



JOINT PRESS RELEASE

PERFETTI VAN MELLE HAS REACHED AN AGREEMENT TO ACQUIRE CHUPA CHUPS

- **The combination reinforces the competitive position of Chupa Chups and provides the opportunity for its brands to realize their global potential as part of what will become a world leading branded-confectionery company**
- **The unique culture and heritage of Chupa Chups will be protected as part of a larger but still privately owned group with a highly compatible business philosophy**
- **The agreement respects the social commitments of Chupa Chups within the communities it operates in**
- **The Spanish head office and main manufacturing facilities of Chupa Chups are planned to remain in Spain**

Milan/Breda/Barcelona.– July 3rd, 2006

Perfetti Van Melle has reached an agreement with Chupa Chups to acquire 100% of the company. The combination reinforces the leadership position of the brands Chupa Chups[®] and Smint[®], with genuine global potential. It also strengthens the competitive position of the combined company in the increasingly challenging confectionery sector for the benefit of all stakeholders. Chupa Chups will keep its head office in Cataluña as well as the main manufacturing facilities in Spain.

The decision to sell was taken after a long and detailed strategic process. This resulted in the initiation, a few months ago, of a program to identify the best alliance partner to improve and consolidate the brands' presence in certain specific geographies. After discussions with complementary industry players, Chupa Chups has selected the Italian-Dutch group, which is already its partner in the UK and Germany, as the best partner to further its strategic aims, having regard to the complementarities of the two businesses and the good fit of corporate culture.

With this agreement, the Chupa Chups brands will greatly improve their geographical footprint, and the company's integration with Perfetti Van Melle will substantially increase their growth potential. In addition, Chupa Chups will benefit from Perfetti Van Melle's strong international distribution platform and its broad and complementary portfolio of leading brands.

Perfetti Van Melle is a privately owned global company that manufactures and distributes sugar confectionery and chewing gum products in over 130 countries under highly renowned brands like Mentos[®], Alpenliebe[®], Frisk[®], Fruittella[®], Golia[®], Happydent[®] and Vivident[®]. Perfetti Van Melle achieved net sales of over € 1.4 billion for the year ending December 2005. Perfetti Van Melle employs some 12,000 people and operates throughout the world with locations in Europe, Asia-Pacific and the Americas. The Perfetti Van Melle group has corporate headquarters in Lainate (Italy) and Breda (The Netherlands).

Perfetti Van Melle's innovative and entrepreneurial culture, similar to that of Chupa Chups, creates the basis for a successful combination, and this has been one of the determining factors for the Spanish group to conclude this agreement.

Perfetti acquired Van Melle in 2001, creating one of the largest confectionery companies in the world. Perfetti's successful management of the merger and the sensitive integration of the Dutch and Italian cultures provide an excellent precedent for a good transition.

Both companies have maintained a business relationship for nearly 10 years, which has been anchored in two distribution JVs (in Germany and the UK) as well as a distribution agreement in Poland.

Commenting on the transaction Augusto Perfetti said: "the acquisition of this prominent group represents a significant reinforcement of our position as a world-class confectionery company and, in particular, it provides additional diversification into the candy segment. With our confectionery focus, we expect that the Chupa Chups brands, well-loved and well-known as quality brands by consumers all over the world, will further flourish under Perfetti Van Melle's global umbrella. This transaction will also trigger synergies with our own brands and expand our sales and distribution potential in mature and developing markets."

For Xavier Bernat, President of Chupa Chups, this transaction "reinforces the competitiveness of the company and ensures an even brighter future

for its brands Chupa Chups® and Smint®, with a more positive outlook for the future of its workers and its industrial sites.”

Furthermore, this agreement confirms the commitments of the company, with the Public Administrations, its workers and unions, with a specific commitment to conclude its planned investment in a new plant in San Esteve Sesrovires.

The centres of excellence for innovation and marketing for the Chupa Chups® and Smint® brands will remain in Spain.

At the request of Perfetti Van Melle, Xavier and Marcos Bernat will continue co-operating with the company to ensure a smooth transition and the effective integration of both companies.

Chupa Chups, after a profitable 2005, has registered 6% sales growth during the first half of 2006, almost double the average of the Industry as a whole and has recently seen the successful launch of its Smint Gum and Chupa Chups Mini innovations, achieving highly favourable response from consumers beyond expectations.

This transaction is subject to anti trust approval.

Perfetti Van Melle was assisted by Citigroup as financial advisor and by Clearly Gottlieb Steen & Hamilton LLP as legal counsel with Araoz & Rueda advising with respect to matters of Spanish law.

Chupa Chups was assisted by AZ Capital and Rothschild as financial advisors, and Clifford Chance as legal counsel.