



Press release

17 December 2008

European Commission approves merger between Friesland Foods and Campina

Meppel/Zaltbommel – The Executive Boards and Boards of Friesland Foods and Campina are pleased that the European Commission has approved the merger of the two dairy companies and dairy cooperatives. However, the Executive Boards and Boards of both dairy companies regret that some parts of the business will have to be divested. Today, the General Meeting of Friesland Foods and the Members' Council of Campina will take a final decision on the merger. Both companies expect to be able to publish the final decision of the meetings at the end of the afternoon.

To meet the objections of the European Commission, the activities of Friesland Foods Fresh (fresh dairy) in Nijkerk, the cheese production plant of Campina Holland Cheese (naturally matured cheese) in Bleskensgraaf and the Yogho Yogho and Choco Choco brands (long-life dairy drinks) in the Netherlands and Belgium will have to be divested. These business units jointly account for revenue of about 367 million euros, representing some 4% of the new company's total revenue of 9.1 billion euros (based on 2007 figures).

To guarantee the availability of Dutch raw milk for third parties in the Netherlands, FrieslandCampina is required to make available annually a maximum of 1.2 billion kilos of Dutch raw milk to new or existing producers of fresh dairy products or naturally matured cheese in the Netherlands, provided they are interested in buying this milk. An independent foundation will be set up for this purpose and will be operational from mid-2009. In order to reduce FrieslandCampina's share in the Dutch raw milk market and guarantee the availability of milk for third parties, member dairy farmers who opt to cancel their membership of FrieslandCampina and deliver their milk elsewhere will receive an amount of 5 euros per 100 kilos of milk. This applies, however, up to a maximum of 1.2 billion kilos of milk. Cancellation of the membership is voluntary, so each member decides independently and there will be no compulsory cancellation. The quantity of milk for which this incentive will be paid will be deducted from the quantity of milk made available for sale annually via the foundation. The conditions imposed by the European Commission, incidentally, form no barrier whatsoever to the operational growth in the milk volume of the member dairy farmers of FrieslandCampina.

Cees 't Hart, the proposed Chief Executive Officer (CEO) of the new company, is delighted that the European Commission has approved the merger. "This afternoon, the member dairy farmers of both cooperatives will make a final decision. If they agree to the merger, it will go ahead on 30 December 2008. The preparations for the merger have taken more than a year. During that period we have become even more convinced that the merger is coming at the right time. Now we can actually start doing business together based on our combined innovative strength and the milk expertise of our employees. We expect to be able to grow more strongly in brands and new concepts. This not only applies to consumer products, but also to dairy ingredients."

In December 2007, both dairy cooperatives announced their intention to merge. Executive Boards and Boards/Supervisory Boards of Friesland Foods and Campina adopted the merger agreement in April 2008. In July, the European Commission launched an investigation into the potential consequences of the proposed merger for the markets of the two companies. Both dairy cooperatives hope that the merger will allow them better to anticipate and to respond more dynamically to the rapidly changing market conditions, extensive deregulation (EU/WTO) and increased regional and global competition.

The Works Councils and trade unions have been informed of the remedies imposed by the European Union and their impact on the company and cooperative.

About Royal Friesland Foods

Royal Friesland Foods is a multinational that produces and markets natural, nutritious and high-quality dairy products, fruit drinks and ingredients. Taste, health, convenience, reliability and vitality for the consumer are key characteristics. With a wide range, Friesland Foods is represented in more than 100 countries. Worldwide, Friesland Foods employs approximately 14,600 staff. In 2007, its revenue was EUR 5.1 billion. The business is based on a cooperative model. The 9,400 member dairy farmers of Zuivelcoöperatie Friesland Foods are the owners and the suppliers of the milk. Its most important brands are Dutch Lady, Frisian Flag, Foremost, Friesche Vlag, Milli, NoyNoy, Peak, Bonnet, Rainbow, Completa, Debic, Frico, Friso, Pöttyös, Dots, Domo, Kievit, Appelsientje, Chocomel, Cécémel, CoolBest, DubbelFriss, Extran and Fristi.

Internet: www.frieslandfoods.com

About Campina

With operations from London to Moscow and from the United States to Japan and firmly rooted in the Netherlands, Germany and Belgium for many generations: the cooperative dairy company Campina. The just over 7,000 dairy farmers who together own Campina, supply the best milk every day. This forms the basis for milk, dairy drinks yoghurts, desserts, cheese and butter, which consumers recognise in the brands Campina, Betagen Botergoud, Coast, Fruttis, Landliebe, Mona, Milner, Optimel/Optiwell, Valess, Vifit and Yazoo. Via DMV International, Creamy Creation and Nutrifee, Campina is also a leading global supplier of ingredients to the food and pharmaceutical industry. With their passion for dairy, the 7,000 or so employees generate revenue of EUR 4.0 billion.

Internet: www.campina.com

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