



Joh. A. Benckiser's offer for D.E Master Blenders 1753

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Interview with Jan Bennink, Chairman and Interim CEO, D.E Master Blenders 1753

Joh. A. Benckiser's offer for DEMB 1753

Q: What is it that D.E Master Blenders has announced today?

A: What we announced today is that the Board of DE Master Blenders recommends a bid from JAB, which is Joh. A. Benckiser of €12.50 per share for the total company. An offer in total cash, which represents a premium of about 30 percent over the closing price on March 27, and a premium of 36 per cent over the weighted average over the last three months.

Q: Why have you accepted today's formal offer? And why does this acquisition make sense to DEMB?

A: Why did we agree? I think if you look at it, there's basically two parts in the deal which are very important. Clearly, the price is a very good price, as I said before; it's 30 percent over the closing price of March 27. It is a 36 percent over the weighted average, so I think looking at it from a shareholder point of view; I think the Board has decided that this is a financially very attractive offer for our shareholders.

The second and also very important part, because next to shareholders we have our stakeholders, our employees - JAB wants to use this as a platform for further growth. They like our strategy, they want to make this Company the second biggest company in terms of coffee and tea; we like that. That means automatically that in terms of employment and in terms of investments they will make, it's exactly what we would do. They've officially even agreed to let the headquarters remain in Amsterdam, that the R&D centre which we have set up here that is very, very valuable for the future, will remain in Holland.

And thirdly that the factories remain in Holland as a result of the fact of that we're continuing to grow will be remaining and there will be no changes to that. So it's both from a financial point of view, as well as from an employee and stakeholder point of view, we looked at it very carefully as a Board, and I think it is an offer, as we say we think is in the good interests of everybody.

Q: The price of the formal bid is actually lower than the indicative bid. Why's that? Do you feel that you've extracted full and fair value from the process?

A: I think there is a very high value offered for this Company. Yes, it is slightly lower than €12.75 the €12.50. We were in the midst of due diligence. And, as you know, in any due diligence there's a couple of positives, there's a couple of negatives, and in the end we came to an agreement that €12.50 is a correct price.

Q: When did JAB approach you with its intention to make a bid?

A: That was somewhere in the beginning of March, so I think we've been now in discussion, this is a first time approach and then you get the due diligence phase, so it is four or five weeks since.

Q: And have there been any other expressions of interest from other parties? Where there any other strategic options?

A: Strategic options, I think, of course there's a clear strategic option of continue by yourself. I think that is something the Board looks at very carefully, because what can we do by ourselves and why does this make sense. Any other parties who have been interested - I think the deal has been public now for about two weeks, a bit more than two weeks - and as a result of that we haven't received any particular offers or signs of interest. And I think that is a clear indication that this is a very good price and a very good deal for our shareholders and stakeholders.

The ongoing business

Q: Do you anticipate any material changes to the ongoing strategy?

A: I don't think so. Of course the real person to ask is JAB, but all the discussions we've had, their intention is completely to keep this Company as it is, to use this as a platform for further growth and to make it the number two worldwide coffee and tea company. So their intentions are basically exactly the same as we do. Will there be some slight changes? I think it's logical that any owner or any person, even the CEO has some small changes. So small changes there will be, I think on the overall strategy we're completely aligned, and that's also one of the reasons why the Board fully recommends this deal.

Q: But in the short-term, what impact do you think there'll be to the ongoing business?

A: I don't think, honestly speaking, very, very little. Now I'm currently talking to many, many shareholders. The future is that we'll have a couple of shareholders who will be on the Board, so I think in a way it makes your life simpler and easier, especially in this particular period, because you have less people to talk to. For the business itself, I don't think it will make big differences or big changes. For the people working in here, I think we'll continue to work on our innovations, we'll continue to work on improving profitability and we'll continue to improve to get cash out of the system, which we've been doing over the last year and half very effectively. And I think we'll just continue to do that, and perhaps, in some cases even accelerate part of the elements.

Q: Will there be any job losses?

A: No, I don't – since there's no synergies – this is a company being bought, there's no synergies, there's nothing. JAB have I don't know how many people, is it 10, is it 12, very, very little amount of people. So, no I don't think there will be any job losses. It will be business as usual. Is there a slight change because you go from a public to a private company? There's a couple of positions, and that's unfortunate a couple of positions will, of course, will not be necessary any more, but that's – you're talking a small amount of people who will be affected, and for the rest, it is completely business as usual.

Q: So, what's the timetable from here? And when do you intend to de-list from the Amsterdam stock exchange?

A: The announcement is today so then you go through the whole process, which is a legal process, I mean the process of tendering the offer, give or take, I think by the end of the summer, is it July, is it August, I think somewhere there, we will have a closure. That doesn't mean that you're automatically off the stock exchange, after the closure you'll probably be on the stock exchange for another month, two months, but the closing of the deal, probably by the end of the summer.

Q: But you've decided to leave. Why is that? And will you stick around to manage the transition?

A: We've always intended to have a new CEO; I've been very clear about that. We're in the process of looking for a CEO, and we said by the summer I'd probably have a CEO and then I would flank the CEO and then become the chairman. No, a new CEO will come, we're in the process, it's happening, but logically, being a chairman you now have somebody else running, who is a shareholder, and I think Bart Becht in this particular respect, being the Chairman of JAB, he will be the chairman. So I think you can't have two captains on a ship. I think it is unrealistic and I think I've had very good discussions with him and I think it's both for the Company as well as for the Board, you need to move and you can't have conflicts, it's like it has to be very simple and very straightforward. So that is meaning that I will – at the moment of the closure, I will leave.

On your second part of the question, what about the transition? I think it's business as usual, nothing is changing, because the Company is ours. This is still a publicly traded Company, it's not theirs yet. It's only officially theirs at the moment of the closing, which will be the end of the summer.

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