance with Applicable Margin Regulation

The proceeds of the Loans shall be used solely for the purposes described in Section 2.3. None of Saputo and its Subsidiaries is engaged principally or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" (as such term is defined in Regulations U and X of the Board of Governors of the Federal Reserve System of the United States of America as now and from time to time hereafter in effect).

13.20 Investment Company Act

None of Saputo and its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the *Investment Company Act* of 1940 of the United States of America, as amended.

13.21 Foreign Assets Control Regulations, Etc.

- 13.21.1 Neither the borrowing of any Loan hereunder nor the use of the proceeds thereof violates the *Trading with Enemy Act* of the United States of America, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or similar Laws in effect in Canada, Australia, England or any other jurisdiction (including the European Union) to which the Borrower is subject.
- 13.21.2 None of the Borrower or the Guarantors (i) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or is a Person subject to a similar designation or order under sanction Laws in effect in Canada, Australia, England or any other jurisdiction (including the European Union) to which the Borrower or any Guarantor is subject or (ii) to its knowledge, engages in any dealings or transactions with any such Person.
- 13.21.3 No part of the proceeds of any Loan hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the *United States Foreign Corrupt Practices Act* of 1977 of the United States of America, as amended, or similar Laws in effect in Canada, the United States, Australia, the United Kingdom or any other jurisdiction (including the European Union) to which the Borrower is subject.

13.22 Anti-Money Laundering Laws

- 13.22.1 Neither the Borrower nor any Guarantor, and no holder of a direct or indirect equity interest in any of the Guarantors (other than in Saputo) (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering under Anti-money Laundering Laws, drug trafficking, terrorist-related activities, or any violation of the BSA, (ii) has been assessed civil penalties under any Anti-money Laundering Laws, or (iii) has had any of its funds seized or forfeited in an action by a governmental authority under any Anti-money Laundering Laws. The representations and warranties of this Section, insofar as they relate to holders of equity interests in the Borrower or any Guarantor, or any investigation by a governmental authority (whether with respect to any such equity holder or any Guarantor), are given solely to the knowledge of the Borrower and the applicable Guarantor.

13.22.2 Each of the Borrower and the Guarantors has taken reasonable measures appropriate to the circumstances (in any event as required by applicable Law), to ensure that it is in compliance with all applicable Laws, regulations and governmental guidance on the prevention of bribery, terrorism, terrorist financing and drug trafficking and on the observance of sanction Laws.

13.23 Accuracy and Completeness of Information

All information, reports and other papers and data furnished or made available to the Agent or to the Lenders by or on behalf of Saputo and the Borrower were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the Agent and the Lenders a true and accurate knowledge of the subject matter. No undisclosed fact is currently known to Saputo and the Borrower, which has or is likely to have a Material Adverse Effect which has not been set forth or referred to herein or in such information, reports and other papers and data or otherwise specifically disclosed to the Agent and to the Lenders.

13.24 Survival of Representations and Warranties

Subject to Section 16.3, all representations and warranties made in or under this Agreement or the other Loan Documents shall be deemed to be made and shall be true and correct in all material respects, at and as of the date of execution of this Agreement and at and as of the date of any advance, conversion or continuation hereunder. All representations and warranties made in or under this Agreement or the other Loan Documents shall survive until the full repayment of the Loans and not be waived, by the execution and delivery of this Agreement, any investigation by or on behalf of the Agent and/or the Lenders or the making of any advance, conversion or continuation under this Agreement.

14. GENERAL COVENANTS

So long as the Loans or any other amount payable hereunder are outstanding and unpaid and unless the Agent, acting in accordance with the instructions of the Majority Lenders, shall otherwise consent in writing, each of Saputo and the Borrower covenants and agrees that it will, and will cause each of the Guarantors to, respect and satisfy each of the following covenants (other than the covenant contained in section 14.8 which shall only be respected and satisfied by Saputo):

14.1 The Acquisition

- (a) The Acquisition shall be made (in all material respects and subject to any waivers granted by the Takeover Panel) in accordance with all applicable Laws relevant to the Scheme or Offer (as the case may be).
- (b) The Acquisition Documents shall (in all material respects and subject to any waivers granted by the Takeover Panel) be in compliance with all applicable Laws relevant to the Scheme or Offer (as the case may be) and shall be consistent in all material respects with, in the case of a Scheme Acquisition, the Scheme Press Release or, in the case of an Offer Acquisition, the Offer Press Release save

as required by the Takeover Code or the Takeover Panel or which are not materially adverse to the interests of the Lenders.

14.2 Preservation of Existence, etc.

Preserve and maintain its existence and all material rights, permits, franchises, licenses and privileges necessary or desirable in the normal conduct of its business and remain qualified and authorized to do business in each jurisdiction which the ownership of its Property or the nature of its business requires such qualification or authorization and where the failure to so qualify would, singly or in the aggregate, have a Material Adverse Effect.

14.3 Preservation of Authorizations

Maintain, and take all reasonable actions necessary to maintain, in full force and effect the action taken by it to authorize the borrowings hereunder and the execution, delivery and performance in accordance with their respective terms of the Loan Documents to which it is a party and any other documents required or contemplated hereunder and thereby, and notify the Agent of any change in the incumbency of Persons authorized by Saputo or the Borrower to sign documents for and on behalf of Saputo or the Borrower as stated in the certificate of incumbency delivered to the Agent concurrently with the execution of this Agreement and the Agent shall be entitled to assume that such certificate and any subsequent notice with respect thereto continue to be correct unless and until Saputo or the Borrower (as applicable) shall have notified the Agent of any change in the facts stated therein.

14.4 Business, Compliance with Applicable Law

Conduct its business in a proper manner, keep or cause to be kept proper and lawful records and books of account and make or cause to be made therein true and faithful entries in all material respects of all dealings and transactions in relation to its business, all in accordance with generally accepted accounting principles applied on a consistent basis and comply with all requirements of Law, non-compliance with which would, singly or in the aggregate, have a Material Adverse Effect, provided, however, that nothing herein shall require the Borrower or any of the Guarantors to comply with the requirements of any Law, so long as the applicability or validity thereof shall be contested by the concerned Person in good faith and by appropriate proceedings and so long as non-compliance while so contesting shall not have a Material Adverse Effect.

14.5 Insurance

With respect to any part of the Properties, (i) keep its assets that are of an insurable character insured by financially sound and reputable insurers against loss or damage by fire, explosion and other hazards insured against by sufficient coverage and in any event not less than the full insurable value (replacement value if available at reasonable insurance premiums) of the property insured, to the extent and in the manner customary for companies in similar businesses which are similarly situated, (ii) maintain and keep with financially sound and reputable insurers, insurance against hazards, risks and liability to persons and property to the extent and in the manner customary for companies in similar businesses which are similarly situated, and (iii) file with the Agent upon its request a detailed list of the insurance then in effect and stating the

names of the insurance companies, the amounts of insurance, dates of expiration thereof and the properties and risks covered thereby, together with evidence that all premiums with respect thereto have been paid.

14.6 Payment of Taxes and Claims

Pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it prior to the date on which penalties attach thereto, and all lawful claims for rents, labour, materials and supplies which, if unpaid, might become a Lien upon any of its Property other than a Permitted Encumbrance; provided, however, that no such tax, assessment, charge, levy or claim need be paid which is being contested in good faith by appropriate proceedings and for which appropriate reserves shall have been set aside on the appropriate books, but only so long as such tax, assessment, charge, levy or claim does not become a Lien upon the Property or any part thereof, other than a Permitted Encumbrance. No foreclosure, distraint, seizure, attachment, sale or similar proceeding shall have been commenced against the Property or any part thereof, in each case, except which could not reasonably be expected to have a Material Adverse Effect.

14.7 Visits and Inspections

14.7.1 Upon reasonable notice, but only once a year (except when an Event of Default exists), permit representatives of the Lenders and the Agent and their advisors to visit and inspect the Properties during normal business hours, and discuss with its principal officers the business, assets, liabilities, financial position, results of operations and business prospects of the Borrower or any Guarantor.

14.7.2 Upon reasonable notice, but only when an Event of Default exists, permit representatives of the Lenders and the Agent and their advisors to inspect and make extracts from and copies of its books and records pertaining to the business of the Borrower or any Guarantor.

14.8 Maintenance of Ratios

14.8.1 Subject to subsection 14.8.2, maintain at all times, on a consolidated basis:

14.8.1.1 an Interest-Bearing Debt/EBITDA Ratio no greater than 3.50:1.00, provided that, for any twelve (12) month period (each such period, a "Step Up Period") following the date on which the Borrower notifies the Agent that Saputo or its Subsidiaries have completed, in the twelve (12) preceding consecutive months, an acquisition or a series of acquisitions for which the aggregate consideration exceeds US\$1,000,000,000, the Interest-Bearing Debt/EBITDA Ratio shall be no greater than 4.00:1.00; provided further however that, immediately after the end of any Step Up Period, the Interest-Bearing Debt/EBITDA Ratio shall be no greater than 3.50:1.00 for at least two (2) consecutive fiscal quarters before the Borrower may benefit from another Step Up Period pursuant to the immediately preceding proviso; and

14.8.1.2 an Interest Coverage Ratio of not less than 2.50:1.00.

14.8.2 When any acquisition or Disposal of business permitted hereunder is made by any of Saputo or its Subsidiaries during any period in respect of which the financial ratios of subsection 14.8.1 or the EBITDA Threshold have to be calculated, such ratios or EBITDA Threshold may at the option of Saputo in the case of an acquisition but shall in the case of a Disposal of business be calculated as if such acquisition or such Disposal had occurred on the first day of the relevant period of calculation (therefore integrating in or excluding from the calculation, as applicable, the historical financial results of the business concerned).

14.9 Payment of Legal and Other Fees and Disbursements

Pay upon demand all reasonable legal and professional fees and disbursements or any out of pocket costs and expenses incurred from time to time by the Agent or the Lenders in connection with the:

14.9.1 negotiation, preparation, execution and delivery of the Loan Documents and all other documents accessory thereto or in implementation thereof or contemplated therein, as well as any amendment to be made from time to time to any of the foregoing;

14.9.2 advice sought by the Agent (after the occurrence of a Default which is continuing or, otherwise, with Saputo's consent, which consent shall not be unreasonably withheld) in connection with the interpretation of the Loan Documents or in connection with the exercise of any or all of their rights and remedies;

14.9.3 the visits and inspections pursuant to subsection 14.7.2 when an Event of Default exists; and

14.9.4 the collection of any moneys due, and the enforcement of any rights and remedies, under any of the Loan Documents.

14.10 Transactions with Affiliates of Saputo

Negotiate and conclude agreements or transactions to be entered into from time to time, as between the Borrower and any one or more of its Affiliates (excluding the Guarantors), or as between any one or more of the Guarantors and any one or more of Saputo's Subsidiaries (other than the Borrower and the other Guarantors), on no less favourable terms than prevailing commercially reasonable market terms as between parties acting at arm's length with respect to similar agreements or transactions negotiated and concluded in similar circumstances.

14.11 Financial Information

Deliver to the Agent, for the benefit of the Lenders:

- 14.11.1 within 60 days after the last day of each fiscal quarter of Saputo (except for the last fiscal quarter of any fiscal year), the unaudited consolidated quarterly financial statements of Saputo as at the end of such fiscal quarter and a Compliance Certificate signed by a financial officer of Saputo;
- 14.11.2 within 120 days following the end of each fiscal year of Saputo, the audited consolidated financial statements of Saputo as at the end of such fiscal year, setting forth in comparative form the figures as at the end of and for the preceding fiscal year, together with a Compliance Certificate signed by a financial officer of Saputo;
- 14.11.3 within 120 days after the end of each fiscal year of Saputo, the consolidated budget in respect of the results and the balance sheet of Saputo for the current fiscal year, and the related statements of operations, earnings and retained earnings, shareholders' equity and changes in financial position forecasted for such fiscal year, with appropriate supporting documents and information;
- 14.11.4 promptly upon transmission thereof, copies of all registration statements, annual information forms, prospectus, press releases, offering circulars or similar materials filed by any of Saputo and the Borrower with any securities exchange, securities commission or similar governmental authority or commission; Saputo shall be deemed to have furnished the information required by this subsection 14.11.4 by making the said information available on SEDAR; and
- 14.11.5 except as otherwise expressly provided in this Section 14.11, promptly upon each request, such data, certificates, reports, statements, documents or further information regarding the business, assets, liabilities, financial position, results of operations or business prospects of the Borrower or any Guarantor as the Agent may reasonably request.

14.12 Notice of Litigation and other Matters

- 14.12.1 Furnish or cause to be furnished to the Agent, prompt notice of the following events after any of Saputo and the Borrower has become aware thereof:
 - 14.12.1.1 the commencement of all proceedings (including any notices of infraction) and investigations by or before any governmental body and all actions and proceedings in any court or before any arbitrator against, or (to the extent known to the Borrower) in any other way relating adversely to any of the Borrower, the Guarantors or any of their properties, assets or businesses which, if adversely determined, could singly or when aggregated with all other such proceedings, investigations and actions have a Material Adverse Effect;
 - 14.12.1.2 the occurrence or the failure to occur of any event which would result in the occurrence of a Material Adverse Effect;
 - 14.12.1.3 the existence of any Default; or

- 14.12.1.4 the giving of any notice or the taking of any other action by or on behalf of any creditor (or trustee of such creditor) of any of the Borrower or the Guarantors with respect to a claimed default, unless such default shall have been cured or waived within the stipulated cure period or if not cured or waived, the failure to cure or waive same would not, singly or in the aggregate, have a Material Adverse Effect.
- 14.12.2 Furnish or cause to be furnished to the Agent, (i) prompt notice of any corporate restructuring, after completion of same, and (ii) notice of any winding-up, liquidation, dissolution or transaction permitted by Section 15.1 which is not subject to the ten (10) day prior notice specified therein, prior to completion of same.
- 14.12.3 Promptly notify the Agent of any proposed change in the fiscal year-end of Saputo.

14.13 Disclosure of Environmental Matters

Without limiting the generality of the covenant set forth under Section 14.12:

- 14.13.1 Saputo shall immediately notify the Agent of any Release of a Contaminant or of the discovery of the presence of a Contaminant at, upon, under, over, within, with respect to or emanating from any Property comprised of immovable or real property of the Borrower or any Guarantor which is likely to have a Material Adverse Effect;
- 14.13.2 Saputo shall immediately forward to the Agent, copies of all orders, notices or permits from environmental authorities and copies of all technical reports prepared by or on behalf of the Borrower or any Guarantor in connection with the environmental status of any property of the Borrower or any Guarantor and of the activities or operations of the Borrower or any Guarantor dealing with any issue which is likely to have a Material Adverse Effect; and
- 14.13.3 promptly upon the written request of the Agent, acting in accordance with the instructions of the Majority Lenders (which request shall not be made without justification), Saputo shall provide the Agent, at the Borrower's expense, with an environmental site assessment or environmental audit report prepared by an environmental consultant approved by the Agent, to assess with a reasonable degree of certainty the effect of any event or circumstance referred to in subsections 14.13.1 and 14.13.2 which has occurred.

14.14 Plan

Saputo will inform the Agent as soon as possible, and in any event within ten (10) days after it knows or has reason to believe that any of the events or conditions specified below has occurred or exists, in respect of any of Saputo and its Subsidiaries (and will provide a copy of any report or notice required to be filed with or given to any governmental authority including PBGC):

- (i) any event which would be reasonably likely to have a Material Adverse Effect and in all cases, any reportable event, as defined in Section 4043 of ERISA and the regulations issued thereunder, unless the 30-day notice requirement in respect thereof has been waived by the PBGC;
- (ii) a notice of intent to terminate, in whole or in part, any defined benefit pension plan subject to Title IV of ERISA or any action taken by any of Saputo and its Subsidiaries to terminate any Plan that is subject to Title IV of ERISA;
- (iii) any unfavourable determination letter from a governmental authority regarding the registration of any Plan or the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of any Plan;
- (iv) the institution of proceedings for the appointment of a provisional administrator to administer any Plan; and
- (v) any amendment to any Plan that would result in the loss of the qualification as a registered pension plan under any applicable Laws, including the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the US Revenue Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if security has not been provided in accordance with the provisions of these Sections.

14.15 Additional Reporting on the Acquisition

The Borrower shall:

- (i) promptly furnish to the Agent any Acquisition Document;
- (ii) promptly advise the Agent in writing of the occurrence of any material step or development relating to the Acquisition; and
- (iii) provide the Agent with any information that the Agent may reasonably request with respect to the Acquisition,

in each case to the extent that it is able to do so in compliance with applicable Law and any confidentiality or other obligations to which it is subject.

15. NEGATIVE COVENANTS

So long as the Loans or any other amount payable hereunder are outstanding and unpaid and unless the Agent, acting in accordance with the instructions of the Majority Lenders, shall otherwise consent in writing, each of Saputo and the Borrower covenants and agrees that neither it nor any other Guarantor will do or cause to be done any of the following:

15.1 Consolidation, Amalgamation, Merger, etc.

- 15.1.1 Wind up, liquidate or dissolve its affairs, save for the winding-up, liquidation or dissolution of the affairs of the Borrower or any Guarantor (other than Saputo) into or in favour of the Borrower or any Guarantor, it being understood that, in the case of the winding-up, liquidation or dissolution of the Borrower or the relevant Guarantor shall become the successor of the Borrower and shall be bound by all of the obligations of the Borrower under the Loan Documents.
- 15.1.2 Enter into any transaction of amalgamation, merger or consolidation involving the Borrower and/or a Guarantor, on the one hand, and a Person (other than a wholly-owned Subsidiary of Saputo), on the other hand, unless not less than ten (10) days prior notice of the transaction is given to the Agent and provided that the following conditions are fulfilled:
- (i) immediately before and after such transaction, no Default exists;
 - (ii) the surviving or amalgamated entity is the Borrower or a Guarantor which is Solvent, and executes and delivers to the Agent all such documents as may be necessary or advisable to confirm that such entity is bound as successor of the merging or amalgamating entities by all Loan Documents to which such entities were parties; and
 - (iii) the Agent has been provided prior to or concurrently with the transaction with satisfactory evidence of compliance with the requirements of subparagraphs (i) and (ii) above including such financial information, certificates, documents and legal or other professional opinions as the Agent may reasonably request.

15.2 Sale of Assets

Sell, alienate, lease or otherwise dispose of or enter into any sale and leaseback transaction of the whole or any part of its Properties (including pursuant to Securitization Programs) (collectively a "**Disposal**"), other than (i) inventory and obsolete equipment and material in the ordinary course of its business and for the purpose of carrying on the same and (ii) any other Disposal so long as no Default exists or would result from such Disposal or if such Disposal could not reasonably be expected to have a Material Adverse Effect, provided however that no Securitization Program shall be entered into or remain in effect whenever the Interest Bearing Debt/EBITDA Ratio is equal to or greater than 2.75:1.00, unless the value of said Securitization Programs is included in the determination of the ratios described or referred to under Section 14.8 as constituting Indebtedness and Interest-Bearing Debt.

15.3 Advances, Loans and Investments

- (i) Make any loan, advance or extension of credit to any Person, (ii) make any capital contribution or investment to or in any Person, or (iii) purchase or otherwise acquire for consideration from any Person any evidence of Indebtedness, capital stock, partnership units or other securities of any Person (other than investments in short term certificates of deposit of

financial institutions and readily marketable money market securities) or loans, advances, extensions of credit, capital contributions or investments, in an aggregate amount exceeding, at all times during any fiscal year of Saputo, US\$75,000,000, except if the transaction or operation in the nature of those described in clauses (i), (ii) and (iii), whether conducted in a single transaction or a series of transactions, is for the ultimate benefit of Saputo or any other Person (including a Subsidiary of Saputo) operating in fields of activities corresponding to the core business of the Saputo group as of the date of this Agreement (i.e. food business), in which case this Section 15.3 shall not apply.

15.4 Corporate Restructuring

Enter into any corporate restructuring if, as a result thereof, Lenders' rights are materially and adversely affected.

15.5 Liens

Save only for Permitted Encumbrances, create, incur, assume or suffer to exist any Lien on any Property whether now owned or hereafter acquired by the Borrower, any Guarantor or their respective Subsidiaries.

15.6 Change in Business

Effect any change in the nature of its business which could reasonably be expected to have a Material Adverse Effect.

15.7 Redemption of Shares

Except in favour of the Borrower or a Guarantor (in such cases the restrictions provided for in this Section 15.7 shall not apply), redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its share capital now or hereafter outstanding or otherwise reduce its issued or paid-up capital nor make any other similar form of distribution or payment to its shareholders if a Default exists or would result therefrom or if same could have a Material Adverse Effect.

15.8 Derivative Instrument

Enter into any Derivative Instrument, save and except regarding the Borrower and the Guarantors as at the date hereof only, for usual hedging purposes in the normal course of their respective business.

15.9 Avoidance of Prohibitions on Dividends and Distributions

Except under the Loan Documents, enter into any agreement which restricts in any way the right of the Borrower and the Guarantors to pay dividends or make other distributions to shareholders or to make loans or other advances to the Borrower or any Guarantor, where such restrictions has or is likely to have a Material Adverse Effect.

15.10 Consideration and Terms and Conditions of the Acquisition

15.10.1 The Borrower shall not increase the price per share payable for the Target Shares to which the Offer or the Scheme (as the case may be) relates as specified in the Offer Press Release or the Scheme Press Release (as the case may be) or take any step which would have such effect or waive or reduce in the case of an Offer the minimum acceptance condition of 90% without the consent of the Majority Lenders where to do so could reasonably be expected to materially and adversely prejudice the interests of the Lenders. As regards a Scheme, it is understood that a resolution to approve the Scheme is passed by a majority in number of Scheme Shareholders (as defined in the Scheme Press Release) present and voting (and entitled to vote) at the Court Meeting (as defined in the Scheme Press Release), either in person or by proxy, representing three-quarters or more in value of the Scheme Shares (as defined in the Scheme Press Release) held by those Scheme Shareholders.

15.10.2 Unless required by the Takeover Panel or an order or orders of the court, neither the Borrower nor Bidco will waive or amend any term or condition of the Scheme or Offer (as the case may be) without the consent of the Majority Lenders if such waiver or amendment could reasonably be expected to materially and adversely affect the interests of the Lenders, provided that the Majority Lenders' consent shall not be required in respect of any waiver that relates to a condition which Bidco reasonably considers that it would not be entitled, in accordance with Rule 13.5(a) of the Takeover Code, to invoke so as to cause the Scheme or Offer not to proceed, to lapse or to be withdrawn. If the Takeover Panel notifies the Borrower or Bidco that it requires such waiver or amendment, then the Borrower will inform the Agent promptly upon receiving such notification and will consult with the Agent as to the manner, if any, in which such adverse effect may be mitigated.

15.10.3 The consent of any Lender required under this Section 15.10 shall be deemed to have been granted if such Lender has not explicitly and in writing notified the Borrower that it does not grant the relevant consent within five (5) Business Days of the Borrower delivering to the Agent a request for the Lenders' consent or such shorter period as the Takeover Panel may require for the making of the relevant waiver or amendment (as the case may be).

15.11 Use of Proceeds

The Borrower shall not allow the Facility or the proceeds thereof to be used in contravention of Applicable Laws or in a manner not permitted by Section 2.3.

15.12 Choice of Scheme or Offer

Without prejudice to any obligation of the Borrower or Bidco to consult with or seek the consent of the Takeover Panel, Bidco may at any time (a) cause the Scheme not to proceed, to lapse, or be withdrawn and commence with an Offer by issuing (or causing to be issued) an Offer Press Release or (b) cause the Offer not to proceed, to lapse, or to be withdrawn and commence a

Scheme by issuing (or causing to be issued) a Scheme Press Release and, in each case, the Borrower shall advise the Agent in writing of such decision.

16. EVENTS OF DEFAULT AND REALIZATION

16.1 Events of Default

The occurrence of any of the following events during the term of this Agreement shall constitute an event of default (herein referred to as an "**Event of Default**"):

- 16.1.1 should the Borrower fail to make, as and when same are due, any payment of principal, under the Loans;
- 16.1.2 should the Borrower fail (for more than five (5) days) to make, as and when same are due, any payment of interest, fees or related costs with respect to the Loans;
- 16.1.3 should any of Saputo and the Borrower default in the performance or fulfillment of any of its obligations under Article 15 or under Section 14.8 and such default (when curable, in the reasonable opinion of the Majority of Lenders) is not cured within 15 days following the issuance to Saputo by the Agent of a notice thereof;
- 16.1.4 should the Borrower or any Guarantor default in the performance or fulfillment of any of its other obligations or covenants hereunder, or any of its other obligations or covenants under the other Loan Documents, under any Derivative Instrument or under any other covenant assumed by the Borrower or any Guarantor in relation to the Loans or the Facility, and such default is not remedied within ten (10) days following the issuance to Saputo by the Agent of a notice thereof, (provided however that if the Borrower or such Guarantor shall have diligently taken steps to correct such default within the said ten (10) days following such notice, the same shall not constitute an Event of Default for so long as the Borrower or such Guarantor is continuing to take such steps to correct such default and provided however that such default is fully cured within 30 days following the issuance by the Agent of said notice);
- 16.1.5 should (i) the Borrower or any Guarantor makes an assignment for the benefit of creditors, or file or consent to the filing of a petition in bankruptcy, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or any other equivalent Law of any jurisdiction, or be adjudicated insolvent or bankrupt, or petition or apply to any tribunal for any receiver, trustee, coordinator, liquidator or sequestrator of, or for any substantial part of its Property (collectively the "**Proceedings**") or the Borrower or any Guarantor commence any such Proceedings or (ii) there be commenced against the Borrower or any Guarantor any such Proceeding relating to it or its Property or any substantial portion thereof under any reorganization, arrangement or readjustment, composition or liquidation Law of any jurisdiction which Proceeding remains undismissed for a period of 30 days or (iii) any receiver, trustee, coordinator, liquidator or sequestrator of, or for the Borrower, any

Guarantor or any substantial portion of their Property, be appointed (including on an interim basis) or (iv) the Borrower or any Guarantor consents to or approve or accept any Proceeding or the appointment of any receiver, trustee, coordinator, liquidator or sequestrator of, or for the Borrower or any Guarantor or any substantial portion of their Property;

- 16.1.6 should any statement, certificate, representation or warranty which has been made by or on behalf of the Borrower or any Guarantor to the Lenders in or pursuant to this Agreement or any of the Loan Documents prove at any time to be either incorrect or substantially inaccurate when made with respect to a material aspect;
- 16.1.7 should any process of execution be enforced or levied upon any Property of the Borrower or any Guarantor and remain unsatisfied for a period of ten (10) days as to movable or personal Property, or a period of twenty-one (21) days as to immovable or real Property. However, an Event of Default shall only occur under this subsection, if such process is not contested in good faith by or on behalf of the Borrower or the affected Guarantor, as the case may be, and in respect of which in the event that such contestation should prove unsuccessful, no Lien shall be created or result upon or with respect to any Property of the Borrower or any Guarantor, save Permitted Encumbrances;
- 16.1.8 should the Borrower or any Guarantor fail to obtain the cancellation, radiation or waiver of any prior notice of exercise of a hypothecary right or of any other entry affecting any of its Property (excluding any other entry relating to any one of the Permitted Encumbrances) in favour of any creditor other than the Lenders within five (5) days of their respective publication or registration, as the case may be;
- 16.1.9 should any interest of the Borrower or any Guarantor in any of its Property (the value of which, either singly or in the aggregate for all the Borrower and Guarantors, exceeds at any time US\$50,000,000) be sold or foreclosed by any creditor or encumbrancer or any Person acting under legal process, or should any Person take possession, or assume control through distress or legal process, of the Property and assets of the Borrower or any Guarantor or any part thereof (the value of which, either singly or in the aggregate for all the Borrower and the Guarantors, exceeds at any time US\$50,000,000);
- 16.1.10 should the Borrower or any Guarantor fail to make, as and when same are due, any payment of principal or interest with respect to any Material Indebtedness;
- 16.1.11 should a creditor of any Material Indebtedness (other than a Lender) declare same as being immediately due and payable prior to its stated maturity following the failure by the Borrower or any Guarantor to perform or fulfil its obligations under said Material Indebtedness, or should the Borrower or any Guarantor fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any

Material Indebtedness if the effect of such failure is to permit a creditor to accelerate the maturity of such Indebtedness, whether or not such failure shall be waived by such creditor;

- 16.1.12 should the Borrower or any Guarantor have received any notice of infraction or should there be any action, suit or proceeding pending or threatened against it or its Properties in any court or before any arbitrator of any kind or before or by any governmental body, which, if adversely determined, would, singly or in the aggregate, have a Material Adverse Effect;
- 16.1.13 should there occur a "Guarantor's Event of Default" within the meaning set forth in any Guarantee and Subordination Agreement, or should any guarantee provided for thereunder cease to be applicable or valid with respect to any portion of the Guaranteed Obligations (within the meaning set forth under the applicable Guarantee and Subordination Agreement);
- 16.1.14 should, after the date hereof, shares or other ownership interests carrying more than 50% of the votes necessary to elect a majority of the board of directors of Saputo be acquired or held directly or indirectly by any Person or group of Persons acting in concert, other than the Saputo Family or a Person mentioned in the definition of "Saputo Family"; or
- 16.1.15 should (i) any Plan fail to satisfy the minimum funding standards of ERISA or the US Revenue Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the US Revenue Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified Saputo, the Borrower or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the sum of (x) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, plus (y) the amount of any unfunded liabilities in respect of all Non-U.S. Plans, shall exceed US\$50,000,000 (or its equivalent in the relevant currency of payment), (iv) Saputo, the Borrower or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the US Revenue Code relating to employee benefit plans, (v) Saputo, the Borrower or any ERISA Affiliate withdraws from any Multiemployer Plan, (vi) the Borrower or any Guarantor fails to comply with its funding obligations under applicable Law in respect of any Non-U.S. Plan, (vii) the Borrower or any Guarantor establishes any employee welfare benefit plan that provides post-employment welfare benefits or amends such a plan in a manner that would increase the liability of the Borrower or any Guarantor thereunder, (viii) the Borrower or any Guarantor fails to administer or maintain a Non-U.S. Plan in compliance with its terms, the requirements of any applicable collective bargaining agreements or applicable

Laws, (ix) the Borrower or any Guarantor takes any action to terminate, in whole or in part, a Non-U.S. Plan or a governmental authority notifies the Borrower or any Guarantor that the governmental authority intends to require such termination, or (x) the Borrower or any Guarantor becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to any Non-U.S. Plans; and any such event or events described in clauses (i) through (x) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

16.2 Remedies

16.2.1 Upon the occurrence of an Event of Default:

16.2.1.1 the Agent, acting in accordance with the instruction of the Majority Lenders, may terminate the right of the Borrower to make renewals or conversions in respect of Loans, declare all indebtedness of the Borrower under the Loan Documents to be immediately payable and demand the immediate payment of all or part of the amounts owing to the Lenders hereunder, in principal, interest, fees and related costs as well as the immediate payment of the face amount of all outstanding Bankers' Acceptances; and

16.2.1.2 the Lenders and/or the Agent, acting in accordance with the instructions of the Majority Lenders, may exercise any and all of the Lenders rights and recourses under the Loan Documents.

16.2.2 Notwithstanding the provisions set forth above in subsection 16.2.1, upon the occurrence of an Event of Default specified in subsection 16.1.5, all amounts specified in subsection 16.2.1.1 shall thereupon and concurrently therewith become due and payable, all without any action by the Agent or the Lenders and without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in the Loan Documents to the contrary notwithstanding.

16.3 Limitations during the Certain Funds Period

Notwithstanding Sections 16.2 and 16.6, during the Certain Funds Period, unless a Major Default has occurred and is continuing, none of the Lenders shall be entitled to:

- (a) subject to the conditions precedent to borrowings set out in Sections 4.1 and 4.2 being met or waived, refuse to participate in the making of a Loan;
- (b) cancel any of its Commitments;
- (c) rescind, terminate or cancel the whole or any part of this Agreement or the Facility or the right of the Borrower to use the Facility or exercise any similar

right or remedy it may have or make or enforce any claim it may have under the Loan Documents;

- (d) exercise any right of set-off or counterclaim in respect of amounts to be disbursed to the Borrower under the Facility;
- (e) cancel, accelerate or demand or cause payment, repayment or prepayment of any amounts owing by the Borrower, Saputo or any Guarantor under the Loan Documents,

in each case to the extent to do so would prevent or limit the making of a drawdown under the Facility, but provided that immediately upon the expiry of the Certain Funds Period all such rights and entitlements will be available to the Lenders notwithstanding that they may not have been used or been available for use during the Certain Funds Period.

If it is or becomes illegal for a Lender to lend in accordance with Article 3, this Section 16.3 shall not apply to such Lender.

16.4 Clean-Up Period

Notwithstanding any other provision of any Loan Document:

- (a) any breach of any of the representations and warranties in Article 13 (including where deemed to be made) or any breach of any covenant in Articles 14 and 15; or
- (b) any Event of Default (other than under Sections 16.1.5, 16.1.9, 16.1.10 and 16.1.11),

occurring prior to the Clean-Up Date shall be deemed not to be a breach of representation or warranty, a breach of covenant or an Event of Default (as the case may be) if:

- (i) it would have been (if it were not for this provision) a breach of representation or warranty, a breach of covenant or an Event of Default only by reason of circumstances relating exclusively to any member of the Target Group;
- (ii) it is capable of remedy and reasonable steps are being taken to remedy it;
- (iii) the circumstances giving rise to it have not been caused by or approved by the Borrower; and
- (iv) it is not reasonably expected to have a Material Adverse Effect.

If the relevant circumstances are continuing on or after the Clean-Up Date, there will be a breach of representation or warranty, breach of covenant or Event of Default, as the case may be, notwithstanding the above, and the Agent and the Lenders may exercise all their rights and remedies resulting therefrom.

16.5 Proceeds of Realization

The proceeds of realization under any of the Loan Documents or any credit or compensating balances of the Borrower held by any Lender shall be applied as set forth under the Interlender Agreement.

16.6 Compensation and Set-Off

In addition to any right now or hereafter granted under Law and not by way of limitation of any such right, upon the occurrence of an Event of Default, the Lenders are hereby authorized by the Borrower, at any time, without notice to the Borrower or to any other Person other than as is required by Law, any such notice being hereby expressly waived, to effect compensation, to set-off and to appropriate and to apply any and all deposits, whether matured or unmatured, and any other indebtedness at any time held or owing by the Lenders to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower (i) to the Lenders under this Agreement and (ii) to the Lenders or their Affiliates under Derivative Instruments executed with the Borrower.

16.7 Dealing with the Borrower

The Agent may grant extensions of time and other indulgences, take or abstain from taking or give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower as it may see fit within the authority granted to the Agent under the provisions of the Interlender Agreement, without prejudice to the liability of the Borrower or to the rights of the Lenders hereunder.

17. INCREASED COSTS, TAXES AND INDEMNIFICATION

17.1 Increased costs, capital adequacy

If any law, regulation, directive, guideline, administrative decision or policy generally applicable to financial institutions in Canada or the United States (including, for greater certainty, arising at any time out of the "Dodd Frank" legislation and regulations and the "Basel III" frameworks) or to which a Lender is held to have subscribed voluntarily, or the creation of, the liability of a Lender under, or the increase of, a tax (other than on such Lender's income or capital) or the withdrawal or termination of a previously granted exemption with respect to a tax (other than on such Lender's income or capital) or a decision of a competent court has the effect (i) of increasing after the date hereof for such Lender the cost of the Loans or of making any advance or maintaining any amounts outstanding under the Facility or (ii) of reducing after the date hereof the revenue or return accruing to it from the Loans, or (iii) of imposing the payment or collection of a tax (including, without limitation, the payment by any Lender of any withholding or similar taxes in any jurisdiction) in connection with the Facility (other than tax on any Lender's income or capital), then the Agent may send to the Borrower a notice, indicating the amount of such additional cost or of such reduction of revenue or return, as well as the cause thereof; such notice is *prima facie* evidence of the amount of such additional cost or of such reduction of revenue or return and the Borrower shall, within two (2) Business Days following receipt of such notice, pay such amount to such Lender as will, on an after-tax basis, compensate such Lender for such additional cost or such reduction of revenue or return.

17.2 Reimbursement of Losses

Whenever any Lender shall sustain or incur any losses in connection with:

- 17.2.1 the failure of the Borrower to borrow pursuant to the drawdown notice contemplated in Section 4.1 (whether by reason of the Borrower's determination not to proceed, the non-fulfillment of any of the conditions set forth in Section 4.1 or for any other reason attributable to the Borrower);
- 17.2.2 the declaration by the Agent or the Lenders following the occurrence of an Event of Default, that the Loans are immediately due and payable;
- 17.2.3 the conversion or repayment of the whole or a part of any Libor Advances or of any amount outstanding by way of Banker's Acceptance on any day other than their stated date of maturity for any reason whatsoever including a change in circumstances specified in Section 6.5;
- 17.2.4 the failure to pay principal, interest, fees or any other amount under this Agreement when due (whether at maturity, by reason of acceleration or otherwise); or
- 17.2.5 the failure to follow through with a conversion or renewal notice duly delivered to the Agent due to the existence of a Default on the relevant Conversion Date;

the Borrower agrees to pay the Lenders, upon demand, an amount certified by the Lenders to be sufficient to compensate them for all such losses. The obligations of the Borrower with respect to this Section shall survive the repayment of the Loans.

17.3 Amount of Losses

The losses referred to in Section 17.2 shall not in any event exceed an amount equal to the Commitments. The said losses shall consist of and be limited to the losses incurred by the Lenders in connection with the redeployment of funds converted, repaid, prepaid, not borrowed or not paid, in an amount equal to the premium, if any, that the Lenders would be required to pay were they to purchase, in the relevant market, prior to its maturity, on the date of such conversion, repayment, failure to borrow or failure to repay a term deposit instrument in a principal amount equal to the affected Selected Amount and whose maturity is equal to the remaining term of the affected Selected Maturity, and bearing interest at a rate equal to the rate applicable or that would have been applicable under the terms hereof to the funds converted, repaid, not borrowed, not paid or not prepaid, as the case may be, on the date of such conversion, repayment, failure to borrow or failure to repay, as the case may be. The Lenders shall submit a certified statement to the Borrower setting forth a description of the calculations used in determining the amount of such indemnity.

17.4 Lender to Avoid Creating Additional Liability for the Borrower

The Lenders agree to use reasonable efforts to avoid incurring any liability for which the Borrower is required to indemnify the Lenders pursuant to this Article; provided however, that

nothing herein shall require the Lenders to take any action which would cause the Lenders or such Subsidiary or Affiliate thereof to incur any additional cost or expense, or which would reduce any amount to be received by the Lenders or such Subsidiary or Affiliate thereof by an amount which the Lenders deem to be material or which the Lenders determine in their sole judgment to be inadvisable for regulatory, competitive or internal management reasons; and provided further, that the Borrower shall reimburse the Lenders or such Subsidiary or Affiliate thereof for any such additional cost incurred by the Lenders in taking any action pursuant to this Section.

17.5 Taxes

All payments by the Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future excise, stamp or similar taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (i) franchise taxes, (ii) any taxes that would not be imposed but for a connection between a Lender or the Agent and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of such Lender or the Agent pursuant to or in respect of this Agreement), (iii) any taxes imposed on or measured by any Lender's assets, net income, receipts or branch profits, (iv) any taxes arising after the date hereof solely as a result of or attributable to a Lender changing its designated lending office after the date such Lender becomes a party hereto, (v) taxes attributable to a Lender's failure to comply with Section 17.6 and (vi) any U.S. federal withholding taxes imposed under FATCA (the non-excluded items are hereinafter collectively referred to as the "**Taxes**"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable Law, rule or regulation, then the Borrower will pay to the Agent, for the account of each affected Lender, such additional amount or amounts as is necessary to ensure that the net amount actually received by each affected Lender will equal the full amount such Lender would have received had no such withholding or deduction been required and the Borrower shall indemnify the Lenders from any incremental Taxes, interest or penalties that may become payable by any Lender as a result of said Taxes.

17.6 Indemnification; Limitation of Liability

- 17.6.1 In consideration of the execution and delivery of this Agreement by the Agent and each Lender and the making of the Loans, each of Saputo and the Borrower hereby indemnifies, exonerates and holds the Agent and each Lender, each of their respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (collectively, the "**Indemnified Parties**") free and harmless from and against any and all claims, actions, causes of action, judgments, suits, losses, penalties, costs, liabilities, obligations and damages, and expenses, including attorneys' fees, disbursements and service charges (collectively, the "**Indemnified Liabilities**") that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the execution, delivery, enforcement or performance of this Agreement and the other Loan Documents (including, without limitation, the enforcement of the Guarantee and

Subordination Agreements), or any transaction financed or to be financed, in whole or in part, or any use made or proposed to be made, directly or indirectly, with the proceeds of the Loans, whether or not such action is brought against the Agent or any Lender, the shareholders or creditors of the Agent or any Lender, or an Indemnified Party or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated herein are consummated, except to the extent such claim, damage, loss, liability or expense (a) has resulted from the gross negligence or wilful misconduct of such Indemnified Party, or such Indemnified Party's violation of applicable Law or failure to make a Loan in violation of this Agreement, (b) results from claims of the Agent or a Lender solely against one or more other Lenders or (c) results from an action or suit initiated by the Borrower or any Guarantor against the Agent or any Lender in which the Borrower or such Guarantor prevails, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities for which otherwise the Borrower is liable under this subsection 17.6.1 which is permissible under applicable Law.

- 17.6.2 Each of Saputo and the Borrower acknowledges that the Indemnified Liabilities include, without limitation, any liability (whether direct or indirect, in contract or tort or otherwise), if any, of an Indemnified Party to it, any of its shareholders or creditors, any Subsidiary or any Guarantor, arising out of, related to or in connection with, the transactions contemplated herein or in the Loan Documents, including the exercise of any of their rights under any Loan Document or the carrying on of any duties thereunder, except to the extent that such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct or from such Indemnified Party's failure to make a Loan in violation of this Agreement; provided, however, in no event shall any Indemnified Party be liable for consequential, indirect or special, as opposed to direct damages.
- 17.6.3 So long as no Event of Default has occurred, no Indemnified Party shall settle or otherwise pay or agree to pay any claim for which the Borrower is obligated to provide indemnification under the Loan Documents without the prior written consent of Saputo and the Borrower, which consent shall not be unreasonably withheld and shall be deemed to have been given unless Saputo and the Borrower object to such settlement within ten (10) Business Days after notice thereof.

18. ENVIRONMENTAL INDEMNITY

18.1 Indemnity

Each of Saputo and the Borrower shall at all times protect, indemnify and hold harmless the Lenders, the Agent and their directors, officers, employees and agents (for the purpose of this Article, the "**Lenders-Indemnified Parties**") against and from (and pay the full amount of) any

and all liabilities, claims, suits, actions, debts, damages, costs, losses, obligations, judgments, charges, and expenses, of any nature whatsoever (for the purpose of this Article, collectively the "**Losses**") suffered or incurred by the Lenders-Indemnified Parties as successor-in-interest to any of the Borrower, the Guarantors or their respective Subsidiaries by foreclosure deed, deed of taking of possession or deed in lieu of foreclosure or taking of possession, or by any other means relating to the Borrower, any Guarantor or their respective Subsidiaries, under or on account of the Environmental Laws, including the assertion of any Lien thereunder other than a Permitted Encumbrance, with respect to:

- 18.1.1 the Release of any Contaminant on, from or upon any Property of the Borrower, any Guarantor or their respective Subsidiaries or any part thereof or the presence of any Contaminant affecting such Properties or any part thereof;
- 18.1.2 any costs of removal or remedial action incurred by any federal, provincial, state, municipal, local or other government or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred in relation with the Property of the Borrower, any Guarantor or their respective Subsidiaries or any part thereof or the operations and activities of the Borrower, any Guarantor or their respective Subsidiaries pertaining to their respective business; and/or
- 18.1.3 liability for personal injury or property damage arising under any statutory or civil law, private nuisance or for the carrying on of an Environmental Activity at, near, or with respect to the Property of the Borrower, any Guarantor or their respective Subsidiaries.

Saputo's and the Borrower's obligations under this Section shall arise upon the Release of a Contaminant or the discovery of the presence of any Contaminant, whether or not any federal agency or any provincial, state, municipal or local environmental agency has taken or threatened any action in connection with the Release or presence of any Contaminant on, from or upon any Property or any part thereof, provided however that Saputo and the Borrower shall not be required to reimburse or indemnify the Lenders-Indemnified Parties for that portion of any such Losses caused by or resulting from the action or conduct of any Lenders-Indemnified Party determined to be responsible for that portion of such Losses.

The Lenders-Indemnified Party claiming indemnification hereunder shall give Saputo and the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by the indemnities provided for herein, and Saputo and the Borrower shall, within 15 days, give notice in writing to such Lenders-Indemnified Party whether they wish to dispute such claim at their sole cost and expense. The Lenders-Indemnified Party shall not permit the settlement of or compromise of such claim without the written consent of Saputo and the Borrower (which consent shall not be unreasonably withheld), unless the said 15 day period has expired without Saputo and the

Borrower having given written notice of their desire to dispute such claim. If the Lenders-Indemnified Party shall be unable to obtain timely advice from Saputo and the Borrower, that they wish to dispute such claim as aforesaid, the Lenders-Indemnified Party shall be entitled to deal with such claim in such manner as it, in the reasonable exercise of its judgment, deems appropriate. If Saputo and the Borrower give such written notice to the Lenders-Indemnified Party that they do not wish to dispute such claim, the Borrower shall have the obligation to contest, settle, compromise or dispute such claim in the name of or on behalf of the Person against whom it is made, at Saputo's and the Borrower's own cost and expense, and shall at their own cost and expense defend expeditiously the Person against whom such claim is made from all such actions or proceedings to which the said indemnity applies, and the Lenders-Indemnified Party shall arrange that Saputo and the Borrower shall have the right to carry on such actions or proceedings in their name, provided that counsel retained by Saputo and the Borrower to prosecute such defense is approved by the Lenders-Indemnified Party (which approval shall not be unreasonably withheld), and Saputo and the Borrower (i) shall keep the Lenders-Indemnified Party fully advised as to the course of the proceedings, (ii) shall furnish to the Lenders-Indemnified Party, such security or other assurances as such party may reasonably request in connection therewith, and (iii) shall prosecute and dispute or conduct such negotiations in good faith and with due diligence. Subject to the foregoing, the Lenders-Indemnified Party shall make available to Saputo and the Borrower all files, books, records and documents, information and data in the possession and control of the Person against whom the claim is made relevant to such actions or proceedings for the purposes of such defense and shall cause such Person to cooperate without expense to itself in all reasonable respects and to assist in the defense of any such actions or proceedings.

18.2 Rights of the Lenders to Act

Following the Release of a Contaminant, or in the event of the presence of any Contaminant affecting or relating to any part of the Property which would, in either case, have a Material Adverse Effect, and/or the failure to comply with any of the requirements of any applicable Environmental Law in respect to the Environmental Activities of the Borrower, any Guarantor or their respective Subsidiaries, the non-compliance with which would have a Material Adverse Effect, should the Borrower, any Guarantor or their respective Subsidiaries fail to abide and comply with any final and binding order, judgment or instruction issued or given by any court and/or competent environmental authority pursuant to any applicable Environmental Law and fail to diligently and in good faith contest such order, judgment or instruction within the time period prescribed in any applicable Environmental Law, the Agent, acting in accordance with the instructions of the Majority Lenders, may give written instructions to Saputo and the Borrower to cause the work required by such order, judgment or instruction to be performed at the Property and/or take any and all other actions as the Agent shall deem necessary or advisable in order to cure the non-compliance. Should Saputo and the Borrower fail to diligently comply with the Agent's instructions within ten (10) Business Days following the receipt by Saputo and the Borrower of said written instructions, the Agent, acting in accordance with the instructions of the Majority Lenders, may, at its election, but without the obligation to do so, cause to be performed

or perform such work and/or actions itself. Any amounts expended by the Agent in any of the foregoing activities, shall be repayable by the Borrower upon the demand of the Agent and shall bear interest on a Prime Rate Basis and shall form part of the Obligations.

18.3 Acknowledgement

Each of Saputo and the Borrower acknowledges that the Lenders have agreed to enter into this Agreement in reliance upon Saputo's and the Borrower's representations, warranties, and covenants. For this reason, it is the intention of Saputo, the Borrower and the Lenders that each of Saputo and the Borrower shall be personally liable for any liability or Indebtedness arising under this Article. All covenants and indemnities under this Article shall survive the repayment of the Loans indefinitely and shall survive the transfer of any or all right, title and interest in and to any part of the Property by the Borrower, any Guarantor or their respective Subsidiaries to any party, whether or not affiliated with the Borrower.

19. MISCELLANEOUS

19.1 Notices

19.1.1 Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be in writing and deemed to have been duly given or made to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement, when delivered to such party (by acceptable delivery service, by telecopier, by personal delivery or (except for any notice pursuant to Article 16) by electronic mail at its address and attention set forth with its signature below in the case of the Borrower, Saputo or the Agent, or at its address provided to the Agent in the case of any other party, or at such other address as any of the parties hereto may hereafter notify the others in writing. No other method of giving notice is hereby precluded.

19.1.2 Any notice, request, demand or other communication given by personal delivery or by a delivery service will be conclusively deemed to have been delivered at the time of such delivery and, if given by telecopier or by electronic mail, on the day of transmittal if before 3:00 p.m. on a Business Day, or on the following Business Day if such transmission occurs on a day which is not a Business Day or after 3:00 p.m. on a Business Day. If the telecopy or electronic transmission system suffers any interruption by way of strike, slowdown, *force majeure*, or any other cause, the party giving a notice, request, demand or other communication must do so using another means of communication not affected by the disruption.

19.2 Amendments and Waivers

The rights and remedies of the Agent and the Lenders under this Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which they would otherwise have and no failure or delay by the Agent or the Lenders in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude

its other or further exercise or the exercise of any other power or right. Subject to the provisions set forth below in the following sentences, any term, covenant, agreement or condition contained in this Agreement or the other Loan Documents may be amended or waived, or be subject to any consent, with the approval of the Agent, acting in accordance with the instructions of the Majority Lenders, and the Borrower, and such amendment shall be in writing and shall be binding upon all of the parties hereto and thereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Agent, acting in accordance with the instructions of the Majority Lenders, and such waiver shall be in writing and shall be binding upon all of the Lenders. Without the prior unanimous written consent of the Lenders, no amendment or waiver or consent shall:

- 19.2.1 affect the maximum amount of the Facility or any Tranche set forth under Section 2.1 or of any Commitment of any Lender save and except for any modification to any Commitment resulting from the operation of Section 19.5;
- 19.2.2 alter the agreed time for the payment of the principal, interest or fees payable under the Loans or reduce the rate of interest or fees;
- 19.2.3 permit any reduction or any subordination of any principal, interest or fee payable under the Loans;
- 19.2.4 be made to the definition of "Majority Lenders"; and
- 19.2.5 be made to Article 12, Section 13.13 or Section 19.2;

provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above, affect the rights or duties of the Agent as Agent under this Agreement or any other Loan Document.

Nothing contained in this Agreement or the other Loan Documents including, without limitation, the specific reference to Lenders in certain provisions and to Majority Lenders in other provisions, should be construed or interpreted as in any way limiting or restricting the generality of the provisions of this Section.

Where an amendment, waiver or consent referred to above in connection with the matters described in subsections 19.2.1 to 19.2.5 has not been approved by all the Lenders, the Agent shall notify Saputo, the Borrower and each Lender of such fact and shall identify the Lenders approving of such amendment, waiver or consent (each an "**Approving Lender**") and the Lenders disapproving of such amendment, waiver or consent (each a "**Dissenting Lender**").

Following such notification, the Borrower may at any time, upon ten (10) days prior notice to the Agent, require each Dissenting Lender to assign all such Lender's interest in the Loans and the Commitments under the Facility and the other obligations of such Lenders under this Agreement to any financial institution designated by Saputo and the Borrower who accept such designation and is approved by the Agent, acting reasonably, upon the terms and conditions set out in Section 19.5 herein and in Section 4.2 of the Interlender Agreement (subject however to the payment by the Borrower of any amount due to such Dissenting Lenders pursuant to Section 17.2) and the Dissenting Lenders shall execute all such agreements and instruments as

may be reasonably required by the Agent and the prospective assignees to give full force and effect to such assignment.

The parties hereto acknowledge and agree that any amendment, waiver or consent referred to in this Section, once issued by the Agent to Saputo and the Borrower in writing, for and on behalf of the Majority Lenders (or, in connection with the elements described in subsections 19.2.1 to 19.2.5, for and on behalf of all the Lenders), shall be binding upon all the parties hereto.

19.3 Calculations

In the absence of manifest error, any calculation or determination to be made by the Agent or the Lenders under this Agreement or any of the Guarantee and Subordination Agreements, when made, shall be conclusive and shall constitute *prima facie* evidence for all of the parties hereto.

19.4 Assignments by the Borrower

The rights of the Borrower hereunder are declared to be purely personal and may therefore not be assigned or transferred, nor can the Borrower assign or transfer any of its obligations, any such assignment being null and void insofar as the Lenders are concerned and rendering any balance then outstanding of the Loans immediately due and payable at the option of the Lenders, and relieving the Lenders from the obligation of making any or any further advances hereunder.

19.5 Assignments by the Lenders

19.5.1 Each of the Lenders (a "**Transferor**") may sell, assign, transfer or otherwise dispose of (collectively, an "**Assignment**"), all or any portion of its Loans and the equivalent portion of its Commitment under the Facility and other obligations of such Lender under this Agreement to any financial institution (a "**Transferee**") approved by the Agent and by Saputo and the Borrower (which approval, after the Certain Funds Period, shall not be unreasonably withheld or delayed, nor shall it be required where an Event of Default (or a Major Default during the Certain Funds period) has occurred and is continuing at the time of such Assignment). Each such Assignment shall be effective upon the execution of an instrument substantially in the form and of the tenor of the document attached herewith as Schedule 19.5.1 (the "**Assignment Agreement**") by the Transferee, the Transferor, the Borrower, the Guarantors and the Agent and the delivery of such instrument to the Borrower and the Agent in such capacity. Except during the Certain Funds Period, the Borrower hereby covenants and agrees not to unreasonably withhold or delay its execution (or the execution by the Guarantors) of the Assignment Agreement.

19.5.2 None of the consents contemplated in subsection 19.5.1 is required if the Transferee is another Lender, and subsection 19.5.1 does not apply to a participation that a Lender may grant to another financial institution or to a security assignment or pledge made in favour of any Federal Reserve Bank provided that no such participation, assignment or pledge will release any Lender of its obligations under the Loan Documents.

- 19.5.3 No Assignment or participation made at the time when no Event of Default is continuing may increase for the Borrower the costs of advances pursuant to Section 17.5.
- 19.5.4 Any Assignment of a Lender's Commitment must relate to such Lender's Commitment in each Tranche and must be allocated pro rata to the amount of each outstanding Tranche. In the case of a partial Assignment, the residual Commitment of a Transferor shall, after the Assignment, be in the minimum amount of GBP5,000,000 under each Tranche (in the case of the Transferee after giving effect to any other Assignment made to the Transferee on the same date), unless the Transferor has sold, assigned, transferred or otherwise disposed of, the whole of its Commitment. Notwithstanding the foregoing, where any Assignment is being made while an Event of Default has occurred and is continuing, none of the restrictions contained in this subsection 19.5.4 shall apply to such Assignment.
- 19.5.5 Upon execution and delivery of the Assignment Agreement, the Transferor shall be released from its Commitment and other obligations hereunder to the extent of such disposition and such Transferee shall for all purposes be a Lender party to this Agreement and shall have all the rights and obligations of a Lender under this Agreement and the other Loan Documents, and shall be entitled to the benefit of the provisions hereof and thereof, to the same extent as if it were an original party hereto and thereto, and no further consent or action by the Borrower or the Lenders shall be required.
- 19.5.6 Without in any way limiting the generality of any of the foregoing, the Borrower shall, at the request of the Agent, execute and deliver (and cause the Guarantors to execute and deliver) to the Agent or to the party or parties as the Agent may designate any and all further instruments, use its best efforts to obtain any and all further authorizations or approvals, and make any and all further registrations, filings or notifications, as may be necessary or desirable to give full force and effect to such disposition.
- 19.5.7 Each of Saputo and the Borrower does hereby authorize a Lender to provide any serious prospective assignees or participants, on a confidential basis, with all financial information and documents made available to such Lender by Saputo and the Borrower, from time to time, all of which information (unless such information is public) must be treated confidentially by any recipient thereof.
- 19.5.8 Notwithstanding anything to the contrary in this Section 19.5, as long as no Event of Default has occurred and is continuing hereunder, no Assignment shall increase for the Borrower its obligations under Section 17.5.

19.6 Notes

At the request of a Lender, the Borrower will execute in favour of such Lender a note evidencing its indebtedness to such Lender under this Agreement.

19.7 Judgment Currency

If for the purpose of obtaining or enforcing judgment, it is necessary to convert an amount due hereunder into another currency, the rate of exchange applied shall be that announced by the Bank of Canada as the 4:30 p.m. mid-market spot rate for conversion of the original currency into the other currency on the Business Day on which judgment is rendered.

If a fluctuation occurs in the exchange rate between the Business Day prior to the date of judgment and the date of payment, the Borrower shall pay on demand or, as the case may be, shall deduct from payment, the sum, if any, necessary so that the sum paid in one currency shall be equal to the sum due in the other currency, after conversion at the spot rate quoted by the Bank of Canada at noon at the time of payment. Any obligation of the Borrower under this Section shall constitute a distinct debt and an obligation which is added to those resulting from the judgment which may have been rendered.

19.8 Defaulting Lenders

19.8.1 Where a Lender has become in default (a "**Defaulting Lender**"), the Agent shall notify Saputo, the Borrower and each Lender of that fact after having acquired actual knowledge of same. A Lender shall be deemed to be in default if (i) such Lender has failed to fund its share of any amount payable by the Lender under the Loan Documents (including a failure to make a payment under the Interlender Agreement), (ii) such Lender is subject to a Bail-In Action (as defined in Section 19.9, or (iii) any of the events listed in subsection 16.1.5 occurs in respect of such Lender (but such subsection being read by removing the 30-day grace period).

19.8.2 At any time following the date of a notification under subsection 19.8.1, Saputo and the Borrower shall be entitled to require that such Defaulting Lender make an Assignment contemplated by the next to the last paragraph of Section 19.2 (with such paragraph being read for the purposes hereof by replacing "Dissenting Lender" with "Defaulting Lender").

19.8.3 Notwithstanding any other provision of this Agreement, from the time a Lender becomes a Defaulting Lender:

19.8.3.1 such Defaulting Lender shall not be entitled to vote on any issue (other than on a reduction of a principal amount payable to it and any increase in the amount of its Commitment) and, subject to such exceptions, the entirety of its Commitment shall be disregarded in the calculation of all Majority Lenders or unanimous Lenders decisions; and

19.8.3.2 the Agent shall be entitled to withhold any amount that would otherwise be distributed or payable to a Defaulting Lender and to apply (in the order determined by the Agent) any such amount to the obligations of such Defaulting Lender hereunder (with the balance, if any, being hereafter distributed or paid to such Defaulting Lender).

19.8.4 A Lender who becomes a Defaulting Lender shall retain such status until the Agent notifies such Defaulting Lender that it is satisfied that all existing defaults in respect of such Lender have been remedied and that such Lender has the financial ability to perform its obligations hereunder.

19.8.5 For greater certainty, (i) the default by a Lender to perform its obligations hereunder shall not relieve any other Lender from its obligations hereunder and, (ii) an assignment of the Commitment of a Defaulting Lender shall not relieve such Defaulting Lender from its obligations to indemnify any other party from the consequences of its default.

19.9 Bail-In Provisions

19.9.1 For the purposes of Section 19.9:

- (i) **"Bail-In Action"** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.
- (ii) **"Bail-In Legislation"** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.
- (iii) **"EEA Financial Institution"** means (x) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (y) any entity established in an EEA Member Country which is a parent of an institution described in clause (x) of this definition, or (z) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (x) or (z) of this definition and is subject to consolidated supervision with its parent;
- (iv) **"EEA Member Country"** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.
- (v) **"EEA Resolution Authority"** means anybody which has authority to exercise any Write-Down and Conversion Powers.
- (vi) **"Write-Down and Conversion Powers"** means the write-down and conversion powers of any EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country (which powers are described in the EU Bail-In Legislation Schedule referred to in the definition of Bail-In Legislation).

19.9.2 Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any the parties thereto, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, may be subject to the write-down and conversion powers of an EEA Resolution Authority and consents to, and agrees to be bound by:

19.9.2.1 the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liability which may be payable to it by any party hereto that is an EEA Financial Institution; and

19.9.2.2 the effects of any Bail-in Action on any such liability, including, if applicable:

- (i) a reduction in full or in part or cancellation of any such liability;
- (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments will be accepted by it in lieu of any rights with respect to any such liability under any Credit Document; or
- (iii) any variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

19.10 Counterparts

Each Loan Document or Assignment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered will be deemed to be an original as against any party whose signature appears thereon, and all of which taken together will constitute one single agreement. Delivery of an executed counterpart of a signature page to any Loan Document or Assignment Agreement by telecopier or by electronic mail will be as effective as delivery of a manually executed counterpart of the relevant Loan Document and Assignment Agreement.

19.11 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

19.12 Replacement of Agreements

This Agreement replaces and supersedes all verbal or oral agreements, understandings and undertakings between the Lenders or any one thereof and Saputo and the Borrower relating to the Facility.

19.13 Submission to Jurisdiction

EACH OF SAPUTO AND THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS SITTING IN THE JUDICIAL DISTRICT OF MONTREAL FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY. EACH OF SAPUTO AND THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

19.14 Waiver of Jury Trial

EACH OF SAPUTO AND THE BORROWER, THE AGENT AND THE LENDERS IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

19.15 Inconsistency with Guarantee and Subordination Agreements

Unless otherwise herein provided, to the extent that any provision of this Agreement is inconsistent with the provisions of any of the Guarantee and Subordination Agreements, the provisions of this Agreement shall prevail.

19.16 Obligation to Pay Absolute

The obligations of the Borrower to make payments on the Loans as and when provided in this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances without any right of compensation or set-off and notwithstanding any defense, right of action or claim of any nature whatsoever which any of the Borrower may at any time have or have had against the Lenders, whether in connection with this Agreement or otherwise.

19.17 Formal Date

For the purposes of convenience, this Agreement may be referred to as bearing formal date of February 21, 2019 irrespective of the actual date of its execution.

19.18 USA Patriot Act Notice

The Agent hereby notifies the Borrower and the Guarantors that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001), the Agent and the Lenders are required to obtain, verify and record information that identifies the Borrower and the Guarantors, which information includes the respective names and addresses of the Borrower and the Guarantors and other information that will allow the Agent and the Lenders to identify the Borrower and the Guarantors in accordance with such act.

19.19 English Language

The parties hereto have expressly required that this Agreement and all deeds, documents and notices relating thereto be drafted in the English language. Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date and in the place first hereinabove mentioned.

[Signatures on the following pages]

**SAPUTO INC.
SAPUTO FOODS LIMITED**

per: 

Address: 6869 Metropolitain Boulevard East
Saint-Léonard (Quebec) H1P 1X8

To the attention of the: Chief Financial Officer and Secretary
Electronic mail: maxime.therrien@saputo.com

Tranche A: GBP200,000,000
Tranche B: GBP132,500,000
Tranche C: GBP300,000,000

NATIONAL BANK OF CANADA, in its
capacity as Lender

per: _____

[REDACTED]
Name:
Title: Managing Director

p _____

[REDACTED]
Name: Jonathan Campbell
Title: Director

Address: Corporate Banking
1155 Metcalfe Street
23rd Floor
Montréal, Québec H3B 4S9

To the attention of the: Bruno Lévesque, Managing Director
Electronic mail: bruno.levesque@bnc.ca

Tranche A: GBP200,000,000
Tranche B: GBP132,500,000
Tranche C: GBP300,000,000

BANK OF MONTREAL, in its capacity as
Lender

per: _____
Name: Bruno Jarry
Title: Managing Director

per: _____
Name:
Title:

Address: Corporate Banking
129 St. Jacques Street
11th Floor
Montréal, Québec H2Y 1L6

To the attention of: Mr. Bruno Jarry, Managing Director
Telecopier: (514) 282-5920
Electronic mail: bruno.jarry@bmo.com

NATIONAL BANK OF CANADA, in its capacity as Administrative Agent

per 

Name: Jonathan Campbell

Title:

per 

Name: Bruno Lévesque

Title: Managing Director

For purposes of all notices of drawdown, conversion, renewal or repayment and the delivery of the financial information of the Credit Agreement:

Address: **NATIONAL BANK OF CANADA**
Corporate Customer Service
Syndication and Agency Group
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

To the attention of: Syndication
Electronic mail: syndication@bnc.ca
cmmontrealadmin@bnc.ca

For all other purposes:

Address: **NATIONAL BANK FINANCIAL**
Corporate Banking and Loan Structuring &
Syndication
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

To the attention of: Managing Directors
Electronic mail: bruno.levesque@bnc.ca
jonathan.campbell@bnc.ca
cmmontrealadmin@bnc.ca

SCHEDULE "A"

THE COMMITMENTS AND THE LENDERS

NAME OF LENDERS	COMMITMENTS			TOTAL
	Tranche A	Tranche B	Tranche C	
National Bank of Canada	GBP200,000,000	GBP132,500,000	GBP300,000,000	GBP632,500,000
Bank of Montreal	GBP200,000,000	GBP132,500,000	GBP300,000,000	GBP632,500,000
Total:	GBP400,000,000	GBP265,000,000	GBP600,000,000	GBP1,265,000,000

SCHEDULE "B"

RELEVANT MARGIN (OR RATE)

Rating or equivalent	Prime Rate Advances	Libor Advances, BAs in CAD	Stand-by Fees
≥ A	0.00%	0.80%	0.16%
A-	0.00%	1.00%	0.20%
BBB+	0.20%	1.20%	0.24%
BBB	0.45%	1.45%	0.29%
BBB-	0.70%	1.70%	0.34%
< BBB-	1.00%	2.00%	0.40%

1. The margins applicable to Prime Rate Advances, Libor Advances and Bankers' Acceptances and the stand-by fee rate (each such margin or rate being referred to below as a "**Rate**") will be determined as set out in this Schedule.
2. On any day where Saputo has Credit Ratings from at least two (2) Rating Agencies, then the applicable Rate will be the Rate which corresponds to such Credit Ratings. However, if on any such day the Credit Ratings are not at the same level, then the highest Credit Rating will apply except that if the highest and the lowest of the Credit Ratings are two (2) (or more than two) levels apart, then the Credit Rating which is one level below the highest rating will apply.
3. If, on any day, Saputo has a Credit Rating from only one (1) Rating Agency, then the applicable Rate will be the Rate which corresponds to such Credit Rating.
4. If, on any day, Saputo does not have any Credit Rating from any Rating Agency, then the applicable Rate will be the Rate which corresponds to a Credit Rating of lower than BBB-.
5. Interest and stand-by fees will be calculated, for any day, using the applicable Rate in effect on the relevant day. Stamping Fees will be calculated using the Rate in effect on the date such fees are payable. Any change of Rate (including as a result of an amendment to the Credit Agreement) will give rise to adjustments to Stamping Fees previously paid or calculated if the period of calculation of such Stamping Fees extended beyond the date of the change. The adjustments will apply to the number of days remaining to accrue from the date of the change. The adjustments will be calculated by the Agent and be payable by the Borrower or the Lenders (as applicable) three Business Days after demand from the Agent.
6. Saputo undertakes to advise promptly the Agent of any change or any withdrawal of any Credit Rating by a Rating Agency and of any replacement of a Rating Agency.

7. Any reference to a Credit Rating on any day refers to the Credit Rating in effect at the close of business on that day if such day is a Business Day.
8. On the date hereof, the Rate is at the A- level.

SCHEDULE "C"

COMPLIANCE CERTIFICATE

(FISCAL YEAR OR QUARTER ENDED {*date*})

TO: **NATIONAL BANK OF CANADA**
Corporate Customer Service
Syndication and Agency Group
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

Attention: Syndication
E mail: syndication@bnc.ca
ccmmontrealadmin@bnc.ca

FROM: SAPUTO INC.

This Compliance Certificate is delivered to you under Section 14.11 of the Credit Agreement bearing formal date of February 21, 2019 (the "**Credit Agreement**") among Saputo Inc., as Covenantor, the Borrower, the Lenders party thereto, and National Bank of Canada, as Agent, as same may be amended, supplemented or restated at any time and from time to time.

All capitalized terms and expressions used in this Compliance Certificate have the meanings ascribed to them in the Credit Agreement.

I am the [●] of Saputo Inc. and I, in such capacity and not in my personal capacity, hereby certify to you, as follows:

1. that I have taken cognizance of all the terms of the Credit Agreement, the Loan Documents and of the contracts, agreements and deeds ancillary thereto and of all deeds and agreements governing the borrowings of the Borrower; and
2. that I have taken cognizance and reviewed the transactions, operations and status of business of Saputo Inc. and the Borrower, since the last certificate given to you [or, as the case may be, since the execution of the Credit Agreement] and all conditions and requirements of the Loan Documents and of the contracts, agreements and deeds ancillary thereto and of all other deeds or agreements governing the borrowings of the Borrower, have been accomplished and satisfied and that I do not know of the existence, as of the date of this certificate, of a condition or of any fact whatsoever, constituting or having constituted a default or an event of default under the terms of the aforementioned agreements or deeds or which would, after notices or by the simple lapse of time, constitute an event of default [**except for the following: ●**] [*if such condition exists or has existed during the period covered by this certificate, then specify its nature and*

duration and describe the measures taken or intended to be taken to remedy the default, event of default or anticipated event of default.];

3. as at the end of the fiscal [year / quarter] specified above,

(a) the Interest-Bearing Debt/EBITDA Ratio was [●]:1.00 (the maximum permitted being 3.50:1.00⁴) and its components were the following:

(i) Interest-Bearing Debt

– obligations for borrowed money and bankers' acceptances:		_____
– obligations arising from letters of credit or letters of guarantee:	+	_____
– obligations arising from the deferred purchase price of property or services and lease obligations shown as balance sheet liabilities which in the aggregate exceed US\$5,000,000:	+	_____
– Guarantees of obligations of third parties of a type listed above:	+	_____
	Sub-total:	= _____
– Cash and Cash Equivalent	-	_____
	Net total:	= _____

(ii) EBITDA:

– net earnings:		_____
– excluded items (as per definition of EBITDA)	+/-	_____
– Interest Expense:	+	_____
– income taxes:	+	_____
– amortization and depreciation:	+	_____
	Total:	= _____

⁴ Replace 3.50 by 4.00 where a step-up was in effect under Section 14.7.1.1 of the Credit Agreement.

- (b) the Interest Coverage Ratio was [●]:1.00 (the required minimum being 2.50:1.00) and its components were the following:
 - (i) EBITDA: _____
 - (ii) Interest Expense: _____
- (c) if items were excluded from EBITDA (as per the definition of EBITDA), such items are specified in the attached list;
- (d) the calculation of the above financial ratios was **[not]** impacted by items arising from an acquisition or a Disposal; **[each of these items is listed in the attached list]**;
- (e) the 80% EBITDA Threshold was **[not]** met at _____% and its components were the following:
 - (i) combined unconsolidated EBITDA of the Guarantors: _____
 - (ii) consolidated EBITDA of Saputo: _____

Dated this [●] day of [●], 20[●].

signature

Name: _____

SCHEDULE 3.1

DRAWDOWN NOTICE

(Date)

NATIONAL BANK OF CANADA

Corporate Customer Service
Syndication and Agency Group
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

Attention: Syndication
E mail: syndication@bnc.ca
cmmontrealadmin@bnc.ca

We refer you to that certain credit agreement entered into among ourselves, as Borrower, Saputo Inc., as Covenantor, the Lenders party thereto and National Bank of Canada, as Agent, bearing formal date of February 21, 2019, as same may be amended, supplemented or restated at any time and from time to time (the "**Credit Agreement**").

Unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Credit Agreement.

1. Pursuant to Section 3.1 of the Credit Agreement, we hereby request that a portion of the Facility be advanced on _____ by way of an advance to the Borrower under the Tranche A in an aggregate amount of [●], an advance under the Tranche B to the Borrower in an aggregate amount of [●] and an advance under the Tranche C in an aggregate amount of [●], as follows:

(a) Prime Rate Advance denominated in Dollars

Amount allocated to Tranche A: \$ _____

Amount allocated to Tranche B: \$ _____

Amount allocated to Tranche C: \$ _____

(b) Prime Rate Advance denominated in US Dollars

Amount allocated to Tranche A: US\$ _____

Amount allocated to Tranche B: US\$ _____

Amount allocated to Tranche C: US\$ _____

(c) Banker's Acceptances:

Amount allocated to Tranche A: \$ _____

Amount allocated to Tranche B: \$ _____

Amount allocated to Tranche C: \$ _____

Period (s): _____ Days

(d) Libor Advance in US Dollars

Amount allocated to Tranche A: US\$ _____

Amount allocated to Tranche B: US\$ _____

Amount allocated to Tranche C: US\$ _____

Period (s): _____ month(s)

(e) Libor Advance in GBP

Amount allocated to Tranche A: GBP _____

Amount allocated to Tranche B: GBP _____

Amount allocated to Tranche C: GBP _____

Period (s): _____ month(s)

2. We hereby certify that the amount of the drawdown will be used for one or more of the purposes described in Section 2.3 of the Credit Agreement, namely : **[purpose to be specified]**.

3. Please disburse the amount of the drawdown in accordance with the attached flow of funds.

On the date hereof, we certify that the Major Representations set forth in the Credit Agreement are still true and correct in all material respects and that no Major Default has occurred and is continuing or will result from the requested borrowing, and that each condition required to be satisfied pursuant to Section 4.2 of the Credit Agreement has been satisfied, or will be satisfied before the time of the drawdown requested in paragraph 1 of this Drawdown Notice.

Yours very truly,

•

per: _____

per: _____

SCHEDULE 10.1

CONVERSION OR RENEWAL NOTICE

(letterhead of Saputo / Borrower)

(Date)

NATIONAL BANK OF CANADA

Corporate Customer Service
Syndication and Agency Group
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

Attention: Syndication
E mail: syndication@bnc.ca
cmmontrealadmin@bnc.ca

We refer you to that certain credit agreement entered into among Saputo Inc., as Covenantor, the Borrower, the Lenders party thereto, National Bank of Canada, as Agent, bearing formal date of February 21, 2019, as same may be amended, supplemented or restated at any time and from time to time (the "**Credit Agreement**").

Unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Credit Agreement.

Pursuant to Section 10.1 of the Credit Agreement, we hereby request the following:

1. In connection with the Facility, we hereby request that as of _____, a sufficient amount of the Loans made to the Borrower and outstanding by way of Prime Rate Advances, Banker's Acceptances or Libor Advances under Tranche(s) [**specify**] be converted or continued into:

- (a) Prime Rate Advances in Dollars under Tranche(s)
[specify]

Amount: \$ _____

- (b) Prime Rate Advances in US Dollars under
Tranche(s) [**specify**]

Amount: US\$ _____

(c) Banker's Acceptances under Tranche(s) **[specify]**

Face Amount: \$_____

Period (s): _____ days

(d) Libor Advances in US Dollars under Tranche(s) **[specify]**

Amount: US\$_____

Period (s): _____ month(s)

(d) Libor Advances in GBP under Tranche(s) **[specify]**

Amount: GBP_____

Period (s): _____ month(s)

2. We hereby certify that, as of the date hereof:⁵

(1) All the representations and warranties made by Saputo Inc. and the Borrower in or under the Credit Agreement are true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof; and

(2) No Default has occurred and is continuing.

Yours truly,

•

per: _____

per: _____

⁵ To be adapted to limit the paragraph to Major Representations and Major Defaults if the conversion or renewal is to occur during the Certain Funds Period.

SCHEDULE 11.3.1

NOTICE OF ALLOCATION OF REPAYMENTS

NATIONAL BANK OF CANADA

Corporate Customer Service
Syndication and Agency Group
1155 Metcalfe Street, 23rd Floor
Montreal, Quebec H3B 4S9

Attention: Syndication
E mail: syndication@bnc.ca
cmmontrealadmin@bnc.ca

We refer you to that certain credit agreement entered into among ourselves, as Borrower, Saputo Inc., as Covenantor, the Lenders party thereto and National Bank of Canada, as Agent, bearing formal date of February 21, 2019, as same may be amended, supplemented or restated at any time and from time to time (the "**Credit Agreement**").

Unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Credit Agreement.

Pursuant to Section 11.3.1 of the Credit Agreement, the Borrower hereby notifies the Agent that an optional repayment in the amount of [●] shall be made on [●] and shall be allocated [**entirely to the Tranche A / Tranche B / Tranche C**] [**as follows between the Loans under the applicable Tranches**]:

- **\$/US\$/GBP [●] to be applied to the Tranche A;**
- **\$/US\$/GBP [●] to be applied to the Tranche B; and**
- **\$/US\$/GBP [●] to be applied to the Tranche C].**

Yours very truly,

●

per: _____

per: _____

SCHEDULE 13.13.3

SUBSIDIARIES AND CORPORATE ORGANIZATION CHART

SAPUTO

SCHEDULE 19.5.1

ASSIGNMENT AGREEMENT

THIS AGREEMENT is made as of the [●] day of [●]

AMONG: [●] ("[●]"), as Lender
([●] is hereinafter sometimes referred to as the « **Assignor** »)

AND: [●] ("[●]"), as Lender
([●] is hereinafter sometimes referred to as the « **Assignee** »)

AND: **NATIONAL BANK OF CANADA** (as "**AGENT**"), a bank governed by the *Bank Act* (Canada), having its head office in the City of Montréal (Québec), and an office at 1155 Metcalfe, 23rd Floor, Montréal (Québec) H3B 4S9;

WHEREAS the Assignor, the Assignee and the Agent are parties with other lenders to a credit agreement bearing formal date of February 21, 2019 executed by Saputo Inc. as Covenantor and Saputo Foods Limited, as borrower (the "**Borrower**") and National Bank of Canada, as Agent, pursuant to which a Facility consisting of an initial Tranche A of GBP400,000,000 an initial Tranche B of GBP265,000,000 and an initial Tranche C of GBP600,000,000 has been made available to the Borrower (this credit agreement, as same may be amended, modified or restated at any time and from time to time, is hereinafter referred to as the "**Credit Agreement**");

WHEREAS the Assignor wish to sell, assign and transfer to the Assignee a portion of its rights, claims and debts resulting or that may result in favour of the Assignor under the Facility, the whole under the terms and subject to the conditions of the present Agreement.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

Unless there be something in the subject or the context inconsistent therewith, the capitalized words and expressions used in this Agreement and its schedules and not expressly defined herein have the same meaning as that ascribed to them in the Credit Agreement.

1.2 **Headings**

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of titles are for convenience of reference only and do not affect the meaning or interpretation of this Agreement.

1.3 **Number, etc.**

Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

1.4 **References to this Agreement**

The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement.

1.5 **Governing Laws**

This Agreement and the interpretation and enforcement thereof shall be governed by and construed in accordance with the laws applicable in the Province of Québec and the laws of Canada applicable therein.

1.6 **Schedules**

The schedules annexed hereto shall form an integral part of this Agreement.

2. EFFECTIVE DATE OF ASSIGNMENTS

The parties hereto agree and covenant that the sales, assignments and transfers made in favour of the Assignees pursuant to this Agreement shall be effective as of [●] (the "**Effective Date**"), notwithstanding the actual date of signature of this Agreement.

3. EXAMINATION OF DOCUMENTS

The Assignees hereby acknowledge having received and examined the Credit Agreement, the Interlender Agreement and the other Loan Documents and confirm being satisfied therewith.

4. DECLARATIONS

4.1 The Agent declares that as of the close of the Business Day on [●], the outstanding Loans owing to the Lenders by the Borrower under the Facility amount as follows:

Tranche A

[●]

Tranche B

[●]

Tranche C

[●]

- 4.2 The Assignor hereby declares that, to its knowledge, as at the date of this Agreement, no Event of Default has occurred under the Credit Agreement.
- 4.3 The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being sold, assigned and transferred by it hereunder and that such interest is free and clear of any priority, charge, lien, security interest, hypothec or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any person are required (other than any already given or obtained) for its due execution, delivery and performance of this Agreement, and apart from any agreements or undertaking of filings required by the Credit Agreement, no further action by, or notice to, or filing with, any person is required of it for such execution, delivery or performance; and (iv) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligations of such Assignor, enforceable against it in accordance with the terms hereof, except subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

5. SALE, ASSIGNMENT, TRANSFER AND NOVATION

- 5.1 As at the Effective Date, the Assignor sells, assigns and transfers to the Assignee described herein as Lender, hereto present and accepting, a portion equal to [●] of all of its rights, claims and debts resulting from the [**Tranche A / Tranche B /Tranche C**] of the Facility (the "**Assigned Portion**") and, by way of novation, up to the Assigned Portion, such Assignee is substituted to such Assignor under the Facility.
- 5.2 The sale, assignment, transfer and novation referred to in Sections 5.1 are made in consideration of a sale price to be established by the Assignor and the Assignee and to be paid by the Assignee to the Assignor on the Effective Date. All adjustments shall be made on the Effective Date.
- 5.3 The Assignee hereby agrees towards the Borrower for itself and not solidarily, up to the Assigned Portion, to execute and perform in lieu of the Assignor all of the present and future obligations of the latter under the Credit Agreement.
- 5.4 The Assignee is for all purposes considered to be parties to the Credit Agreement as if they were original parties thereto as Lenders.
- 5.5 The obligations and undertakings of the Borrower towards the Assignee are set forth in the Credit Agreement.

- 5.6 Notwithstanding anything to the contrary in this Agreement, all accrued interest remaining unpaid to the Assignor under the Facility as of the Effective Date shall remain the ownership of the Assignor which shall have the exclusive right to receive such interest or demand payment for such interest.
- 5.7 The sale, assignment, transfer and novation contained herein are made by the Assignor without any warranty whatsoever and at the own risk of the Assignee; without limiting the generality of the foregoing, the Assignee recognize that the sales, assignments, transfers and novations made to it by the Assignor hereunder have been made without any representation or warranty whatsoever except the declarations made in article 4 herein from the Agent and the Assignor; furthermore, the Assignee recognizes that it has conducted an analysis of the financial condition and affairs of Saputo and of the Borrower before executing this Agreement; consequently, the Assignee waives any claims or recourses against the Assignor.
- 5.8 As at the Effective Date, the Assignor of the Assigned Portion shall be released, up to such portion, of its obligations towards the Borrower under the Facility.
- 5.9 The Assignee hereby appoints National Bank of Canada as the Agent under the Credit Agreement and acknowledges that rights and obligations of the Assignee and the Agent are governed by the provisions of Article 19.5 of the Credit Agreement and of the provisions of the Interlender Agreement.
- 5.10 After giving effect to this Agreement, the respective Commitment of each of the Lenders in the Facility shall be as described in Schedule "A" attached herewith. Schedule A of the Credit Agreement shall be amended according to the foregoing and therefore shall be replaced by Schedule "A" herewith.
- 5.11 The parties hereto acknowledge and agree that the sale, assignment and transfer contained herein also covered the following agreements, contracts, deeds, documents, and instruments and a portion equal to all the rights, titles and interests of the Assignor in and to all said agreements, contracts, deeds, documents, and instruments, and a portion equal to all other rights, recourses and benefits created and intended to be created in favour of the Assignor, whether directly or beneficially, under the said agreements, contracts, deeds, documents, and instruments, and each one thereof, namely:
1. the Credit Agreement;
 2. the Interlender Agreement;
 3. the Guarantee and Subordination Agreements;
 4. any and all other documents, writings and certificates contemplated by the provisions of, and accessory to, the above-mentioned agreements and documents;
 5. any opinions or certificates of advocates, barristers, solicitors, notaries, attorneys, consultants, engineers, and other professionals issued pursuant to or otherwise contemplated by the provisions of the above-mentioned agreements and

documents and a portion equal to all of the right, title and interest of the Assignor in and to all said opinions and certificates.

5.12 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

5.13 The parties hereto have agreed that this Agreement as well as any document or instrument relating thereto be drawn in English only. *Les parties aux présentes ont convenu que la présente convention ainsi que tous autres actes ou documents s'y rattachant soient rédigés en langue anglaise seulement.*

IN WITNESS WHEREOF, the parties have signed this Agreement as of the [●]th day of [●].

[●], as Assignor

[●], as Assignor

by: _____

by: _____

by: _____

by: _____

NATIONAL BANK OF CANADA, as Agent

by: _____

by: _____

FIRST INTERVENTION

Each of the undersigned intervenes to these presents for the purposes of:

- confirming (i) it has taken cognizance of this Assignment Agreement, (ii) it accepts the sale, assignment, transfer and novation made and/or contemplated therein, (iii) it agrees to be bound by the provisions therein pertaining to the apportionment of the Facility among the Lenders and (iv) it undertakes to cooperate with the Lenders to give full effect thereto; and
- acknowledging that, as and from the Effective Date the Assignee shall benefit from the rights, benefits and remedies created in favour of Borrower and the Guarantors, pursuant to the Credit Agreement, the Interlender Agreement and the Guarantee and Subordination Agreements, up to the their respective Assigned Portion, and the Assignor shall be released, up to the Assigned Portion applicable to it, from all of its obligations under the Credit Agreement.

SIGNED as of the [●] day of [●].

**SAPUTO INC.
SAPUTO FOODS LIMITED
SAPUTO U.S. L.P.
SAPUTO DAIRY PRODUCTS CANADA
G.P. (by its managing partner Saputo Foods
Limited)
SAPUTO CHEESE USA INC.
SAPUTO DAIRY FOODS USA, LLC
SAPUTO DAIRY AUSTRALIA PTY LTD**

by: _____
[●]

SECOND INTERVENTION

Each of the undersigned intervenes to these presents for the purposes of acknowledging and confirming, for all purposes thereof, that the Assignee shall benefit, as and from the Effective Date, from the rights, benefits and remedies created in favour of the Lenders pursuant to the Guarantee and Subordination Agreements, in the same manner and to the same extent as though the Assignee was personally original party to said Guarantee and Subordination Agreements.

SIGNED as of the [●] day of [●].

[●] **[Guarantors]**

by: _____