OFFER TERMS – INCREMENTAL PLAN (RETENTION AWARD)

Grant Date:	The date of the listing of Bega Cheese Limited (**Company**) on the ASX.
Number of Performance Rights offered:	The number of Performance Rights specified in your Invitation. Subject to the satisfaction of the Vesting Conditions (set out below), each Performance Right entitles you to receive one fully paid ordinary share in the Company. There is no exercise price in relation to the exercise of a Performance Rights.
Conditional offer:	Performance Rights offered will not be granted unless and until the Company lists on the Australian Securities Exchange.
Performance Hurdles:	There are no performance hurdles in relation to this grant of Performance Rights.
Vesting Conditions:	No Performance Rights granted to you will vest or be automatically exercised until you have completed 12 months service with the Company on and from the Grant Date (the **Exercise Date**).
Dividends and voting rights:	There are no voting or dividend rights until your Performance Rights vest and are automatically exercised and you hold ordinary shares in the Company (**Resulting Shares**). However, if dividends are declared while you hold unvested Performance Rights, you will be granted additional Performance Rights equal in number to: (a) the dividend per ordinary share declared and paid by the Company; (b) multiplied by the number of Resulting Shares that would have been held by you had your Performance Rights vested and been exercised prior to the declaration of dividends; and (c) divided by the issue price (as defined in the Company's dividend reinvestment policy) applicable to the relevant dividend or, in the absence of a dividend reinvestment policy, the arithmetic average of the daily volume weighted average price of all Shares sold in the ordinary course of trading on the stock market of the ASX over the five business days prior to the record date for the dividend.
Restrictions on Performance Rights:	You may not transfer or encumber your Performance Rights with a security interest without the consent of the Board.
Lapse of Performance Rights	Performance Rights that have not vested as at the relevant performance measurement date will automatically lapse, unless otherwise determined by the Board. Performance Rights that have vested and where you remain employed will

	automatically lapse on conversion into Resulting Shares. All Performance Rights will also lapse where, in the opinion of the Board, you have acted fraudulently or dishonestly.
Disposal restrictions:	No disposal restrictions will apply to the Resulting Shares.
Leavers:	The treatment of your Performance Rights will depend on whether you are considered to be a “Good Leaver” or a “Bad Leaver”. Please see the definitions of these terms as set out in the Plan Rules and the Plan Rules for what happens in either of those circumstances.
Irrevocable power of attorney:	In consideration of your grant of Performance Rights, you are deemed to irrevocably appoint each director of the Company and the Company’s company secretary as your attorney to complete and execute any documents and do all things to give effect to the Plan Rules.
Time period for Acceptance:	In order to accept this invitation you must complete and sign the enclosed Application Form, and return it to the Company by close of business on **11 August 2011**.