



EUR 85,000,000

7.125 per cent

Perpetual Cumulative Subordinated Notes 2003

Issue price: 100 per cent

Terms and Conditions of the Notes as per 30 December 2008

Originally issued in May 2003 by Friesland Coberco Dairy Foods Holding N.V.
In 2005 the name of the Notes changed in Royal Friesland Foods N.V. and
as per August 2009 in Royal FrieslandCampina N.V.

TERMS AND CONDITIONS OF THE NOTES

This is the form of the Terms and Conditions of the Notes as per 30 December 2008 which (subject to completion and amendment) will be applicable to the Notes represented by the Temporary Global Note and the Permanent Global Note and will be attached to the Temporary Global Note and the Permanent Global Note.

The issue of EUR 85,000,000 7.125 per cent. Perpetual Cumulative Subordinated Notes 2003 (the 'Notes') by (originally) Friesland Coberco Dairy Foods Holding N.V. was made in accordance with a resolution of its Board of Management adopted on 11 November 2002 which decision was approved by the Supervisory Board and the General Meeting of Shareholders of the Issuer and by the Board of Zuivelcoöperatie De Zeven Provinciën U.A. on 13 December 2002 and by the General Meeting of Zuivelcoöperatie De Zeven Provinciën U.A. on 18 December 2002. An additional fully fungible amount of EUR 40,000,000 Notes was issued on 8 July 2003, as a result of which a total aggregate amount of maximum EUR 125,000,000 Notes is outstanding. Friesland Coberco Dairy Foods Holding N.V. changed its name into Koninklijke Friesland Foods N.V. in June 2004. On 30 December 2008, Koninklijke Friesland Foods N.V. merged into Campina B.V. At the same date, Campina B.V. was transposed from a Dutch B.V. (*besloten vennootschap*; a private limited liability company) into a Dutch N.V. (*naamloze vennootschap*; a public limited liability company) and changed its name into Koninklijke FrieslandCampina N.V. (the 'Issuer'). The Notes are issued with the benefit of a fiscal agency agreement to be dated on or about 2 June 2003 (the 'Fiscal Agency Agreement') between the Issuer and Rabo Securities N.V. as Fiscal and Principal Paying Agent (the 'Fiscal Agent'). Certain statements in these Terms and Conditions of the Notes are summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement, copies of which are available for inspection at the specified office of the Fiscal Agent referred to hereinafter and the offices of any Paying Agent. The expression 'Fiscal Agent' shall also refer to any substitute fiscal agent. The expression 'Paying Agent' shall refer to any additional paying agent that may be appointed under the Fiscal Agency Agreement in addition to the Principal Paying Agent.

The holders of the Notes (the 'Noteholders') are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement. References herein to 'Conditions' are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, Denomination and Title

The Notes are represented by a global Note in bearer form without interest coupons (the 'Global Note'), which will be given in custody with Euroclear Netherlands (formally named Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ('Necigef')). The Global Note will therefore be subject to the Dutch Securities Giro Transfer Act (*'Wet giraal effectenverkeer'* or 'WGE'). Each Note has a denomination of EUR 100. Rights in respect of the Notes represented by the Global Note take the form of co-ownership rights (*'aandelen'*) in the collective depot (*'verzameldepot'* as referred to in the WGE) in respect of the Notes with an institution qualifying as a participant of Euroclear Netherlands (*'aangesloten instelling'* as defined in the WGE) (a 'Participant'), which co-ownership rights will be credited to the account of the holder of such rights with such Participant. Each person who is for the time being shown in the records of Euroclear Netherlands or any of its Participants as the holder of co-ownership rights in respect of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear Netherlands or such Participant shall be conclusive and binding for all purposes save in the case of manifest error) will be referred to hereinafter as a 'Noteholder' or a 'holder of a Note'. The right of the Noteholders to request delivery (*'uitlevering'*) of their Notes under the WGE is excluded.

Under Netherlands law, a transfer of title to a Note requires – inter alia – delivery (*'levering'*) thereof. For Notes held in the Euroclear Netherlands system, deliveries will be made in accordance with the WGE.

2. Status of the Notes, Subordination and Loss Absorption

The Notes constitute subordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and will in the event of bankruptcy (*'faillissement'*), dissolution (*'ontbinding'*) or liquidation (*'vereffening'*) of the Issuer be subordinated in right of payment to the prior payment in full of all Senior Debt of the Issuer, present and future.

The Issuer represents and undertakes to the Noteholders that it has not issued and, while any Note is outstanding, will not issue any undated subordinated note, or create or permit to be outstanding any Subordinated Indebtedness, which is not by its terms expressed to rank (i) *pari passu* with or (ii) junior to, the Notes.

For the purposes of this Condition 2:

- 'Senior Debt' means all Indebtedness of the Issuer other than Subordinated Indebtedness.
- 'Subordinated Indebtedness' means any Indebtedness of the Issuer the right to payment of which is, or is expressed to be or is required by any present or future agreement of the Issuer to be, subordinated in the event of the bankruptcy, dissolution or liquidation of the Issuer.
- 'Indebtedness' means all indebtedness for money borrowed that is or will be created, assumed, incurred or guaranteed in any manner or for which the Issuer is otherwise responsible or liable.

By virtue of the above subordination:

(a) all payments to the Noteholders will, in the event of bankruptcy, dissolution or liquidation of the Issuer, only be made after all Senior Debt admissible in any such bankruptcy, dissolution or liquidation of the Issuer has been satisfied in full following which the obligations in respect of the Notes shall rank at least *pari passu* with all other Subordinated Indebtedness;

(b) any set-off by any Noteholder shall, in the event of bankruptcy, dissolution or liquidation of the Issuer, be excluded until all Senior Debt admissible in any such bankruptcy, dissolution or liquidation of the Issuer has been satisfied in full following which the obligations in respect of the Notes shall rank at least *pari passu* with all other Subordinated Indebtedness; and

(c) creditors of the Issuer who are not holders of Senior Debt may, subject to any subordination provisions that may be applicable to such creditors, recover more rateably than the Noteholders.

For the avoidance of doubt, if the Issuer would not otherwise be solvent, the amount of principal and of sums which would otherwise be payable as interest in respect of the Notes will instead be available to meet the losses of the Issuer.

3. Interest

The Notes bear interest from and including 2 June 2003 (the 'Closing Date') at the rate of 7.125 per cent. per annum, payable, subject as provided in these Conditions, annually in arrears on each Interest Payment Date (as defined below), the first such payment to be made on 2 June 2004.

The Notes will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the principal in respect thereof is improperly withheld or refused. In such event, interest will continue to accrue (after as well as before any judgement) up to, but excluding, the date on which, upon further presentation, payment in full of the principal thereof is made or (if earlier) the seventh day after notice is duly given to the holder of such Note in accordance with Condition 10 that upon further presentation of such Note being duly made such payment will be made, provided that upon further presentation thereof being duly made such payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the actual

number of days elapsed in the relevant calculation period (including the first day but excluding the last day) divided by the actual number of days (365 or 366) in the respective Interest Period (as defined below).

Interest in respect of the Notes is payable on each Interest Payment Date (as defined below) not being an Optional Interest Payment Date (as defined below) in respect of the Interest Period (as defined below) ending on the day immediately preceding such date. Interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding any Optional Interest Payment Date may at the option of the Issuer not be paid on such date and failure to pay shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date, together with any other interest in respect thereof not paid on any other Optional Interest Payment Date, shall, so long as the same remains unpaid, constitute 'Arrears of Interest'. All Arrears of Interest in respect of all Notes for the time being outstanding (as defined in the Fiscal Agency Agreement) shall become due in full on, and only on, whichever is the earliest of (i) the date upon which a Performance-related Payment ('*Prestatietoeslag*') is next made available for payment by the Issuer, (ii) the date fixed for any repayment pursuant to Condition 4(a) or (iii) the date on which the Issuer is declared bankrupt ('*failliet verklaard*') or on which an order is made or an effective resolution is passed for the dissolution ('*ontbinding*') or liquidation ('*vereffening*') of the Issuer. In these Terms and Conditions of the Notes, 'Performance-related Payment' is understood to be any addition (including dividend in connection therewith) to the guaranteed milk price up to the milk price that the Issuer can determine within the framework of drawing up the annual accounts in accordance with the regulations applied by the Issuer with regard to the payment of the milk price. If notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Where Arrears of Interest are paid in part, each part payment shall be made pro rata to the Noteholders and shall be in respect of the full amount of the Arrears of Interest accrued due to the relevant Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

As used herein:

'Interest Payment Date' means 2 June of each year, commencing 2 June 2004.

'Optional Interest Payment Date' means any Interest Payment Date following a period of twelve months immediately preceding such Interest Payment Date in which no Performance-related Payment has been declared or made available for payment by the Issuer.

'Interest Period' means the period from and including one Interest Payment Date (or, as the case may be, the Closing Date) up to but excluding the next (or first) Interest Payment Date.

The calculations and determinations under this Condition 3 shall (save in the case of wilful default, bad faith or manifest error) be final and binding on the Issuer and the Noteholders.

4. Redemption and Purchase

(a) The Notes are perpetual securities and have no final maturity date and may not be repaid except in accordance with the provisions of this Condition 4 or Condition 8 (Events of Default).

(b) The Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 10, repay on 2 June 2008 or on any Interest Payment Date thereafter all, but not some only, of the Notes at their principal amount together with accrued interest and all Arrears of Interest. Upon the expiration of such notice, the Issuer shall be bound to repay all the Notes at their principal amount together with accrued interest and all Arrears of Interest.

(c) The Issuer may at any time purchase Notes in the open market or otherwise, at any

price. The Issuer may hold or resell the Notes so purchased or surrender them to the Fiscal Agent for cancellation.

5. Payments

(a) The initial Fiscal Agent and initial Principal Paying Agent is Rabo Securities N.V. at its office at Amstelplein 1, 1096 HA Amsterdam, the Netherlands.

(b) Payment of interest, principal and any other payments on or in respect of the Notes to the Noteholders will be in Euro and will be effected through Euroclear Netherlands and its Participants. On or before the due date of payment the Issuer will transfer or cause to be transferred the moneys to be paid on the Notes on such date to an account indicated to the Fiscal Agent by Euroclear Netherlands and accepted by the Fiscal Agent for that purpose. The Issuer will by such payment be discharged of its obligations towards the Noteholders. Noteholders must look solely to Euroclear Netherlands or the relevant Participant, as appropriate, in order to receive payment on their Notes and the Issuer shall have no responsibility in respect thereof. Euroclear Netherlands will be discharged of its obligation to pay by paying the relevant funds to the Participants which, according to Euroclear Netherlands' records, hold a share in the giro depot (*'giro depot'* as referred to in the WGE) with respect to the Notes, the relevant payment to be made in proportion with the share in such giro depot held by each of such Participants. Euroclear Netherlands shall not be obligated to make any payment in excess of funds it actually received as funds free of charges of any kind whatsoever. A record of each payment will be made on the appropriate part of the relevant schedule to the Global Note by or on behalf of the Fiscal Agent, which record shall be prima facie evidence that such payment has been made in respect of the Notes.

(c) All payments are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

(d) If the date for payment in respect of any Note is not a day on which banks are open for business in the place of presentation of the relevant Note, the holder thereof shall not be entitled to payment until the next day following such day, or to any interest or other payment in respect of such delay. In the case of payment by transfer to a Euro account, the Issuer shall not be obliged to credit such account until the day in the place of such account on which banks are open for business following the day on which banks are open for business in the place of the specified office of the Fiscal Agent to which the Global Note is presented for payment, and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer ('TARGET') system is operating.

(e) The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or other or additional Paying Agents and/or approve any change in the specified office of any Paying Agent, provided that as long as any of the Notes remains outstanding the Issuer will maintain a Paying Agent with a specified office in a city within the European Union which, as long as the Notes are listed on Euronext Amsterdam, shall be in the Netherlands. In the event of any such variation, termination, appointment or change in specified office, notice thereof will be given by the Issuer to the Noteholders in accordance with Condition 10.

6. Taxation

All payments of principal and interest in respect of the Notes will be made without withholding of, or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of the Netherlands or any governmental authority or political subdivision therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law or by the administration or official interpretation thereof. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the holders of the Notes and shall not pay any additional amounts to the holders of the Notes.

7. Prescription

Claims against the Issuer for payment in relation to the Notes will become void unless made within a period of five years from the date on which such payment becomes due.

8. Events of Default

The holder of any Note may give written notice to the Issuer and the Fiscal Agent that such Note is, and such Note shall accordingly immediately become, due and repayable at the principal amount, together with interest accrued to the date of repayment, in any of the following events ('Events of Default') unless, prior to the time when the Issuer receives such notice, the relevant Event of Default shall have been cured or otherwise made good:

- (i) if default is made in the payment of any interest due and payable on the Notes or any of them and such default continues for a period of 15 days next following the service by any Noteholder on the Issuer of a written notice of such default; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes and such failure continues for a period of 30 days next following the service by any Noteholder on the Issuer of a written notice requiring the same to be remedied; or
- (iii) if the Issuer applies for its bankruptcy (*'faillissement'*) or is declared bankrupt (*'failliet verklaard'*) or applies for (provisional) suspension of payments (*'(voorlopige) surséance van betaling'*) or is dissolved (*'ontbonden'*) or is liquidated (*'vereffend'*) or if the Issuer offers a compromise to all its creditors or negotiates with all its creditors another agreement relating to its payment difficulties or if such measures are officially decreed; or
- (iv) if the Issuer merges or is amalgamated with any other incorporated or unincorporated legal entity, unless the legal entity surviving or resulting from such merger or amalgamation expressly and effectively or by law assumes, or continues to be liable for, all the obligations of the Issuer with respect to the Notes.

9. Replacement of Global Note

If the Global Note has been damaged, stolen, lost or destroyed, the Issuer may, on written application by Euroclear Netherlands to the Issuer, issue a duplicate thereof, subject to Euroclear Netherlands providing such security and/or indemnity as the Issuer may consider desirable. If the Global Note is damaged, it must be surrendered to the Issuer before a duplicate can be issued. It will be stated on the duplicate that it is a duplicate. The issue of a duplicate will render the original Global Note worthless insofar as rights in respect of the Notes are concerned. Any costs incurred by the Issuer in connection with the issuance of a duplicate Global Note may be charged to Euroclear Netherlands.

10. Notices

(a) Any notice to the Noteholders will be valid if published in at least one daily newspaper of wide circulation in the Netherlands (which is expected to be *'Het Financieele Dagblad'*) and, for as long as the Notes are listed on Euronext Amsterdam, in the Euronext Amsterdam Daily Official List (*'Officiële Prijscourant'*). Such notices shall be deemed to have been given on the date of such publication in the Euronext Amsterdam Daily Official List or, if published more than once, on the first date of such publication.

(b) Any notice hereunder to the Issuer or the Fiscal Agent shall be in the English language and shall be given by sending the same by registered mail or by delivering the same by hand. Any notice sent by mail shall be deemed to have been given, made or served at the time of delivery.

Any such notice to the Issuer shall be delivered or despatched to the following address:

Koninklijke FrieslandCampina N.V.

Attn: Corporate Treasurer

Ruimtevaart 26

3824 MX Amersfoort

The Netherlands

or such other address as the Issuer may notify to the Noteholders in accordance with Condition 10(a).

Any notice to the Fiscal Agent shall be delivered or despatched to its address as set out in Condition 5, or as subsequently notified to the Noteholders in accordance with Condition 10(a).

11. Substitution under Guarantee

(a) The Issuer or any previous substitute of the Issuer under this Condition may, and the Noteholders hereby irrevocably agree in advance that the Issuer or any previous substitute of the Issuer under this Condition may, at any time be substituted by any company (incorporated in any country in the world) controlling, controlled by or under common control with the Issuer as the principal debtor in respect of the Notes (any such company hereafter also referred to as the 'Substituted Debtor'), provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer or any previous substitute as aforesaid as may be necessary to give full effect to the substitution (together the 'Documents') and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions and the provisions of the Fiscal Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Fiscal Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer or any previous substitute as aforesaid;
- (ii) the Documents shall contain a warranty and representation (a) that the Substituted Debtor and the Issuer (or any previous substitute as aforesaid) have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Guarantee (as defined below) in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by the Substituted Debtor and the Guarantee (as defined below) given by the Issuer are each valid and binding in accordance with their respective terms and enforceable by each Noteholder; and
- (iii) Condition 8 shall be deemed to be amended so that all Notes shall also become due and repayable under the said Condition if the Guarantee (as defined below) shall cease to be valid or binding on or enforceable against the Issuer;

and (if the Substituted Debtor is not the Issuer) upon the Documents becoming valid and binding obligations of the Substituted Debtor the Issuer hereby irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of the Issuer herein referred to as the 'Guarantee').

(b) Upon the Documents and the Guarantee becoming valid and binding obligations of the Substituted Debtor and the Issuer and subject to notice having been given in accordance with paragraph (d) below, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer as issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents and the

Guarantee shall, in the case of the substitution by any other company as principal debtor, operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes.

(c) The Documents and the Guarantee referred to in paragraph (a) above shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Issuer) the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer acknowledge the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents and the Guarantee.

(d) Not later than 15 business days after the execution of the Documents, the Issuer and the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 10.

(e) For the purposes of this Condition 11 the term 'control' means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first-mentioned company, and for this purpose 'voting shares' means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and 'controlling', 'controlled' and 'under common control' shall be construed accordingly.

12. Meetings of Noteholders; Modifications of Fiscal Agency Agreement

(a) The Fourth Schedule to the Fiscal Agency Agreement contains provisions for convening meetings of the Noteholders by the Issuer to consider any matter affecting the Noteholders' interests, including modifications by Extraordinary Resolution (as defined) of the Terms and Conditions of the Notes. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than 50 per cent. of the principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons present in person or by proxy whatever the principal amount of the Notes so held or represented, provided that at any meeting the business of which includes the modification of one or more of these Conditions the necessary quorum for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than three quarters or, when passed at an adjourned meeting of Noteholders, not less than one quarter of the principal amount of the Notes for the time being outstanding. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

(b) The Fiscal Agent may agree, without the consent of any other party thereto or of any Noteholder, to any amendment of the Fiscal Agency Agreement and/or any of these Conditions which does not adversely affect the interests of the Noteholders or for the purpose of curing, correcting or supplementing any defective provision contained therein.

13. Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes ranking *pari passu* with, and having the same Terms and Conditions as, the Notes in all respects (save for the date from which interest thereon accrues and the amount of the first payment on such further Notes) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions include (unless the context requires otherwise) any such Notes issued pursuant to this Condition and forming a single series with the Notes.

14. Additional Obligations

As long as the Notes are listed on Euronext Amsterdam, the Issuer will comply with the

provisions set forth in Article 2.1.20 Sections a-g of Schedule B of the Listing and Issuing Rules (*'Fondsenreglement'*) of Euronext Amsterdam N.V.

15. Governing Law and Jurisdiction

The Notes and the Fiscal Agency Agreement are governed by, and shall be construed in accordance with, the laws of the Netherlands.

Any legal action or proceedings arising out of or in connection with the Notes or the Fiscal Agency Agreement will be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands, and its appellate courts.