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The release, publication or distribution of this letter and/or the accompanying Form of Election (in whole or in part) in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, NMR, ABF and AB Agri disclaim any responsibility or liability for the violation of such restrictions by such persons.

Neither this Letter nor the accompanying Form of Election constitute, or form part of, any offer to sell or issue or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities pursuant to these documents or otherwise in any jurisdiction in which such offer, invitation or solicitation is unlawful.

This Letter should be read in conjunction with the Scheme Document dated 30 June 2023, the Notes and Appendices to this Letter and the accompanying Form of Election.



National Milk Records plc

(incorporated in England and Wales with company registration no. 03331929)
Greenways Business Park
Fox Talbot House
Chippenham
Wiltshire
SN15 1BN



Associated British Foods plc

(incorporated in England and Wales with company registration no. 00293262)
Weston Centre
10 Grosvenor Street
London
W1K 4QY

3 July 2023

To: all participants in the National Milk Records plc HMRC-Approved Company Share Option Plan adopted on 12 August 2010 (the "**Approved Plan**")

Dear Participant,

Recommended Acquisition of National Milk Records plc by Associated British Foods plc ("ABF")

1. Background

As you will be aware, on 6 June 2023, the boards of directors of ABF and National Milk Records plc ("**NMR**") announced they had agreed the terms of a recommended cash acquisition by ABF pursuant to which AB Agri Limited ("**AB Agri**") (an indirect wholly-owned subsidiary of ABF) will acquire the entire issued and to be issued ordinary share capital of NMR (the "**Acquisition**").

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006. The Scheme will require

the approval of NMR Shareholders and the sanction of the High Court of Justice of England and Wales (the "**Court**").

The Court Hearing to sanction the Scheme will be held on a date (**D**) to be determined following the satisfaction or waiver of Conditions 5.1 and 5.2 set out in Part A of Part III (*Conditions and Further Terms of the Scheme*) of the Scheme Document ("**Court Sanction**") and the Scheme is expected to take effect on D+2 Business Days (the "**Effective Date**"), which is when the Acquisition will complete. The key dates under the current expected timetable are set out at Appendix 1 to this Letter. Please note that these dates are indicative only and are subject to change.

More information on the Scheme, including the expected timetable, is contained in the Scheme Document which was published on 30 June 2023 and which is available on NMR's website at <https://www.nmr.co.uk/investors/offer-for-nmr> and on ABF's website at <https://www.abf.co.uk/investors/offer-for-national-milk-records-plc>. Other documents related to the Acquisition (including a copy of this Letter) are also available on NMR's and ABF's websites.

Capitalised terms in this letter (the "**Letter**") have the same meanings as in the Scheme Document, unless otherwise defined in this Letter.

The purpose of this Letter is to explain the effect that the Acquisition will have on the options to acquire NMR Shares granted under the Approved Plan ("**Options**"), and to set out the choices available to you.

Please note that ABF reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. If this happens, you will receive a further communication explaining the impact on your Options.

2. The terms of the Acquisition

Under the Acquisition, Scheme Shareholders will be entitled to receive the sum of 215 pence in cash for each NMR Share held at the Scheme Record Time. Your attention is drawn to the full terms of the Acquisition set out or referred to in the Scheme Document. This Letter should be read in conjunction with the Scheme Document.

3. Effect of the Acquisition on your Options

All your Options are already fully vested and exercisable.

If you wish to exercise Options now, you should contact Debbie Thomas-Hoeller, HR Director of NMR at Fox Talbot House, Greenways Business Park, Chippenham, SN15 1BN. Alternatively you may prefer to accept the Exercise Proposal in respect of all your Options, as described in paragraph 4 below, by completing the accompanying Form of Election.

The NMR Shares to which you will become entitled on the exercise of your Options are referred to in this Letter as your "**Option Shares**".

4. The Exercise Proposal

4.1 What is being proposed

The proposal (the "**Exercise Proposal**") being made to you is that you exercise all of your Options in advance of and conditionally on Court Sanction. If you accept the Exercise Proposal, your Option Shares will be automatically acquired by AB Agri on the Effective Date under the terms of the Scheme.

The exercise will be on a 'cashless' basis which means that you will **not** have to make an upfront cash payment to NMR in order to exercise your Options. Under the Exercise Proposal you will irrevocably undertake to pay the cash exercise price due on the exercise of your Options from the cash consideration due to you as further described in paragraph

4.2 below.

If you accept the Exercise Proposal, you will receive 215 pence in cash (less deductions for the exercise price) (your "**Cash Consideration**") for each Option Share acquired by AB Agri on the Effective Date, which is the same consideration due to all NMR Shareholders under the Scheme.

4.2 Exercise Price

The exercise price, payable as referred to in paragraph 4.1 above, will be deducted from your Cash Consideration.

Please note that if you exercise your Options otherwise than under the Exercise Proposal, it may not be possible to fund your exercise price from your Cash Consideration and you will need to arrange for the payment of these amounts before you exercise your Options.

4.3 How to accept the Exercise Proposal

You can accept the Exercise Proposal by completing the accompanying Form of Election and returning it to Human Resources either by:

- posting it to Debbie Thomas-Hoeller, HR Director of NMR at Fox Talbot House, Greenways Business Park, Chippenham, SN15 1BN; or
- scanning each page of the Form of Election and emailing the completed Form of Election to [REDACTED] with 'Approved Plan Form of Election' in the subject line.

If you wish to accept the Exercise Proposal, please follow the steps outlined above as soon as possible and, in any event, to ensure that your completed Form of Election is received **no later than 5.00 pm on 3 August 2023** (the "**Exercise Proposal Deadline**"). Forms of Election received beyond this deadline may not be accepted.

The exercise of your Options under the Exercise Proposal will be conditional upon the sanction of the Scheme by the Court, and will not take effect until Court Sanction. Please read the explanatory notes and the terms and conditions printed on the accompanying Form of Election carefully before you complete it. If the Court does not sanction the Scheme and the Acquisition does not proceed, your acceptance of the Exercise Proposal will be of no effect, and your Options will remain in place on their existing terms.

You will receive your Cash Consideration (less the deduction as referred to in paragraph 4.2 above) through your local payroll as soon as practicable following the receipt by NMR of the cash consideration from AB Agri.

4.4 Alternatives to the Exercise Proposal

You may choose to exercise your Options outside the Exercise Proposal. If you exercise your Options before the Scheme Record Time, and you still hold your Option Shares at the Scheme Record Time, your Option Shares will be automatically acquired under the Scheme. If you exercise after the Scheme Record Time but before the Options lapse, your Option Shares will be automatically acquired by AB Agri pursuant to the amended articles of association to be approved by NMR Shareholders as part of the Scheme (the "**Amended NMR Articles**"). This will mean you will receive the same 215 pence per Option Share cash consideration as if you had accepted the Exercise Proposal. However, in these circumstances, you will have to make your own arrangements with NMR to pay the exercise price due on the exercise of your Options (i.e. cashless exercise of your Options will not be available).

If you wish to exercise your Options outside the Exercise Proposal, you should not complete or return the accompanying Form of Election, but instead contact Debbie

Thomas-Hoeller, HR Director of NMR by email at [REDACTED] at least one week before the date on which you wish to exercise.

5. Lapse of your Options

You are reminded that, if you fail to take any action and the Scheme is sanctioned by the Court and becomes effective, your Options will lapse on the date falling six months after the Effective Date and be forfeited without any consideration payable to you.

You may exercise your Options at any time up to the end of that six month period. However, your Option Shares will be automatically acquired by AB Agri following issue at the same cash price as under the Scheme (215 pence in cash for each Option Share) pursuant to the Amended NMR Articles. Delaying the exercising of your Options in this way will therefore simply result in a delay in the receipt by you of the sale proceeds of your Option Shares and you will have to make your own arrangements with NMR to pay the exercise price due on the exercise of your Options.

6. Tax Implications of Exercising your Options

A summary of the tax implications of exercising your Options by accepting the Exercise Proposal is set out in Appendix 2 to this Letter. **If you are in any doubt as to your personal tax position, you should consult an appropriate independent professional tax adviser without delay.**

7. NMR Directors' Recommendation

The Directors of NMR (the "**NMR Directors**"), who have been so advised by Canaccord Genuity Limited ("**Canaccord Genuity**") as to the financial terms of the Exercise Proposal, consider the Exercise Proposal set out in this Letter to be fair and reasonable in the context of the Acquisition. In providing advice to the NMR Directors, Canaccord Genuity has taken into account the commercial assessments of the NMR Directors. Canaccord Genuity is providing independent financial advice to the NMR Directors for the purposes of Rule 15.2 of the Code.

The NMR Directors recommend that you exercise your Options in advance of, and conditionally on, Court Sanction by accepting the Exercise Proposal (in accordance with paragraphs 4.1 – 4.3 of this Letter) so that you do not have to make an upfront cash payment to NMR in respect of such exercise, as those NMR Directors who are participants under the Approved Plan intend to do in respect of the Options held by them.

8. General

If you have any queries in relation to the Letter or how to complete the accompanying Form of Election, you should contact Debbie Thomas-Hoeller, HR Director of NMR by email at [REDACTED]. Please note that none of the officers or employees of NMR or ABF will be able to advise you on the course of action that you should take in relation to your Options or in relation to your financial or tax position.

Yours faithfully

Trevor Lloyd
Non-Executive Chair
National Milk Records plc

Yours faithfully

Eoin Tonge
Finance Director
Associated British Foods plc

NOTES

1. If you are in any doubt as to the action you should take, you should seek your own personal independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.
2. The Letter only deals with the right of exercise and lapse of Options as a consequence of the Acquisition. However, your Options may become exercisable and/or lapse for other reasons under the rules of the Approved Plan.
3. The accompanying Form of Election, including the notes and instructions on them, shall be deemed an integral part of the Exercise Proposal.
4. Accidental omission to despatch this Letter to, or failure to receive the same by, any person to whom the Exercise Proposal is made or should be made shall not invalidate the Exercise Proposal in any way.
5. The Exercise Proposal and acceptances and elections in respect of it shall be governed by, and construed in accordance with, the laws of England and Wales.
6. All acceptances and elections in respect of the Exercise Proposal made on the Form of Election will be legally binding on you and irrevocable.
7. Canaccord Genuity, which is regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser to NMR and for no one else in connection with the Acquisition and will not be responsible to any person other than NMR for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition or any other matters referred to in this Letter. Neither Canaccord Genuity nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Canaccord Genuity in connection with the Acquisition, any statement contained herein or otherwise.
8. Canaccord Genuity has given and not withdrawn its written consent to the issue of this Letter with the inclusion of references to its name in the form and context in which they are included.
9. The NMR Directors, whose names are set out in paragraph 2.1 of Part VII (*Additional Information*) of the Scheme Document, each accept responsibility for the information contained in this Letter (including any expressions of opinion) other than the information for which responsibility is taken by the ABF Directors pursuant to paragraph 10 below. To the best of the knowledge and belief of the NMR Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
10. The ABF Directors, whose names are set out in paragraph 2.3 of Part VII (*Additional Information*) of the Scheme Document, each accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to ABF, each member of the Wider ABF Group (including AB Agri) and themselves (and, in each case, their close relatives and related trusts). To the best of the knowledge and belief of the ABF Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

APPENDIX 1

Scheme timetable

The key expected dates for implementation of the Scheme are set out below. Further detail is contained in the Scheme Document.

1. The Scheme Document was published on 30 June 2023.
2. The Court Meeting and the General Meeting of NMR to consider the Scheme are expected to take place on 21 July 2023 at 11.00 a.m. and 11.15 a.m. respectively.
3. The Court Hearing to sanction the Scheme will be held on a date (**D**) to be determined following the satisfaction or waiver of Conditions 5.1 and 5.2 set out in Part A of Part III (*Conditions and Further Terms of the Scheme*) of the Scheme Document.
4. The latest time by which NMR Shares which are to be acquired pursuant to the Scheme need to be on the register of members of NMR (being the Scheme Record Time) is 6.00 p.m. on D+1 Business Day.
5. The Scheme is expected to become effective on D+2 Business Days.
6. NMR will issue an announcement through an RIS once the dates of the Court Hearing and the Effective Date are known.

APPENDIX 2

UK tax implications of the exercise of Options and disposal of Option Shares

Except to the extent indicated below, this Appendix only addresses the tax position for a person who is resident and domiciled in the United Kingdom for tax purposes at the date of grant and exercise of the Options granted under the Approved Plan and at all other material times. The information contained in this Appendix is intended to assist you in your choice, but it is not a full description of all possible taxation implications or of all the circumstances in which a taxation liability may occur. If you are in any doubt as to your position or if you are not resident and domiciled in the United Kingdom, you should consult an appropriate independent professional tax adviser.

Full details of the exercise of your Options will be given to HM Revenue & Customs ("HMRC") by NMR and should be reported by you on your self-assessment tax return, if you are required to complete a tax return.

Tax implications of exercising your Options by accepting the Exercise Proposal

If you exercise your Options by accepting the Exercise Proposal, are a UK taxpayer and your Options were granted on the basis that they were tax-approved, your Options will be eligible for tax relief on exercise and no deductions for income tax or employee national insurance will be required.

Tax implications of disposing of your Option Shares

The exercise price of your Options will form the base cost of your holding of your Option Shares for the purposes of capital gains tax. The subsequent disposal of your Option Shares should be reported in the capital gains section of your tax return where a taxable gain arises, or where proceeds exceed four times the annual exempt amount (which is currently £6,000 for the tax year ended 5 April 2024).

If, at the date of disposal, you held or subsequently acquire (within 30 days) other NMR Shares the base cost may be more complex and separate advice should be taken in respect of your personal circumstances.

Where you acquire shares on the same day through the exercise of different options, all the shares are treated as acquired under one transaction. As a result, the average cost is taken into account in any disposal calculation under the share identification rules. The averaging of costs can lead to unintended consequences where some of the shares are acquired through a tax-advantaged scheme (such as the Approved Plan). This is because the base cost of tax-advantaged shares may be lower than the cost of other shares acquired on the same day.

It is possible to elect to treat approved share option scheme shares as acquired by a separate transaction from other shares and as disposed of after other shares on the same day. The purpose of the election is to allow an individual to reduce the gain that would otherwise arise on disposal of shares acquired on the same day. You need to take tax advice on whether making an election may be to your advantage.

THIS FORM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

**FORM OF ELECTION FOR
THE EXERCISE PROPOSAL FOR THE APPROVED
PLAN**

**in connection with the recommended acquisition
of
National Milk Records plc
by Associated British Foods plc**

This Form of Election should be read in conjunction with the accompanying letter from NMR and ABF dated 3 July 2023 (the “**Letter**”). Definitions used in the Letter and the Scheme Document apply in this Form of Election.

If you wish to accept the Exercise Proposal described in the Letter, please return this Form of Election duly completed to Debbie Thomas-Hoeller, HR Director of NMR at Fox Talbot House, Greenways Business Park, Chippenham, SN15 1BN as soon as possible and, in any event, so as to be received no later than the Exercise Proposal Deadline (5.00 pm on 3 August 2023). You can send a scanned copy of the completed Form of Election to

This Form of Election is important. Before completing it, please read the accompanying Letter.

If you wish to accept the Exercise Proposal, you must complete and sign the box below. You must sign in the presence of an independent witness (who should be over 18 and not a member of your immediate family), who must also sign where indicated and complete the necessary details. You must then return the completed Form of Election to Debbie Thomas-Hoeller, HR Director of NMR at Fox Talbot House, Greenways Business Park, Chippenham, SN15 1BN as soon as possible and, in any event, so as to be received no later than the Exercise Proposal Deadline. You can send a scanned copy of the completed Form of Election to [REDACTED].

ACCEPT EXERCISE PROPOSAL

I have received or have been directed to and have had the opportunity to review the Scheme Document and the Letter from NMR and ABF relating to the Exercise Proposal. I currently hold valid and subsisting Options under the Approved Plan.

I hereby irrevocably: (i) accept the Exercise Proposal in respect of all my outstanding Options and, by doing so, elect to exercise such Options in full on Court Sanction; and (ii) acknowledge that my Option Shares will be acquired by AB Agri under the Scheme on the Effective Date.

I hereby agree to the terms set out in the accompanying Letter and this Form of Election (including, for the avoidance of doubt, the Terms and Conditions attached hereto) and acknowledge that this Form of Election will be legally binding on me and is irrevocable.

IN WITNESS whereof this deed has been executed by me as follows and is intended to be and is delivered on the date below:

SIGNED AND DELIVERED AS A DEED

Signature: (Participant to sign here)

Signed by: (Enter Participant name here)

Dated: 2023

In the presence of:

Witness signature:

Witness name:

Witness address:

Note: *Your witness must be independent, over 18 and not a member of your immediate family.*

TERMS AND CONDITIONS

If you return the Form of Election, but the Form of Election is not received until after the Exercise Proposal Deadline, you irrevocably agree that NMR, ABF and AB Agri may treat this Form of Election as if it had been received by the Exercise Proposal Deadline.

By completing and executing this Form of Election and returning it by the Exercise Proposal Deadline you irrevocably, in favour of ABF, AB Agri and NMR and in respect of your Options to which this Exercise Proposal relates:

1. confirm that you have received or have been directed to and have had the opportunity to review the Scheme Document and the Letter;
2. confirm that you are entitled to exercise your Options and acknowledge that you are an employee or director of a company participating in the Approved Plan in accordance with the rules of the Approved Plan or are otherwise entitled to exercise your Options;
3. confirm that your Options is/are valid and has/have not lapsed and is/are free from all liens, mortgages and third party interests of any nature whatsoever and you acknowledge that any Option Agreement(s) in respect of your Options shall become void once your Options has/have been exercised pursuant to your decisions shown on this Form of Election;
4. accept the Exercise Proposal in respect of all your Options and, by doing so, elect to exercise such Options on Court Sanction;
5. undertake to pay the exercise price per Option Share for your Options (the “**Exercise Price**”) and all income tax and employee national insurance contributions (or any equivalent tax or social security in any jurisdiction outside the United Kingdom) (if any) (the “**Tax Liability**”) due on the exercise of your Options, and you agree to indemnify and keep indemnified NMR (and, where relevant, your employing company in the NMR Group) for any such Tax Liability;
6. in discharge of the undertaking given above, authorise and instruct ABF and/or AB Agri to deduct from the cash consideration due to you for the acquisition of your Option Shares under the Scheme an amount equal to your aggregate Exercise Price and your Tax Liability (if any);
7. agree that the Option Shares you acquire as a result of the exercise of your Options will be acquired by AB Agri pursuant to the Scheme;
8. authorise and agree that ABF may pay, or procure the payment of, the cash consideration due to you for your Option Shares under the Scheme to NMR and that you will receive your cash consideration (less the deductions referred to above) through your local payroll as soon as practicable following the receipt of the cash consideration by NMR;
9. authorise NMR and ABF, jointly and severally, and any director or officer of NMR and ABF or any person nominated by them as your attorney on your behalf to do all acts and things and to execute any document or provide any certification as may be necessary or desirable to give effect to or in consequence of the elections and acceptances you have made on this Form of Election, and you hereby undertake to execute any further documents that may be required in connection with such elections and acceptances;
10. confirm that all powers of attorney and authorities under the terms of this Form of Election are given by way of security for the performance of your obligations and cannot be withdrawn or altered in accordance with Section 4 of the Powers of Attorney Act 1971;
11. undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney appointed by or pursuant to this Form of Election;

12. acknowledge that neither NMR, nor ABF nor AB Agri will be responsible for any consequential loss in the event of this Form of Election being incorrectly completed or where NMR has been unable to obtain clarification of your instructions;
13. acknowledge that NMR has issued a privacy notice to you that includes details of how your personal data may be used in connection with the Acquisition, including the Exercise Proposal;
14. waive your right to a share certificate in respect of the NMR Shares acquired on exercise of your Options;
15. confirm that you understand that the exercise of your Options pursuant to this Form of Election is conditional on Court Sanction and that if the Court does not sanction the Scheme, this Form of Election will have no effect and that your Options will remain in existence and continue to be governed by, and subject to the rules of, the Approved Plan, even if you have completed and returned this Form of Election;
16. acknowledge that you will be responsible for tax and employee social security contributions (or similar taxes or levies) which are not accounted for by NMR or its agent;
17. acknowledge that if any of your Options has lapsed or lapses before Court Sanction, completion of this Form of Election will be of no effect in respect of such lapsed Options;
18. acknowledge that you have no rights or claims whatsoever against NMR, ABF, AB Agri or any other person in connection with your participation in the Approved Plan;
19. acknowledge that in the event of any differences between the Letter, this Form of Election and the terms of the Plan rules or any relevant legislation, the Plan rules or relevant legislation will prevail; and
20. acknowledge that the Acquisition is subject to, inter alia, the Conditions to the Acquisition set out in Part III of the Scheme Document which form part of the terms set out in this Form of Election.