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PAI partners acquires 66.85% of Saeco International Group S.p.A.,
a leading European coffee machines manufacturer

- Funds managed by PAI Partners ("PAI Partners") to acquire 66.85 % of Saeco International Group S.p.A. share capital from its core shareholders at the price of 3.80 Euro per share.
- The acquisition is conditional on antitrust approvals.
- Under the regulation after completion of the purchase of 66.85% of Saeco International Group S.p.A., a mandatory offer (the "Mandatory Offer") for the remaining 33.15 % of Saeco International Group S.p.A. share capital will be launched.
- The total consideration of the Mandatory Offer is expected to be equal to about Euro 238 million.
- The core shareholders of Saeco International Group S.p.A. will reinvest part of their proceeds through a special purpose vehicle to be used for the acquisition.
- It is the intention of PAI Partners to de-list the Saeco International Group S.p.A. shares.

PAI Partners, through its indirect wholly owned subsidiary Giro Investimenti S.p.A., (which is itself controlled by El Gringo Investimenti S.p.A.) and the core shareholders of Saeco International Group S.p.A. ("Saeco"), have today signed a stock purchase agreement under which PAI Partners will indirectly acquire 66.85% of Saeco share capital from its core shareholders subject to antitrust approvals. Closing is expected during the first quarter of 2004.

The purchase price to the core shareholders will be equal to 3.80 Euro per share; the total consideration of the stake sold by the core shareholders will be equal to about 508 million of Euro.

Under Legislative Decree 24 February 1998 no.58 (TUF), following the completion of the purchase of the 66.85 % of Saeco share capital, a Mandatory Offer on the remaining 33.15% of Saeco share capital must be launched at a price defined by law.

Under art. 106 of the TUF and the regulation, the Mandatory Offer price must not be less than the arithmetic average between the weighted average market price of the previous 12 months and the highest price agreed upon in the same period by the acquirer for the ordinary shares purchased from the core shareholders. According to offeror the Mandatory Offer price is expected to be 3.59 Euro, versus the official price at 5 December 2003 of 3.67 Euro. According to offeror, the total value of the

Mandatory Offer will be equal to about Euro 238 million.

The price of the Mandatory Offer represents a premium of 2.7% over the weighted average price in the last month, a premium of 4.6% over the weighted average price in the last 6 months and a premium of 6.3% over the weighted average price in the last twelve months.

The acquisition of the 66.85% stake from the company's core shareholders and the Mandatory Offer will be financed by bank debt, provided by J.P. Morgan, and equity provided by PAI Partners and the core shareholders of Saeco.

Part of the proceeds realized from the sale of the shares in Saeco, will be re-invested, substantially at the same conditions as PAI Partners, in the company which will control the vehicle used for the acquisition of Saeco. Based on the current agreement between PAI Partners and the core shareholders, the corporate governance will be implemented at closing and communicated as required by law.

The timetable of the Mandatory Offer will be agreed with Borsa Italiana S.p.A. as required by law. The Mandatory Offer, as required by law, will not be conditional on achieving a specific level of acceptances.

If upon completion of the Mandatory Offer the offeror holds a stake greater than 90% of Saeco's share capital, it will launch a Residual Tender Offer, under art. 108 of TUF, (the "Residual Tender Offer") on all Saeco outstanding shares which it does not already own.

In the event that at the end of the Mandatory Offer and/or the Residual Tender Offer, the offeror holds over 98% of Saeco's share capital, it will exercise its right to acquire the remaining outstanding shares of Saeco under art. 111 of TUF ("Squeeze-Out").

PAI Partners is a leading European private equity firm with offices in Amsterdam, Brussels, London, Madrid, Milan and Paris. It manages and advises dedicated buy-out funds as well as the former Paribas Affaires Industrielles' portfolio of direct investments for an aggregate equity value of over 5 billion of Euro.

In recent years, PAI Partners has led several of the largest European leveraged buy-outs of sector-leading companies. Acquisitions have included United Biscuits in the UK, the no.2 biscuit manufacturer in Europe (Euro 2.3 billion); Ipsen, a pharmaceutical company (Euro 1.5 billion); Antargaz, the leading LPG distributor in France (Euro 540 million); Yoplait, the no. 2 global producer of dairy products; and Elis, the European leader in the textile rental and well being services industry (Euro 1.5 billion).

PAI Partners can be characterized by its industrial and sectorial expertise. It is a value-added investor focused on providing portfolio companies with the financial and strategic support required to pursue their development.

This transaction shows PAI Partners 's long term interest to the Italian market and its continued strategy to acquire leading consumer branded companies in Europe.

Mr. Zappella will remain chairman of Saeco. Mr. Zaccanti, Mr. Schmed will continue to retain senior roles in Saeco.

Mediobanca is acting as financial advisor to PAI Partners in the transaction and Rothschild is acting as financial advisor to the core shareholders.

The Tender Offer will take place only in Italy. Subscription to the Tender Offer by parties not resident in Italy could be restricted by specific obligations, legal issues or regulatory issues. It is the exclusive obligation of the interested parties in the Tender Offer to conform to such requirements; therefore, prior to tendering any shares it is important to verify the existence of any issues utilizing your personal advisors.

For more information please visit: www.saeco.com and www.paipartners.com

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