

## **COMPANY FINAL OFFER**

### **Terms and Conditions of New Collective Bargaining Agreements**

This Final Offer is made by Dean Foods Company and the applicable subsidiaries of Dean Foods Company (together the “Selling Entities”) to the International Brotherhood of Teamsters National Bargaining Committee on behalf its affiliated Local Unions (the “Union”) in connection with the potential sale of certain assets of the Selling Entities to Prairie Farms Dairy, Inc. (“Buyer” or “Prairie Farms”).

All existing terms and conditions of the Collective Bargaining Agreements (other than any such agreement solely and exclusively related to an Excluded Facility), including agreements that have expired and have not yet been renewed (the “CBAs”), shall remain in effect, subject to the following modifications. These modifications, combined with the remaining terms and conditions of the CBAs, shall form the new collective bargaining agreements (the “New CBAs”).

The terms outlined below shall be effective as of the Closing Date, unless otherwise specifically set forth below. Prairie Farms or the applicable Prairie Farms subsidiary (“Buyer Entity”) agree to assume the New CBAs as of the Closing Date.

#### **Duration**

1. All CBAs with an original term that is expired as of the Closing Date shall be extended for a period of two (2) years (the “contract extension years”) from the date of expiration. To the extent there is an extension agreement already in place, the CBA shall be extended two (2) years from the Closing Date.
2. All other CBAs shall be extended for a period of two (2) years from their current expiration dates.
3. The modifications outlined in this Final Offer shall remain in effect for a minimum of five (5) years from the Closing Date, at the conclusion of which they may be subject to discussion as the CBAs come up for renegotiation in the normal course.

#### **Wage Rates**

4. Wage rates shall be maintained at current levels, subject to any increases outlined in the CBAs. (For example, if there is a wage increase scheduled in a current CBA, that wage increase will still take effect as outlined in the current CBA, whereas the increases outlined in paragraph 5 below, will only take effect during the contract extension years.).
5. The following wage rate increases shall apply to the contract extension years described in Paragraphs 1 and 2 above:
  - Extension Year 1: 1.5%
  - Extension Year 2: 1.5%

For expired CBAs that have been extended for two (2) years pursuant to Paragraph 1, the first wage rate increase shall take effect as of the Closing Date and shall be payable within 30 days and the second shall take effect on the next contract anniversary date. For expired CBAs that were subject to a written extension agreement that provided for retroactivity on wages, the first wage increase shall be paid retroactive to the original contract expiration. For all other contracts, the rate increase shall take effect on the applicable CBA anniversary dates.

### **Overtime/Premiums**

6. For CBAs with daily overtime provisions, overtime shall be payable after ten (10) hours worked in a day for employees on a 5x8 schedule and after twelve (12) hours worked in a day for employees on a 4x10 schedule unless applicable state law requires otherwise.
7. All wage premiums tied to work performed on a Saturday or a Sunday shall instead be tied to work performed on the sixth (6th) and the seventh (7th) day worked in a workweek, respectively.

### **Work Schedules**

8. To the extent not already clearly set forth in the CBAs, management shall have the right to utilize non-traditional workweeks, such as non-consecutive days and weekend work.

### **Delivery/Route Optimization**

9. To the extent not already clearly set forth in the CBAs, management shall have the right to:
  - (a) modify, eliminate, or transfer drops, stops, routes, or other elements of its distribution network to address unprofitable and/or inefficient operations; and
  - (b) subcontract drops, stops, routes, or other elements of its distribution network in connection with drops of less than twenty-five (25) cases.

### **Health & Welfare Benefits**

10. Employees covered by a multiemployer health and welfare benefit plan shall continue to be covered by that plan, with employer contributions to the applicable fund provided in accordance with the applicable CBA.
11. Employees covered by a health and welfare benefits plan sponsored by the Selling Entities shall be moved to the Prairie Farms Dairy and Subsidiaries Plan as administered by Blue Cross Blue Shield, in which certain Teamster employees of Prairie Farms already participate. Employees shall contribute in the following manner.
  - Newly acquired Teamsters Employees will be covered on the Prairie Farms Dairy and Subsidiaries Plan on their first day of employment with Prairie Farms and will pay their current health insurance rate contribution from current until December 31, 2020.
  - Beginning January 1, 2021, newly acquired Teamster members participating in the Prairie Farms Dairy and Subsidiaries Plan as administered by Blue Cross Blue Shield will either continue to contribute at their current level or will contribute not less than

five percent (5%) of the total cost of health insurance premiums under the Plan, whichever is greater.

- Beginning January 1, 2022, newly acquired Teamster members participating in the Prairie Farms Dairy and Subsidiaries Plan as administered by Blue Cross Blue Shield will contribute not less than ten percent (10%) of the total cost of health insurance premiums under the Plan.
- Beginning January 1, 2023, newly acquired Teamster members participating in the Prairie Farms Dairy and Subsidiaries Plan as administered by Blue Cross Blue Shield will contribute not less than twelve point five percent (12.5%) of the total cost of health insurance premiums under the Plan.
- Beginning January 1, 2024, newly acquired Teamster members participating in the Prairie Farms Dairy and Subsidiaries Plan as administered by Blue Cross Blue Shield will contribute not less than fifteen percent (15%) of the total cost of health insurance premiums under the Plan.
- These increases shall be applicable to employees who are not cost-sharing currently, as well as those cost-sharing at a level below twenty percent (20%). In no event shall these increases result in an employee contributing more than twenty percent (20%) toward the total cost of coverage, unless such amount was provided for in the applicable CBA. To the extent a CBA provides for employee contribution rate increases that exceed those outlined above, those greater increases shall remain in effect. Employee contributions shall be administered through a payroll deduction.
- All obligations with respect to retiree health and welfare benefits shall be eliminated. The only exception shall be for retiree medical benefits provided through a Teamster-sponsored multiemployer plan, where the benefit is provided through the existing health and welfare contribution rate. This provision shall take effect immediately upon ratification of the new CBA by the applicable Union membership and in any event, prior to the Closing date.

### **Pension/Retirement Benefits**

12. Any obligations or provisions with respect to a multiemployer pension fund, including obligations or provisions with respect to participation and/or contributions, shall be eliminated. Seller or the applicable Selling Entity shall cease participation and Buyer, or the applicable Buyer entity, shall not contribute to or participate in these funds. This provision shall take effect immediately upon ratification of the New CBAs by the applicable union membership and, in any event, prior to the Closing Date.
13. Any provisions with respect to participation, contribution, or any other obligation to a pension plan or 401(k) plan sponsored by the Seller or the applicable Selling Entity shall be eliminated. This provision shall take effect immediately upon ratification of the New CBAs by the applicable Union membership and, in any event, prior to the Closing Date.

For bargaining units for whom the Selling Entities are currently obligated to contribute to a multiemployer pension plan, Buyer or the applicable Buyer entity shall not contribute to or

participate in such pension plan and will offer the following employer contribution structure through either the Teamsters SIP 401(k) Plan or the Teamsters National 401(k) Plan:

- a) Employer matching contribution of 50% on the first 6% of employee deferrals (3% match opportunity)
- b) Employer nonelective contribution of \$155 per month
- c) A 5-year graded vesting schedule will apply to employer contributions made on behalf of new hires who are not currently employed by Seller or the applicable Seller Entity.

For employees currently accruing benefits in a single-employer defined benefit pension plan, Buyer or the applicable Buyer entity will not assume any such pension plan and will offer the following employer contribution structure through either the Teamsters SIP 401(k) Plan or the Teamsters National 401(k) Plan:

- a) Employer matching contribution of 50% on the first 6% of employee deferrals (3% match opportunity)
- b) Employer non-elective contribution of \$140 per month
- c) A 5-year graded vesting schedule will apply to employer contributions made on behalf of new hires who are not currently employed by Seller or the applicable Seller Entity.

Employees not currently participating in a multiemployer pension plan or a single-employer defined benefit pension plan will be able to participate in a 401(k) plan with the same employer contribution formula that currently applies to the particular bargaining unit.

A 5-year graded vesting schedule will apply to any employer contributions made into a 401(k) plan on behalf of new hires who are not currently employed by Seller or the applicable Seller Entity.

#### **Other Items**

- 14. The successor clauses in the CBAs shall be waived on a one-time basis in connection with the sale transaction contemplated by this Final Offer.
- 15. All “zipper” clauses or similar clauses shall be eliminated.
- 16. In recognition of the fact that the terms outlined above will apply across a broad range of operations and agreements, the New CBAs will memorialize the parties’ agreement to work in good faith following the Closing Date to apply the terms of the New CBAs in a manner consistent with the spirit and intent of this document.

