A Letter to Shareholders

For Parmalat, 2009 marked an important turning point, bringing a significant upturn in industrial profitability, as the Group focused more intensely on its stronger global and local brands.
The benefits of the investment strategy deployed by the Group to support its brands in all of the countries where it operates, with a major effort in communications and advertising, were already apparent in 2009 and are expected to continue in the coming years.

Moreover, at the end of July 2009, consistent with the strategy of strengthening the Group's activities in its main countries of operation sufficiently to retain the ranking of market leader, co-leader or number two player, Parmalat S.p.A., acting through a newly established subsidiary called Parmalat Food Products Limited (PFP), acquired from National Foods Limited certain production and distribution operations and brands, in New South Wales and South Australia, thereby making the transition from regional to national player.

In 2009, despite an extremely challenging macroeconomic environment, the Group reported major gains in its operating performance, raising its EBITDA margin to 9.3%, up from 8.1% in 2008.

This improvement reflects the contribution provided by the South African operations, which overcame the crisis they faced in 2008, and the impact of a strong performance by the Australian operations, which, as mentioned above, played an important role in the sector's consolidation process.

Lastly, in most of the regions where it operates, the Group benefited from a positive trend in raw milk prices, which was even more favorable than anticipated, particularly in second half of the year.

The international nature of the Group, with operations primarily in mature markets rather than in developing economies, lessened its risk exposure in a scenario in which the financial crisis ultimately affected the real economy with different degrees of intensity and persistence in different geographic regions.

The operating and financial performance of the Group's businesses in Venezuela requires a special mention. These operations reported outstanding results at the EBITDA level in 2009, owing in part to financial items related to that country's high level of inflation. The positive impact produced by an inflationary economy in 2009 was eventually followed by a devaluation of the local currency (Bolivar Fuerte versus the U.S. dollar) in 2010, which functioned as a corrective factor of hyperinflationary data.

Thanks to its financial strength, the Group is continuing to enjoy a competitive advantage, at a time when access to credit remains difficult.

Litigation related activities, while nearing their natural conclusion, continued successfully, resulting in the settlement of important positions.

The Board of Directors takes this opportunity to express its appreciation for the contribution provided by management and all Group employees and thanks all shareholders for their support.

The Board of Directors