Report of the Board of Directors Pursuant to Article 125* ter *of the Uniform Financial Code, on the Items on the Agenda of the Shareholders' Meeting of June 25, 27 and 28, 2011, Ordinary and Extraordinary Session

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Foreword

As announced, the Board of Directors of Parmalat S.p.A., meeting on April 1, 2011, agreed, availing itself of the provisions of Decree Law No. 26 of March 25, 2011 (in effect as of March 27, 2011), to revoke an earlier Notice of Ordinary and Extraordinary Shareholders' Meeting (originally convened for April 12, 13 and 14, 2011) and convene a new Shareholders' Meeting, with the same agenda, for June 25, 27 and 28, 2011.

The postponement of the abovementioned Shareholders' Meeting made it necessary to update the Reports of the Board of Directors on the items on the meeting's Agenda, as approved by the Board of Directors of Parmalat S.p.A. on March 2, 2011 and published pursuant to the applicable laws and regulations.

In view of the time that has elapsed since the publication of the abovementioned reports, Parmalat S.p.A. believes that a brief description of the events that occurred since the publication of the reports is necessary at this time.

(A) The resolution dated April 1, 2011, by which the Board of Directors postponed the Ordinary and Extraordinary Shareholders' Meeting of April 12, 13 and 14, 2011, was challenged before the Court of Parma by the shareholder Groupe Lactalis S.A. ("Groupe Lactalis"), who contested the resolution's legality, asking, on the merit, that it be declared invalid and asking that, as a precautionary measure, the Court, ex parte, stay the resolution's implementation.

By a decision handed down on April 8, 2011 and published on April 11, 2011, following oral arguments put forth by the complainant Groupe Lactalis S.A. and Parmalat S.p.A., which in the interim joined the proceedings, at a hearing held on April 7, 2011, the Court of Parma denied the motion filed by Groupe Lactalis S.A. to stay the implementation of the challenged resolution, upholding the decree issued on April 4, 2011 by the court's Chief Judge, who found that the resolution adopted by the Board of Directors of Parmalat S.p.A. on April 1, 2011 was consistent with the provisions of Decree Law No. 26 of March 25, 2011 and, consequently, denied the motion by Groupe Lactalis for the issuance, ex parte, of a protective order due to lack of a basis in the law.

The hearing requiring both parties to appear in the merit proceedings (also concerning a motion to order the payment of damages) originally set for July 25, 2011 was postponed ex officio to October 25, 2011 at 9 AM.

(B) On April 26, 2011, Sofil S.a.s., ("Sofil"), acting also on behalf of B.S.A. S.A. ("BSA") and Groupe Lactalis, launched a voluntary, all inclusive tender offer (the "Tender Offer"), pursuant to Article 102 and Article 106, Section 4, of Legislative Decree No. 58 of February 24, 1998 (the "TUF"), for all of the common shares of Parmalat S.p.A., less the Parmalat shares already held by BSA and Groupe Lactalis. This tender offer was announced by Sofil by sending to the Company the communication required pursuant to Article 102 of the TUF (the "102 Communication"). The main features of the tender offer, as presented by the offeror in the 102 Communication, a copy of which is available on the Company website, are reviewed below.

Classes and quantities of the securities subject of the Tender Offer

The Tender Offer is for 1,234,460,667 shares, equal to 71.031% of the Issuer's share capital, i.e., all of the shares outstanding as of the date of the 102 Communication, less a total of 503,465,048 shares (equal to 28.969% of the Company's share capital) held by BSA and Groupe Lactalis, and up to an additional 63,725,992 shares that may be issued and allocated during the Tender Offer period as part of a tranche of the capital increase approved by the Issuer's Extraordinary Shareholders' Meeting of March 1, 2005 and reserved for challenging creditors, conditional creditors and late-filing creditors, as defined in Article 5, Letters b.1 and b.2, of Parmalat's current Bylaws (the "Shares Reserved for Creditors").

Price per share

Shareholders who tender their shares will receive for each tendered Parmalat share a cash price of 2.60 euros (the "Price").

Reasons for the Tender Offer and plans of the offeror

With regard to the reasons for the Tender Offer, Sofil stated that Groupe Lactalis intends to acquire control of the Issuer with the aim of pursuing a profitable integrations of the respective operations and that Groupe Lactalis intends to offer to the Issuer's current shareholders an opportunity to monetize their investment on terms more favorable than those provided by the price of Parmalat shares in recent months. Specifically, Groupe Lactalis intends to strengthen its position in the market for packaged milk in Italy by investing in the development of fortified milk and functional milk. At the same time, insofar as foreign markets are concerned, Groupe Lactalis plans to take advantage of potential commercial, industrial and R&D synergies. Sofil also indicated that Groupe Lactalis plans to strengthen Parmalat's ability to operate as the leading brand in dairy beverages, both through internal growth and with targeted acquisitions. Basically, the plan of Groupe Lactalis is to continue supporting the growth strategy developed and communicated to the market by the Issuer in order to maintain and further increase the Issuer's preeminent position in its target markets.
With this in mind, Groupe Lactalis stated that it will consider the possibility of conveying to Parmalat its packaged milk operations, including those operated in France and Spain, thereby creating a world-class leader with headquarters, organization and top management in Italy. In addition, in the 102 Communication, Groupe Lactalis does not exclude the possibility of executing mergers or other extraordinary transactions, including between Group companies, in the pursuit of its objectives, it being understood that it plans to maintain Parmalat's stock market listing, and points out that, at this stage, there are no plans to alter the employment levels of the Issuer and its group or make changes to the Issuer's production facilities.
In the 102 Communication, Sofil stated that, if at the end of the Tender Offer it owns a total interest of more than 90%, but less than 95%, it will reestablish a sufficient share float to allow normal trading activities.
If Sofil were to hold a total interest greater than 95%, it will comply with the obligation to purchase the remaining shares from any requesting party, pursuant to Article 108 of the TUF, but it will not avail itself of the right to purchase any remaining outstanding shares provided by Article 111 of the TUF.

Financing of the Tender Offer

Sofil stated that it intends to finance the maximum price of the Tender Offer, amounting to 3,400,000,000.00 euros, with an intra-Group facility provided by B.S.A. Finances S.n.c., a subsidiary of BSA. In turn, B.S.A. Finances S.n.c. will use a bank facility provided by Crédit Agricole Corporate and Investment Bank, HSBC France, Natixis and Société Generale Corporate and Investment Bank.

Conditions precedent for the effectiveness of the Tender Offer

As Sofil stated in the 102 Communication, the effectiveness of the Tender Offer is subject to a series of conditions precedent, which include:
(a) A sufficient number of shares must be tendered enabling the Offeror to hold an interest of at least 55%;
(b) The number of shares outstanding at the end of the Tender Offer period must not be greater than the number of shares subject of the Tender Offer;
(c) Authorities with jurisdiction over competition issues must give their unconditional approval;

(d) The Australian authority with jurisdiction over foreign investments must give its unconditional approval;
(e) The absence of drastic changes in market conditions that would have a negative material impact on the Tender Offer or the Issuer or facts or situations concerning the Parmalat Group not yet communicated to the market capable of materially and adversely affect the Issuer's balance sheet, income statement and cash flow;
(f) The adoption of defensive measures by the Issuer to resist the Tender Offer;
(g) The absence of legislative, administrative and judicial regulatory measures or decisions aimed at precluding or limiting the ability of the Offeror (or of the parties who control the Offeror) to own controlling interests, appoint the majority of Directors or vote at Ordinary and Extraordinary Shareholders' Meetings.

The Tender Offer is also subject to the approval of the antitrust authorities of the European Union, Canada, South Africa, the Ukraine, Russia and Colombia, and must be approved by the Australian authority for foreign investments.

According to an announcement to the market by Groupe Lactalis, on April 29, 2011, Sofil filed with the National Commission for Corporations and the Securities Markets ("Consob"), as required by Article 102 of the TUF, a Tender Offer Prospectus (the "Prospectus"). This Prospectus, a copy of which the Company has not received as of the date of this Report, is supposed to specify the duration of the Tender Offer, as required by Article 40, Section Two, of the Issuers' Regulations, adopted by the Consob with Resolution No. 11971 of May 14, 1999.

By a resolution adopted on May 3, 2010, the Company's Board of Directors retained the services of financial and legal advisors for the purpose of securing the necessary support in connection with the Tender Offer.
With reference to the takeover bid we report that on May 2, 2011, Codacons and the Association of Users of Financial, Banking and Insurance Services served a petition on Parmalat (as the other party involved) and on others (including CONSOB, the defendant, and SOFIL, also as a party involved), in which they applied to the Regional Administrative Court of Lazio requesting, among other things, that it "cancel, after suspension, the provision enacted or about to be enacted by Consob to admit the takeover bid presented by SOFIL, as illegitimate". The Board of Directors of Parmalat will evaluate the advisability of providing to appear in the above-mentioned suit when the Tender Document submitted by SOFIL has been published, at the end of CONSOB's investigation.

(C) The Board of Directors points out, as reported in the explanatory notes to the consolidated financial statements as of December 31, 2010 (in the section on "Guarantees and Commitments"), that Parmalat Dairy & Bakery Inc (PDBI, now Parmalat Canada Inc.) "*had signed a loan agreement in 2004 providing, among other things, to accept for its account a commitment to pay the lender an amount corresponding to 10% of the Equity Value of PDBI at the time of the change of control, as defined in that same contract, for PDBI and for the parent company Parmalat S.p.A. Said contract will terminate on July 9, 2011, unless before that date a commitment is undertaken involving a "change of control" and this commitment is concluded before July 9, 2012, in which case the term of the contract would be extended so as to permit the former lender to receive the above payment*" (see also the Management Report, section on *Corporate Governance*, Information about Ownership Arrangements).
We deem it appropriate at this time to stress the foregoing facts once again, following the events (described in greater detail in the introduction) that occurred after approval by the Board of Directors on March 2, 2011 of the draft financial statements as of December 31, 2010, among which the voluntary total takeover bid launched by Lactalis. Information relative to Parmalat Canada Inc. can be drawn from the reports and financial statements for 2010 and those of the previous years.

Report of the Board of Directors on the *First Item* on the Agenda of the Shareholders' Meeting in *Ordinary Session*:

Approval of the statement of financial position, income statement and accompanying notes at December 31, 2010, together with the Report on Operations for the same year. Motion for the appropriation of the year's net profit. Review of the Report of the Board of Statutory Auditors. Pertinent and related resolutions.

Dear Shareholders:

Pursuant to the provisions of Article 125-*bis* of the Uniform Financial Code, concerning the requirement of making motions for resolutions accessible, and Article 135-*undicies* of the Uniform Financial Code, concerning the requirement of providing voting instructions to the representative designated by the Company, the motions on the first item on the Agenda of the Shareholders' Meeting in Ordinary Session that will be proposed separately, as listed below.

So we recommend that you:

- (i) Approve the statutory financial statements as at December 31, 2010, which show a net profit of 128,282,187 euros, and the Report on Operations for the same year;
- (ii) Add to the statutory reserve 5% of the net profit which amounts to 6,414,109 euros.

We also recommend that you:

- (iii) Appropriate:
  - a) to the distribution of dividends the 50% of the net residual profit, which rounded up[1] to 0.036 euro for each of the 1,737,925,715 common shares issued on March 16, 2011, with a total amount to 62,565,326 euros;
  - b) to set aside the remaining 59,302,752 euros to "retained earnings".

The dividend of 0.036 euros per share, which corresponds to Coupon No. 7, will be payable on July 21, 2011, Stock Exchange coupon presentation date of July 18, 2011.
The payment date of dividends take into consideration of the new date for the call of the Shareholders' Meeting convened for June 25, 27 and 28, 2011 approved by the Board of Directors of April 1st, 2011 as under the Legislative Decree number 26 of March 25, 2011.

We lastly, remind you that with respect to the motion approved by the Board of Directors of March 2nd, 2011 (that you can find in the Report on Operations)some changes have been made at the item (iii) a) and b) of the same Report, following the share capital increase of March 16, 2011. In particular:

- a) common shares related to the dividends of 0.036 euro increased from 1.735.386.326 to 1.737.925.715 following the exercise of 2,539,389 warrants. Consequently, the total amount of the dividend which shall increase [item (iii) a)] to 62,565,326 euros with respect to the previous 62,473,908;
- b) the remaining "retained earnings" shall amount to 59,302,752 with respect to the previous 59,394,170.

Collecchio, May 12, 2011

For the Board of Directors
The Chairman
(Raffaele Picella)

[1] We remind you that the total amount of dividend could change for a not significant amount depending on the evolution of the share capital until the registration date precedent to the approval of the proposed motion.

Report of the Board of Directors on the *Second Item* on the Agenda of the Shareholders' Meeting in *Ordinary Session*:

Election of the Board of Directors, determination of the length of the Board's term of office and of the compensation of Directors. Pertinent and related resolutions.

Dear Shareholders:

The term of office for which you elected this Board of Directors expires with the approval of the financial statements at December 31, 2010.

We remind you that, pursuant to Article 11 of the Bylaws (annexed to this Report), the following individuals may not be elected to the Board of Directors and, if elected, shall be removed from office automatically:

(i) individuals against whom the Company or its predecessors in title filed legal actions at least 180 (one hundred eighty) days prior to today's Shareholders' Meeting;

(ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at time were part of the Parmalat Group;

(iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the decision is not final.

We remind you that, pursuant to Article 11 of the Bylaws, the Board of Directors must be comprised of 11 (eleven) Directors, including at least 6 (six) independent Directors, elected for a term of up to three years.

The independence requirements of Directors are listed in Article 12 of the Bylaws (annexed to this Report).

The Board of Directors is elected through voting on slates of candidates that may be filed by shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at the Ordinary Shareholders' Meeting. Each shareholder may file or participate in filing only one slate of candidates.

Pease note that the slates filed by Shareholders must be deposited at the Company's registered office (Parmalat, 4 Via delle Nazioni Unite – 43044 Collecchio – Parma) by 6:00 PM twenty-five days before the date of the Shareholders' Meeting (Tuesday, May 31, 2011) convened to vote on the election of the Board of Directors. The slates of candidates shall be made available to the public at Company's registered office and on its website and at the offices of the company that operates the stock market at least twenty-one days before the date of the Shareholders' Meeting (Saturday, June 4th , 2011), it being understood that this shall not affect the obligation, pursuant to Article 11 of the Bylaws, to publish the slates in at least two of the newspapers referred to in Article 8 of the Bylaws and the *Financial Times* at least twenty-one days before the date of the Shareholders' Meeting (Saturday, June 4th , 2011).
The filing of the slates may also be accomplished by faxing them to +39 0521 808542.

Please remind that, according to the Legislative Decree number 26 dated June 25, 2011, slates filed already deposited at the Company's registered office (Parmalat, 4 Via delle Nazioni Unite – 43044 Collecchio – Parma, Italy) on March 18, 2011 must be considered still valid for this Meeting.
Lastly, the Shareholders' Meeting is required to decide the compensation payable to the Board of Directors pursuant to Article 19 of the Bylaws (annexed to this Report).
Pursuant to the provisions of Article 125-*bis* of the Uniform Financial Code, concerning the requirement of making motions for resolutions accessible, and Article 135-*undicies* of the Uniform Financial Code, concerning the requirement of providing voting instructions to the representative designated by the Company, the motions on the second item on the Agenda of the Shareholders' Meeting in Ordinary Session are listed below, it being understood that, as this item on the Agenda deals with the election of a governance body, this report, prepared by the Board of Directors whose term of office is ending, does not deal with all of the aspects of the motions that may be submitted for voting in connection with any slates of candidates that may be filed or motions that may be put forth at the Shareholders' Meeting.
The slates of candidates submitted by shareholders shall be numbered in sequence, based on the date when the slates are filed with the Company.
Each of the following resolutions shall be the subject of a separate vote, in order to allow all eligible parties and the holders of proxies with voting instructions to vote in accordance with the voting instructions they were given for each item on the Agenda.

Motions to

i. *elect as Company Directors the candidates listed in the slate or slates submitted and published pursuant to the Bylaws, in accordance with the criteria set forth therein, acknowledging that the task of electing the Chairman of the Board of Directors and of one or more Deputy Chairmen, if required, which is not listed on the Meeting's Agenda, is being delegated to the Board of Directors pursuant to Article 14 of the Bylaws;*

ii. *set the term of office of the Board of Directors of Parmalat S.p.A. at [●] financial years, i.e., until the approval of the financial statements for the year ended December 31, [●];*

iii. *award to the new Board of Directors an annual compensation totaling [●] euros before tax withholdings (corporate costs), delegating to the Board of Directors the task of dividing the total compensation amount among the various Directors, also in view of the fact that, pursuant to the Bylaws of Parmalat S.p.A., it is the responsibility of the Board of Directors, after reviewing the recommendations of the Nominating and Compensation Committee and the input of the Board of Statutory Auditors, to determine the compensation of Directors who are asked to serve in special capacities, pursuant to the Bylaws, and to divide the total compensation amount into the sums payable to the individual Directors. Therefore, the compensation amount set forth in the proposed resolution shall be understood to include the sums owed to Directors who are asked to serve in special capacities, pursuant to the Bylaws;*

iv. *award to Directors who serve on Board Committees an additional variable compensation, based on the number of committee meetings attended, in the amount of [●] euros per meeting for the committee members and [●] euros per meeting for committee the Chairmen.*

Collecchio, May 12 , 2011

The Board of Directors
By Raffaele Picella, Chairman

Annexes: Articles 11, 12 and 19 of Parmalat's Bylaws

Article 11 – Board of Directors

The Company is governed by a Board of Directors comprised of 11 (eleven) Directors. The Shareholders' Meeting that elects the Directors determines the length of their term of office, which, however, may not be longer than three fiscal years. The term of office of the Directors thus appointed expires on the date of the Shareholders' Meeting convened to approve the financial statements for the last year of their term of office. Directors may be reelected.

In the course of an election, at least 6 (six) of the Directors elected by the Shareholders' Meeting must be independent Directors possessing the requirements set forth in Article 12.

Directors are elected through voting on slates of candidates presented by the Shareholders in accordance with the provisions of the following Article of these Bylaws. Candidates must be assigned a number and listed on the slates in consecutive order.

Slates filed by Shareholders must be deposited at the Company's registered office twenty-five days before the date of the Shareholders' Meeting convened to vote on the election of the Board of Directors. The slates of candidates shall be made available to the public at Company's registered office, on its website and in any other manner required pursuant to Consob regulations at least twenty-one days before the date of the Shareholders' Meeting, it being understood that this shall not affect the obligation to publish the slates in at least two of the newspapers referred to in Article 8 of the Bylaws and the Financial Times at least twenty-one days before the date of the Shareholders' Meeting.

Each Shareholder may file or help file only one slate. Shareholders who are parties to a shareholder agreement, such as defined in Article 122 of the Uniform Financial Code (Legislative Decree No. 58/1998), as amended, controlling shareholders, and subsidiaries and companies under joint control may file individually or in combination only one slate. Nominations filed and votes cast in violation of the prohibition set forth in this paragraph will not be attributed to any slate.

Each candidate may appear only on one slate, under penalty of having his/her candidacy rejected.

Only shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at the Ordinary Shareholders' Meeting (or smaller percentage required by the Consob) are entitled to file slates of candidates. In order to prove ownership of the number of shares needed to file slates of candidates, shareholders must file at the Company's registered office, together with the slates of candidates, or subsequent to this filing but within the deadline for publishing the slates of candidates, the appropriate certification proving their ownership of the shares. In each slate, at least six-elevenths (6/11) of the candidates must be independent candidates. The independent candidates in each slate must be identified with the first numbers listed in sequence or alternating (e.g., listed under the numbers 1, 3, 5 etc. or 2, 4, 6 etc. in the slate) with the candidates who are not independent.

Together with each slate, the shareholders must file, within the deadline stated above, affidavits by which each candidate accepts to stand for election and attests, on his/her responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he/she has met the requirements for election to the respective office. Each candidate must file together with his/her affidavit a curriculum vitae listing his/her personal professional data and, if applicable, showing his/her suitability for being classified as an independent Director.

Each shareholder who is entitled to vote may vote only for one slate of candidates.

The election of the Board of Directors will be carried out in the following manner:

a) A number of Directors in proportion to the number of votes received plus two, but not more than 9 (nine), will be taken from the slate that received the majority of votes. Fractions greater than 0.5 (zero point five) will be rounded to the next higher whole number, and fractions smaller than 0.5 (zero point five) will be eliminated;

b) The remaining Directors will be elected from the remaining slates. To that end, the votes cast for these slates will be divided in sequence by one, two, three or four, depending on the number of Directors that need to be elected. The quotients thus obtained will be attributed progressively to the candidates in each of the slates, in the order in which the candidates are listed on the slates. The quotients thus attributed to the candidates on the various slates will be arranged in decreasing order. The candidates with the highest quotients will be elected. If more than one candidate receives the same quotient, the candidate belonging to the slate that contains no elected Directors or the smallest number of elected Directors will be elected.

If none of these slates contains an elected Director or all contain the same number of elected Directors, the candidate who received the highest number of votes will be elected. If candidates receive the same number of slate votes and the quotient is the same, the Shareholders' Meeting will be asked to vote again, and the candidate who receives a plurality of the votes will be elected.

If the group of candidates elected from the slate that received the majority of the votes cast does not include a sufficient number of independent Directors, the non-independent candidate elected with the smallest quotient from the slate that received the highest number of votes after the first slate will be replaced by the unelected independent candidate from the same slate with the highest quotient, and so forth, slate by slate, until the required number of independent Directors is reached.

If only one slate has been filed or no slate has been filed or the election concerns only a portion of the Board of Directors, the Shareholders' Meeting will vote with the applicable statutory majorities and in accordance with the provisions Article 11, Paragraph 2.

If one or more Directors should leave office in the course of the fiscal year, irrespective of the reason, the Board of Directors will proceed in accordance with provisions of Article 2386 of the Italian Civil Code. If one or more the departing Directors had been elected from a slate containing names of candidates who had not been elected, the Board of Directors will replace the departing Directors by appointing candidates taken in sequence from the slate of the departing Director, provided these candidates are still electable and are willing to serve. If an independent Director should leave office, he or she must be replaced, to the extant that it feasible, with the first of the unelected independent Directors in the slate from which the departing Director was drawn.

Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leave office for any cause or reason whatsoever, the remaining Directors who have been elected by the Shareholders' Meeting will be deemed to have resigned and their resignation will become effective the moment a Shareholders' Meeting convened on an urgent basis by the Directors still in office elects a new Board of Directors.

Directors must meet the requirements of the applicable statutes or regulations (and those of the Corporate Governance Code published by Borsa Italiana). The following individuals may not be elected to the Board of Directors and, should such an individual currently be serving in such capacity, he/she shall be removed from office automatically: (i) individuals against whom the Company or its predecessors in title have filed legal actions at least 180 (one hundred eighty) days prior to the date of the Shareholders' Meeting convened to elect the Board of Directors; (ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at time were part of the Parmalat Group; (iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the decision is not final.

Article 12 – Requirements of Independent Directors

The function of the independent Directors is to balance the interest of all shareholders, whether they are in the majority or the minority.

Independent Directors are those who:

a) have never been or have not recently been, either directly, indirectly or on behalf of third parties, a party to business transactions large enough to impair their independence, with the Company, its subsidiaries, its Directors with executive authority, shareholders who individually own a controlling or linking interest in the Company or are parties to Shareholder Agreements that provide control or establish linkage, or who serve as Directors of companies or the parent companies of such companies that have these characteristics;

b) are not parties to disputes with the Company or its subsidiaries;

c) are neither Directors, employees nor controlling stockholders of a company that is a party to a dispute with the Company;

d) do not own, directly, indirectly or on behalf of third parties, equity investments large enough to enable them to exercise control over or exert a significant influence on the Company and are not a party to voting syndicates that have control of the Company, and do not otherwise own and/or are not Directors or employees of companies that own, directly or indirectly, an equity interest equal to or greater than two percent of the Company's capital stock;

e) are not members of the immediate family of Company Directors with executive authority or individuals who find themselves in the positions described in letters a) and b) above.

The independence of the Directors is checked at least annually by the Board of Directors, in accordance with regulations that the Board has adopted and based on the information that the individual Directors are required to provide. The resulting findings are communicated to the Shareholders and the financial markets. In assessing the independence of Directors, the Board reviews the last three fiscal years when considering employment relationships and assignments requiring Directors to have executive powers, and the last fiscal year when other business relationships are involved.

If the Board of Directors determines that a Director is no longer independent, it adopts the appropriate resolutions with a majority of two-thirds (2/3) of the Directors attending the meeting.

Directors who have been elected as independent Directors but no longer meet the requirements of independence are deemed to have resigned automatically and the other Directors are required to replace them promptly.

Article 19 – Compensation of the Board of Directors

The compensation of the Directors and members of the Executive Committee, if one has been created, which may also be provided in the form of profit sharing or stock options, is determined by the Shareholder's Meeting and does not change until the Shareholders' Meeting approves a new resolution. The Shareholders' Meeting determines the Board's overall compensation, including the amount payable to individual Directors who have been entrusted with special assignments in accordance with the Bylaws.

The Board of Directors, relying, if appropriate, on the advice of the Board of Statutory Auditors and the Executive Committee, if one has been created, decides how the amount of compensation should be allocated among its members.

Directors are entitled to be reimbursed for expenses incurred in discharging the duties of their office.

Report of the Board of Directors on the *Third Item* on the Agenda of the Shareholders' Meeting in *Ordinary Session*:

Election of the Board of Statutory Auditors and determination of compensation amounts. Pertinent and related resolutions.

Dear Shareholders:

The term of office for which you elected the Board of Statutory Auditors expires with the approval of the financial statements at December 31, 2010.

We remind you that, pursuant to Article 21 of the Bylaws (annexed to this Report), individuals who, pursuant to laws or regulations, are not electable, are no longer allowed to remain in office or lack the required qualifications may not be elected Statutory Auditors and, if elected, must forfeit their office. The requirements of Article 1, Section 2, Letters b) and c), and Section 3 of Ministerial Decree No. 162 of March 30, 2000 apply when a candidate's professional qualifications refer, respectively, to:

(i) the Company's area of business;

(ii) the fields of law, economics, finance and technology/science that are relevant to the area of business referred to in (i) above.

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors in more than 5 (five) companies whose shares are traded in regulated markets in Italy or who are in one of the situations described in the last paragraph of Article 11 of the Bylaws may not be elected Statutory Auditors and, if elected, must forfeit their office.

Please note that, pursuant to Article 21 of the Bylaws, the Board of Statutory Auditors shall be comprised of 3 (three) Statutory Auditors and 2 (two) Alternates. The term of office of Statutory Auditors is the term set forth in the applicable statutes.

The Board of Statutory Auditors is elected through voting on slates of candidates that, pursuant to article 11 of the Bylaws, may be filed by shareholders who hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at the Ordinary Shareholders' Meeting. Each shareholder may vote only for one slate of candidates.

Lastly, we remind you that, pursuant to Article 21 of the Bylaws (annexed to this Report), slates of candidates presented by the shareholders for the purpose of electing a Board of Statutory Auditors shall be filed and published in accordance with the regulations published by the Consob. Specifically, the slates must be deposited at the Company's registered office (Parmalat, 4 Via delle Nazioni Unite – 43044 Collecchio – Parma- Italy) by 6:00 PM twenty-five days before the date of the Shareholders' Meeting convened to elect the Board of Directors (Tuesday May 31, 2011). The slates of candidates shall be made available to the public at Company's registered office, on its website and at the offices of the company that operates the stock market at least twenty-one days before the date of the Shareholders' Meeting (Saturday June 4th, 2011), it being understood that this shall not affect the obligation, pursuant to Article 21 of the Bylaws, to publish the slates in at least two of the newspapers referred to in Article 8 of the Bylaws and the *Financial Times* at least twenty-one days before the date of the Shareholders' Meeting (Saturday June 4th, 2011).
Please remind that, according to the Legislative Decree number 26 dated June 25, 2011, slates filed already deposited at the Company's registered office (Parmalat, 4 Via delle Nazioni Unite – 43044 Collecchio – Parma) on March 18, 2011 must be considered still valid for this Meeting.

Pursuant to the provisions of Article 125-*bis* of the Uniform Financial Code, concerning the requirement of making motions for resolutions accessible, and Article 135-*undicies* of the Uniform

Financial Code, concerning the requirement of providing voting instructions to the representative designated by the Company, the motions on the third item on the Agenda of the Shareholders' Meeting in Ordinary Session are listed below.
The slates of candidates submitted by shareholders shall be numbered in sequence, based on the date when the slates are filed with the Company.
Each of the following resolutions shall be the subject of a separate vote, in order to allow all eligible parties and the holders of proxies with voting instructions to vote in accordance with the voting instructions they were given for each item on the Agenda.

Motions to

i. *elect to the Board of Statutory Auditors for a term of 3 (three) financial years, i.e., until the approval of the financial statements for the year ended December 31, 2013, the candidates listed in the slate or slates submitted pursuant to the Bylaws, in accordance with the criteria set forth therein;*

ii. *award to the Statutory Auditors an annual compensation of* [●] *euros for each Statutory Auditor and* [●] *euros for the Chairman of the Board of Statutory Auditors;*

iii. *elect* [●] *Chairman of the Board of Statutory Auditors.*

Collecchio, May 12 , 2011

The Board of Directors
By Raffaele Picella, Chairman

Annex: Article 21 of the Bylaws

Article 21 – Board of Statutory Auditors

The Board of Statutory Auditors is comprised of 3 (three) Statutory Auditors and 2 (two) Alternates, who may be reelected.

The attributions, obligations and term of office of Statutory Auditors are set forth in the applicable statutes.

Individuals who, pursuant to laws or regulations, are not electable, are no longer allowed to remain in office or lack the required qualifications may not be elected Statutory Auditors and, if elected, must forfeit their office. The requirements of Article 1, Section 2, Letters b) and c), and Section 3 of Ministerial Decree No. 162 of March 30, 2000 apply when a candidate's professional qualifications refer, respectively, to:

(i) the Company's area of business;

(ii) the fields of law, economics, finance and technology/science that are relevant to the area of business referred to in (i) above.

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors in more than 5 (five) companies whose shares are traded in regulated markets in Italy or who are in one of the situations described in the last paragraph of Article 11 above may not be elected Statutory Auditors and, if elected, must forfeit their office.

The election of the Board of Statutory Auditors is carried out on the basis of slates of candidates in accordance with the procedures outlined below, the purpose of which is to ensure that minority Shareholders appoint one Statutory Auditor and one Alternate.

These slates shall consist of 2 (two) sections: one for candidates for the post of Statutory Auditor and another for candidates for the post of Alternate. The slates may not contain a number of candidates greater than the number of posts to be filled. The names of the candidates must be numbered in sequence.

Slates of candidates presented by the shareholders must be filed and published in accordance with the regulations published by the Consob, it being understood that this shall not affect the obligation to publish the slates in at least two of the newspapers referred to in Article 8 of the Bylaws and the *Financial Times.* Other issues concerning the methods and eligibility to file slates of candidates are governed by the provisions of Article 11 of these Bylaws.

Each Shareholder may vote only for one slate.

The first 2 (two) candidates from the slate that received the highest number of votes and the first candidate from the slate with the second highest number of votes will be elected to the post of Statutory Auditor. The candidate from the slate with the second highest number of votes will serve as Chairman of the Board of Statutory Auditors. The first candidate from the slate with the highest number of votes and the first candidate from the slate with the second highest number of votes will be elected to the post of Alternate.

In case of a tie involving two or more slates, the oldest candidates will be elected to the post of statutory Auditor until all posts are filled.

If only one slate is filed, the candidates in that slate will be elected to the posts of Statutory Auditor and Alternate.

If a Statutory Auditor needs to be replaced, the vacancy will be filled by the Alternate elected from the same slate as the Auditor who is being replaced.

Resolutions concerning the elections of replacement Statutory Auditors, Alternates and the Chairman of the Board of Statutory Auditors require only a relative majority of the Shareholders'

Meeting, provided no injury is made to the rights of the minority Shareholders, as outlined in this Article.

The Board of Statutory Auditors is required to meet at least every 90 (ninety) days.

<u>Report of the Board of Directors on the *First Item* on the Agenda of the Shareholders’ Meeting in *Extraordinary Session*</u>:

Motion for a bonus shares issuance up to 90,019,822 euros, requiring the prior partial amendment of the resolution to increase the share capital approved by the Extraordinary Shareholders’ Meeting of March 1, 2005, carried out by using the reserve “on account to implement the bonus shares issuance,” which was established as a result of the partial amendment of the resolution to increase the share capital approved on March 1, 2005; consequent amendment of Article 5 of the Bylaws, the total par value amount of the share capital approved by the abovementioned Shareholders’ Meeting of March 1, 2005 not being affected. Pertinent and related resolutions.

Dear Shareholders:

You are hereby reminded that:

- further to the periodic allocations of shares, pursuant to the provisions of the Prospectus and the Proposal of Composition with Creditors, the initially approved share capital of Parmalat SpA amounted to 2,010,087,908 euros, broken down as follows:
  - 120,000 euro in starting share capital,
  - 1,929,967,908 euros in approved common shares; and
  - 80,000,000 euros reserved for the exercise of warrants.

- The Extraordinary Shareholders’ meeting of April 28, 2007 resolved to further increase the share capital by up to 15 million euros, rising from 80 million euros to 95 million euros the amount reserved for the exercise of warrants, bringing the total approved share capital to 2,025,087,908 euros.

- Consequently, further to the abovementioned periodic allocations of shares, the share capital was as follows:
  - at December 31, 2010, the subscribed and allocated share capital amounted to 1,732,915,571 euros, comprised of 1,710,498,322 shares and 22,417,249 shares resulting from the exercise of warrants;
  - as of the date of this Report, the subscribed and allocated share capital amounted to 1,737,925,715 euros, comprised of 1,710,499,008 shares and 27,426,707 shares resulting from the exercise of warrants.

Please note that the number of bonus shares that will be issued may vary, the difference not being material, depending on how the Company’s share capital evolves, up to the last filing before the bonus share capital increase.

The bonus shares issuance[*] that is being submitted for approval to the upcoming Extraordinary Shareholders’ Meeting of June [●], 2011 consists of a bonus shares issuance, for a maximum par value of 90,019,822 euros, carried out by using the full amount of the reserve “on account to implement the bonus shares issuance”.

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[*] The bonus shares issuance takes into account the provisions of Article 3, Section II, of the Warrants Regulation, which is available on the Company website at the following address:www.parmalat.com, General Archive page, Shareholders’ Meetings, Minutes of April 29, 2007.

The shares shall be issued after the resolution has been recorded in the Parma Company Register, and will be carried out through the issuance of common shares, par value 1 (one) euros each, with the same features as the shares already outstanding and ranking for dividends as of January 1, 2011, to be distributed to the shareholders on the basis of one new share for every 20 shares held on July 18, 2011.

At December 31, 2010, following the settlement of numerous disputes, the Company developed an updated estimate of the risks to which Parmalat SpA was exposed in terms of potential payments in "composition with creditors money," i.e., Parmalat shares. Based on this estimate, the equity reserve for creditor challenges and claims of late-filing creditors has a surplus of about 90 million euros.

Please also keep in mind that the reserve for creditor challenges and claims of late-filing creditors was established pursuant to Paragraph 7.4 of the Proposal of Composition with Creditors and in accordance with the method provided in the International Financial Reporting Standards for recognizing in the accounting records the acquisition of the sum of liabilities (Disclaimer 1.25 in the Prospectus). The initial amount of the equity reserve for creditor challenges was about 239 million euros. Further to the abovementioned permeability resolution, adopted by the Shareholders' Meeting on September 19, 2005, this reserve was and is being used to satisfy the verified claims of late-filing creditors.

Therefore, consistent with the objectives of the Proposal of Composition with Creditors[**], the Board of Directors is recommending, the total approved share capital amount of 1,930 million euros not being affected, that the resolution approved by the Shareholders' Meeting of March 1, 2005 be amended. The purpose of this amendment is to reduce the reserve for creditor challenges and claims of late-filing creditors, which has proven to be excessive, lowering its amount from 153,745,814 euros to 63,725,992 euros, and make the resulting amount of 90,019,822 euros available for a bonus shares issuance be carried out for the benefit of the current holders of Parmalat shares and warrants on the basis of a 1-to-20 ratio.
The remaining reserve for creditor challenges and claims of late-filing creditors covers, in principal amount, both the issuance of any shares awarded to challenging creditors (if their claims are verified by a court decisions that has become final) and any bonus shares, on the basis of a ratio identical to the one mentioned above.
The shares, for an amount of up to 90.0 million euros, will be allocated as follows: 86.9 million euros to the shareholders and the balance of 3.1 million euros reserved for the exercise of the warrants, with the Board of Directors being empowered to implement the issuance upon the conversion of the warrants.

Following the above implementation, the Company's subscribed and paid-in share capital will thus increase from [1,737,925,715][***] euros to [1,824,822,001][***] euros, comprised of [1,824,822,001][***] common shares, par value 1 euros each.

The motion for the proposed amendment of Article 5 of Parmalat Bylaws shall be as follows:

[**]The Proposal of Composition with Creditors and the Prospectus are available on the company website at www.parmalat.com -> About us -> History

[***] Please note that the number of bonus shares that will be issued may vary depending on how the Company's share capital evolves, and it will be communicated as under law provisions.

<u>Article 5 – Share Capital – Shares</u> **CURRENT VERSION**	**<u>Article 5 – Share Capital – Shares</u>** **AMENDED VERSION**
The Company's share capital amounts to 1,737,925,715.00 euros, divided into 1,737,925,715 shares, par value 1 euro each. The Extraordinary Shareholders' Meeting of March 1, 2005 (which on September 19, 2005 approved a resolution allowing the "permeability" of the different installments listed below, meaning that if any one of the installments into which the overall capital increase of 2,009,967,908 euros is divided — except for the first installment of 1,502,374,237 euros reserved for "Eligible Creditors" and the last installment of 80,000,000 reserved for the exercise of warrants — should prove to be larger than the actual amount needed to convert into capital the claims that the installment in question was supposed to cover, the excess of this capital increase installment may be used to cover the claims of another class of creditors, when such claims exceed the funds provided by the capital increase installment allocated to them) approved resolutions agreeing to: a) carry out divisible capital increases: a.1 – up to a maximum amount of 1,502,374,237 (one billion five hundred two million three hundred seventy-four thousand two hundred thirty-seven) euros by issuing at par up to 1,502,374,237 (one billion five hundred two million three hundred seventy-four thousand two hundred thirty-seven) common shares, par value 1 (one) euro each, ranking for dividends as of January 1, 2005, reserving this increase for the exercise of the preemptive right of the Foundation, the Company's sole shareholder, which will subscribe it on behalf of the "Eligible Creditors," as they appear in the enforceable lists filed with the Office of the Clerk of the Bankruptcy Court of Parma by the Italian bankruptcy judges (*Giudici Delegati*) on December 16, 2004; this capital increase shall be paid in at par, upon the satisfaction of the condition precedent that the Court of Parma approve the Composition with Creditors of the companies of the Parmalat Group by offsetting the amounts of the various claims in accordance with the percentages determined under the Composition with Creditors; a.2 – up to a maximum amount of 38,700,853 (thirty-eight million seven hundred thousand eight hundred fifty-three) euros by issuing at par up to 38,700,853 (thirty-eight million seven hundred thousand eight hundred fifty-three) common shares, par value 1 (one) euro each, ranking for dividends as of January 1, 2005, reserving this increase for the exercise of the preemptive right of the Foundation, the Company's sole shareholder, which will subscribe it at par (offsetting, in accordance with the percentages determined under the Composition with Creditors, the claims acquired by the Foundation and formerly owed to	

their subsidiaries by companies that are parties to composition with creditors proceedings), upon the satisfaction of the condition precedent that the Court of Parma approve the Composition with Creditors of the companies of the Parmalat Group; b) carry out a further capital increase that, as an exception to the requirements of Article 2441, Section Six, of the Italian Civil Code, will be issued without requiring additional paid-in capital, will be divisible, will not be subject to the preemptive right of the sole shareholder, will be carried out by the Board of Directors over ten years in multiple installments, each of which will also be divisible, and will be earmarked as follows: b.1 – up to a maximum amount of 238,892,818 (two hundred thirty-eight million eight hundred ninety-two thousand eight hundred eighteen) euros by issuing at par up to 238,892,818 (two hundred thirty-eight million eight hundred ninety-two thousand eight hundred eighteen) common shares, par value 1 (one) euro each, ranking for dividends as of January 1, 2005, allocating to: b.1.1 – unsecured creditors who have challenged the sum of liabilities (so-called “Challenging Creditors”) shares that shall be paid in at par by offsetting the amounts of their claims in accordance with the percentages determined under the Composition with Creditors, once their claims have been effectively verified as a result of a court decision that has become final, and/or an enforceable settlement; b.1.2 – unsecured creditors with conditional claims (so called “Conditional Creditors”) shares that shall be paid in at par upon the satisfaction of the condition precedent by offsetting the amounts of their claims in accordance with the percentages determined under the Composition with Creditors; b.2 – up to a maximum amount of 150,000,000 (one hundred fifty million) euros by issuing at par up to 150,000,000 (one hundred fifty million) common shares, par value 1 (one) euro each, regular ranking for dividends, allocating to unsecured creditors with a title and/or cause that predates the date when the companies that are parties to the Proposal of Composition with Creditors were declared eligible for Extraordinary Administration Proceedings, including unsecured creditors whose claims were not included in the sum of liabilities but whose claims were later verified by a court decision that has become final and, therefore, can no longer be challenged (so called “Late-Filing Creditors”), shares that shall be paid in at par by offsetting the amounts of their claims in accordance with the percentages determined under the Composition with Creditors, once their claims have been effectively verified as a result of a court decision that has become final, and/or an enforceable settlement; b3 – up to a maximum amount of 80,000,000 (eighty million) euros by issuing at par up to 80,000,000 (eighty million) common shares, par value 1 (one) euro each, regular ranking for dividends, which shares will be used	

to allow conversion of the warrants allotted to Eligible Creditors, Challenging Creditors, Conditional Creditors, Late-Filing Creditors and the Foundation, on the basis of the capital increase subscribed by the latter (offsetting the claims acquired by the Foundation and formerly owed to their subsidiaries by companies that are parties to composition with creditors proceedings), at the exercise ratio of 1 (one) new common share, par value 1 (one) euro each, for each warrant tendered for the purpose of exercising the subscription right, up to the first 650 (six hundred fifty) shares attributable to the unsecured creditors and the Foundation. The Extraordinary Shareholders' Meeting of April 28, 2007 resolved to further increase the share capital by up to 15,000,000 euros through the issuance of up to 15,000,000 common shares, par value 1 (one) euro each, thereby rising from 80,000,000 euros to 95,000,000 euros the amount referred to in the second paragraph, Letter b.3) of this article.	
The shares are registered shares, if so required by law. Otherwise, provided they have been fully paid in, they can either be registered or bearer shares, at the discretion of the shareholders. The provisions regarding representation, exercise of ownership rights and circulation of equity investments that govern securities traded in regulated markets apply to the Company's shares as well. Future capital increases may be carried out by issuing shares with different rights and in exchange for different cash contributions, within the limits of the law. Notwithstanding all other provisions that apply to share capital, if the Company's shares are traded on a regulated market, its share capital may be increased with contributions in cash by not more than 10% of the value of the preexisting capital, without counting option rights, provided that the issue price is equal to the market price of the shares and that such valuation is confirmed in a special report by independent auditors retained for that purpose. Resolutions concerning the issues that are the subject of this paragraph must be adopted with the quorums referred to in Articles 2368 and 2369 of the Italian Civil Code. As an exception to the provisions of the preceding paragraph and to the requirements of Article 2441, Section Six, of the Italian Civil Code, the capital increase approved for the benefit of Late-Filing Creditors and any future capital increases that may be approved for the benefit of Late-Filing Creditors shall be carried out by issuing shares at par, with suspension of the preemptive rights of other shareholders, it being understood that the expression Late-Filing Creditors shall mean those unsecured creditors whose claims were not included in the sum of liabilities of the companies that were parties to the Proposal of Composition with Creditors but whose claims were later verified by a court decision that has become final and, therefore, can no longer be challenged.	The Extraordinary Shareholders' Meeting of [● June] resolved to: a) partially amend the resolution to increase the Company's share capital approved by the Shareholders' Meeting of March 1, 2005 (as amended by the Extraordinary Shareholders' Meetings of September 19, 2005 and April 28, 2007), limited to the share capital increase referred to in items b.1 and b.2, in the total amount of 90,019,822 euros; b) carry out a "bonus" shares issuance up to 90,019,822 euros through the issuance at par of common shares, par value 1 (one) euros each, with the same features as the shares already outstanding, regular ranking for dividends, to be distributed to the shareholders on the basis of one new share for every 20 shares held at July 18, 2011.

As allowed under Article 2349 of the Italian Civil Code, the Extraordinary Shareholders' Meeting may approve the distribution of earnings to employees of the Company or its subsidiaries through the noncontributory issuance of common shares with a total par value equal to the amount of the earnings being distributed. Acting within the confines of the law, the Extraordinary Shareholders' Meeting may also approve the issuance of other financial instruments or the establishment of separate financial entities.	

The timing of this transaction comes after the settlement of numerous disputes with the parties who contributed to the financial collapse of the "old" Parmalat. Consistent with its business strategies, the Group can now look forward to a new phase of business growth, both organically and through acquisitions. With this in mind, the Board is recommending a distribution of bonus shares to the shareholders, which, without weakening the Company's balance sheet or its financial position, would provide them with an additional return to supplement the distribution of cash dividends.

First of all, it is worth mentioning that the Company became operational on October 1, 2005, upon the implementation of the court decision approving the proposal of composition with creditors filed by the companies of the Parmalat Group pursuant to Article 4-*bis* of Decree Law No. 347 of December 23, 2003, converted with amendments into Law No. 39 of February 18, 2004, as subsequently amended (the "Proposal of Composition with Creditors"). In particular, the implementation of the Proposal of Composition with Creditors resulted in the transfer of the assets of the Parmalat Group Under Extraordinary Administration to the Company – Assumptor – in exchange for the distribution of Company shares and warrants to the unsecured creditors.[1]

More specifically, we wish to point out that:

- According to Paragraph 7.4 of the Proposal of Composition with Creditors, once the existence and amount of the claims of unsecured creditors who have challenged the sum of liabilities and conditional claims of unsecured creditors, respectively, have been verified through a final court decision, or once the existence and amount of such claims have been recognized by means of a settlement between the parties (provided the creditors in question are not entitled to receive a cash amount), or once the condition precedent has been fulfilled, these claims may be discharged only with Assumptor shares and warrants.
- Paragraph 7.7 of the Proposal of Composition with Creditors states that "If the Assumptor carries out a distribution of reserves and/or dividends drawn from the portion of earnings that exceeds the percentage mentioned in Item 5.2[2] above, it shall establish a reserve the amount of which shall be proportional to the value of the shares that could be distributed if the capital increase referred to in item 7.3 a)[3] above is implemented. The amounts thus set aside will be used to discharge the claims of creditors who challenged the sum of liabilities and the conditional claims of unsecured creditors, once their claims have been definitively verified."

The Extraordinary Shareholders' Meeting of September 19, 2005 approved a resolution:

- making "permeable" the tranches into which the share capital increase of 2,009,967,908 (two billion nine million nine hundred sixty-seven thousand nine hundred

[1] For additional information, see the notes to the statement of financial position – shareholders' equity, pages 125 and following of the 2005 Parmalat Annual Report, available on the Company website at www.parmalat.com, Investor Relations page, General Archive.
[2] Percentage equal to 50% of distributable earnings.
[3] Share capital increase for eligible creditors who filed challenges to the sum of liabilities and to creditors with conditional claims.

eight) euros approved by the Shareholders' Meeting of March 1, 2005[1] was divided.

The Shareholders' Meeting of April 28, 2007, convened in extraordinary session, resolved:

- to further increase the share capital by up to 15 million euros in order to increase from 80 million euros to 95 million euros the amount reserved for the exercise of warrants.

Specifically with regard to the reasons for this transaction, it is worth mentioning that, following the financial collapse that occurred in December 2003, actions to void and actions for damages were filed against the parties that caused Parmalat's massive financial failure first by the companies under extraordinary administration (from 2004 to September 2005) and later by the "new Parmalat S.p.A.," which was listed on the Stock Exchange. Thus far, these legal actions resulted in the recovery of cash amounts in excess of 2 billion euros, the reversal into earnings of provisions of more than 150 million euros and the recovery of real estate assets (for example, the Pisorno property). In addition, the number of shares distributed to parties who countersued was lower than originally estimated.

Moreover, insofar as tax considerations are concerned, the bonus shares issuance to be carried out is governed by Article 47, Section 6, of Presidential Decree No. 917/86, as amended.

The newly issued shares will be allocated to eligible parties through intermediaries who are members of the central clearing system operated by Monte Titoli S.p.A. on July 21, 2011 (with ex-dividend date on July 18, 2011) and will be distributed on the basis of 1 (one) new share for every 20 (twenty) shares held by each shareholder on that date. The intermediaries acting as depositories may round down the number of shares attributable to the depositor shareholders and satisfy any requests that the number be rounded up. Fractional shares generated as a result of the abovementioned allocation ratio shall be monetized based on the average stock market price of the Parmalat shares for the first three ex-right trading days. To that effect, should the issuance resolution be approved, the Company shall retain the services of an authorized financial intermediary to offset rounding up and rounding down request from members of the central clearing system.

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Pursuant to the provisions of Article 125-bis of the Uniform Financial Code, concerning the requirement of making motions for resolutions accessible, and Article 135-*undicies* of the Uniform Financial Code, concerning the requirement of providing voting instructions to the representative designated by the Company, the motions on the first item on the Agenda of the Shareholders' Meeting in Extraordinary Session are listed below.

Motion to

1. approve the Chairman's Report [Report of the Board of Directors] setting forth the reasons that justify partially amending the resolution to increase the share capital adopted by the Extraordinary Shareholders' Meeting of March 1, 2005 (the "Shareholders' Meeting");
2. acknowledge that:
   2.1. the capital increase approved by the Shareholders' Meeting referred to in Item a.1) of the motion, in the amount of up to 1,502,374,237.00 (one billion five hundred two million three hundred seventy-four thousand two hundred thirty-seven/00) euros, was implemented for the full amount;
   2.2. the capital increase approved by the Shareholders' Meeting referred to in Item a.2) of the motion, in the amount of up to 38,700,853.00 (thirty-eight million seven hundred thousand eight hundred fifty-three/00) euros, was implemented for the full amount;

[1] This is the total share capital, with different amounts reserved for (a) unsecured creditors with verified claims, (b) Fondazione Creditori Parmalat, (c) creditors with contested or conditional claims. (d) late filing creditors, and (e) the conversion of warrants.

2.3. as of the date of March 16, 2011, the capital increase approved by the Shareholders' Meeting referred to in Item b.1 of the motion, in the amount of up to 238,892,818.00 (two hundred thirty-eight million eight hundred ninety-two thousand eight hundred eighteen/00) euros, earmarked for the distribution of shares to "Challenging Creditors" and "Conditional Creditors," had been implemented only in the amount of 100,118,076.00 euros;
2.4. as of the date of March 16, 2011, the capital increase approved by the Shareholders' Meeting referred to in Item b.2 of the motion, in the amount of up to 150,000,000.00 (one hundred fifty million/00) euros, earmarked for the distribution of shares to "Late Filing Creditors," had been implemented only in the amount of 135,028,928.00 euros;
2.5. as of the date of March 16, 2011, the capital increase approved by the Shareholders' Meeting referred to in Item b.3 of the motion (as increased pursuant to a resolution adopted by the Extraordinary Shareholders' Meeting of April 28, 2007), in the amount of up to 95,000,000..00 (ninety-five million/00) euros, earmarked for conversion of the warrants allotted to "Eligible Creditors," "Challenging Creditors," "Conditional Creditors," "Late-Filing Creditors" and "Fondazione Creditori Parmalat," had been implemented only in the amount of 27,426,707 euros;

3. acknowledge that, consequently, as of the date of March 16, 2011:
   3.1. the Company's approved share capital amounted to 2,025,087,908 euros;
   3.2. the Company's subscribed and paid-in share capital amounted to 1,737,925,715 euros;
4. acknowledge that, as a result of the settlement between the Company and the "Challenging and Late Filing Creditors," the reserve established to implement share capital increases approved by the Shareholders' Meeting (and recognized in the Company's financial statements under the heading reserve for challenging and late filing creditors) exceed the requirements for which they were established by 90,019,822 euros;
5. amend in part the resolution to increase the Company's share capital approved by the Shareholders' Meeting (as amended by the Extraordinary Shareholders' Meetings of September 19, 2005 and April 28, 2007), limited to the share capital increase referred to in items b. 1 and b. 2, in order to acknowledge that, as a result of the approved resolutions referred to in item 4) above, a portion of the reserve for challenging and late filing creditors that is no longer earmarked to implement the share capital increase referred to in items b.1 and b.2 approved by the Shareholders' Meeting, in the total amount of 90,019,822 euros has become available;
6. use this surplus amount to establish a reserve listed in the Company's accounting records as "Reserve on account to implement the bonus shares issuance" in the amount of 90,019,822 euros;
7. the amount of the increased share capital approved by the Shareholders' Meeting at 2,025,087,908 euros not being affected, partially carry out the issuance as a "bonus" shares issuance by utilizing for the full amount the "Reserve on account to implement the bonus shares issuance" created as a result of the resolution adopted pursuant to item 4) and, specifically, to vary the subscribed amount from 1,737,925,715 euros up to 1,827,945,537 euros, through the issuance, at par, up to 90,019,822 common shares, par value 1 (one) euros each, with the same features as the shares already outstanding, regular ranking for dividends, to be distributed to the shareholders on the basis of one new share for every 20 shares held on July 18, 2011, which shall be made available to eligible parties through authorized intermediaries who are members of the central clearing system operated by Monte Titoli S.p.A. on July 21, 2011;
8. confirm the share capital increases approved by the Shareholders' Meeting (as amended by the Extraordinary Shareholders' Meetings of September 19, 2005 and April 28, 2007), for the amount remaining to be implemented at the date of this Shareholders' Meeting, taking into account the effect of the foregoing resolutions, and confirm the delegation of authority granted to the Board of Directors to implement the capital increases within 10 years from March 1, 2005;
9. as a result of the foregoing resolutions, amend Article 5 of the Bylaws by adding the following new Paragraph four:

The Extraordinary Shareholders' Meeting of [● June] resolved to:

a) partially amend the resolution to increase the Company's share capital approved by the Shareholders' Meeting of March 1, 2005 (as amended by the Extraordinary Shareholders'

Meetings of September 19, 2005 and April 28, 2007), limited to the share capital increase referred to in items b.1 and b.2, in the total amount of 90,019,822 euros;

b) carry out a “bonus” shares issuance up to 90,019,822 euros through the issuance at par of common shares, par value 1 (one) euros each, with the same features as the shares already outstanding, regular ranking for dividends, to be distributed to the shareholders on the basis of one new share for every 20 shares held at July 18, 2011.

Report of the Board of Directors on the Second Item on the Agenda of the Shareholders' Meeting in Extraordinary Session:

Motion to amend Articles 8, 9, and 23 of the Bylaws and change the title of the section of the Bylaws concerning audits of the accounting records. Pertinent and related resolutions.

Dear Shareholders:

Legislative Decree No. 27 of January 27, 2010, which implemented Directive No. 2007/36/EC on shareholders' rights, revised the rules governing the handling of Shareholders' Meetings of publicly traded companies. In some areas, the Decree provided the option of choosing among different alternatives for adoption in the Bylaws, including: i) the option of requiring a single calling for the Shareholders' Meeting; ii) the as the party responsible for receiving voting proxies from the shareholders; and iii) the option of requiring the identification of shareholders.

i) Single calling for the Shareholders' Meeting: The Decree amended Article 2369 of the Italian Civil Code by stating that the Bylaws of companies that access equity capital markets may exclude the use of callings of the Shareholders' Meeting beyond the first calling and requiring that the majorities applicable when a single calling is used shall be those required for the second calling when a Shareholders' Meeting is convened in ordinary session and those required for callings past the second calling when a Shareholders Meeting is convened in extraordinary session.

In relation to this provision, we move to amend Article 8, providing the Board of Directors with the option to decide, should it deem it appropriate, that the Ordinary Shareholders' Meeting and the Extraordinary Shareholders' Meeting be convened on a single calling. This change requires, consequently, that all reference in the Bylaws to the Shareholders' Meeting on the first calling be amended to include the option of a single calling (Article 8 and 9 in particular).

ii) Designated representative: Pursuant to Article 135-*undecies* of Legislative Decree No. 58 of February 24, 1998 (Uniform Financial Code), introduced by Legislative Decree No. 27 of January 27, 2010, publicly traded companies are required to appoint for each Shareholders' Meeting a person whom shareholders may designate as their proxy, with voting instructions, for all or some of the motions on the Agenda, in the manner and within the deadline set forth in the abovementioned provision. This provision is applicable unless the Bylaws require otherwise.
Even though Article 135-*undecies* of the Uniform Financial Code requires the inclusion in the Bylaws of a provision that specifically excludes the implementation of Article 135-*undecies*, we move to amend Article 9 of the Bylaws to provide Parmalat with the option of expressly appointing one or more representatives for the shareholders.

Lastly, we move to change the title of the section of the Bylaws concerning audits of the accounting records, replacing "Auditing" with "Legally Recognized Audits of the Accounting Records" and, consequently, amend Article 23 of the Bylaws in accordance with the provisions of Legislative Decree No. 39 of January 27, 2010.

A document showing a comparison of the abovementioned article (Article 8, 9, and 23) is annexed to this Report.

Pursuant to the provisions of Article 125-*bis* of the Uniform Financial Code, concerning the requirement of making motions for resolutions accessible, and Article 135-*undicies* of the Uniform Financial Code, concerning the requirement of providing voting instructions to the representative designated by the Company, the motions on the second item on the Agenda of the Shareholders' Meeting in Extraordinary Session are listed below:

Motions to

1) approve the following additions and amendments to the Bylaws:
    a. addition of the following Paragraph 4 to Article 8: "The Board of Directors may decide, should it deem it appropriate, that the Ordinary Shareholders' Meeting and the Extraordinary Shareholders' Meeting be convened on a single calling. When a single calling is used, the majorities required for such cases pursuant to law will be applicable.";
    b. inclusion of a reference to the Shareholders' Meeting being convened on a "single calling" in Article 9, Paragraph 2;
    c. addition of the following Paragraph 4 to Article 9: "The Company may designate for each Shareholders' Meeting one or more person whom shareholders may appoint as their representative, in the manner required pursuant to law and the applicable regulations, before the close of business two stock market trading days before the date of the Shareholders' Meeting convened on the first calling or single calling, providing the representative with a proxy with voting instructions regarding all or some of the items on the agenda. The proxy shall not be effective for motions for which no voting instructions were provided The names of the designated representatives and the methods and deadline for granting proxies shall be set forth in the notice of the Shareholders' Meeting.";
    d. amendment to the title of Article 23 of the Bylaws as follows: "Legally Recognized Audits of the Accounting Records."
2) approve the Bylaws as amended pursuant to the resolutions listed in Item 1) above (the amended version of the Bylaws shall be appended to the Minutes of the Shareholders' Meeting as Annex [°].

Article 8 – Shareholders' Meeting **TEXT IN PARMALAT'S BYLAWS**	Article 8 – Shareholders' Meeting **TEXT (proposed amendments)**
Shareholders' Meetings are convened by means of a notice published on the Company website, as well as by other means required by Consob regulations, and in two of the following newspapers: *Corriere della Sera, La Repubblica* or *Il Sole 24 Ore*, as well as in the *Financial Times*. The procedure for convening a Shareholders' Meeting, which may take place anywhere in Italy, including outside the municipality where the Company's registered office is located, and the manner by which shareholders may be represented at the meeting are governed by the applicable law. The Notice of Shareholders' Meeting must state the date of the Meeting's second or third calling. If such information is not provided, the Shareholders' Meeting must be convened on the second or third calling within 30 (thirty) days from the first or second calling, respectively, and the deadline required under Article 2366 of the Italian Civil Code may be shortened to 8 (eight) days. When the law allows it, the Ordinary Shareholders' Meeting may be convened to approve the Company's Annual report within 180 (one hundred eighty) days after the end of the fiscal year.	Shareholders' Meetings are convened by means of a notice published on the Company website, as well as by other means required by Consob regulations, and in two of the following newspapers: *Corriere della Sera, La Repubblica* or *Il Sole 24 Ore*, as well as in the *Financial Times*. The procedure for convening a Shareholders' Meeting, which may take place anywhere in Italy, including outside the municipality where the Company's registered office is located, and the manner by which shareholders may be represented at the meeting are governed by the applicable law. The Notice of Shareholders' Meeting must state the date of the Meeting's second or third calling. If such information is not provided, the Shareholders' Meeting must be convened on the second or third calling within 30 (thirty) days from the first or second calling, respectively, and the deadline required under Article 2366 of the Italian Civil Code may be shortened to 8 (eight) days. The Board of Directors may decide, should it deem it appropriate, that the Ordinary Shareholders' Meeting and the Extraordinary Shareholders' Meeting be convened on a single calling. When a single calling is used, the majorities required for such cases pursuant to law will be applicable. When the law allows it, the Ordinary Shareholders' Meeting may be convened to approve the Company's Annual report within 180 (one hundred eighty) days after the end of the fiscal year.
Article 9 – Attendance and Representation at Shareholders' Meetings **TEXT IN PARMALAT'S BYLAWS**	**Article 9 – Attendance and Representation at Shareholders' Meetings** **TEXT (proposed amendments)**
The eligibility to attend the Shareholders' Meeting and exercise the right to vote shall be certified by means of a communication sent to the issuer by the intermediary, in accordance with the data in its accounting records, for the benefit of the party qualified to exercise the right to vote. The communication required pursuant to Paragraph 1 shall be sent by the intermediary, based on the corresponding evidence available at the expiration of the record date, seven stock market trading day before the date set for the first calling of the Shareholders' Meeting. Debit or credit entries posted to the accounting records after this deadline are irrelevant for purpose of	The eligibility to attend the Shareholders' Meeting and exercise the right to vote shall be certified by means of a communication sent to the issuer by the intermediary, in accordance with the data in its accounting records, for the benefit of the party qualified to exercise the right to vote. The communication required pursuant to Paragraph 1 shall be sent by the intermediary, based on the corresponding evidence available at the expiration of the record date, seven stock market trading day before the date set for the first, or single, calling of the Shareholders' Meeting. Debit or credit entries posted to the accounting records after this deadline are irrelevant for purpose of

determining the eligibility to exercise the right to vote at the Shareholders' Meeting. The communication must reach the Company by the close of business three stock market trading day before the date set for the first calling of the Shareholders' Meeting or other deadline required by the Consob pursuant to regulations issued in concert with the Bank of Italy. However, shareholders will be eligible to attend the Shareholders' Meeting and vote even if the communications are delivered to the Company after the deadline set forth in this paragraph, provided they are delivered before a Shareholders' Meeting convened with a single notice is called to order. Any shareholder who is entitled to attend the Shareholders' Meeting may be represented at the Meeting, pursuant to law, by means of a written or electronically conveyed proxy, when allowed by the applicable regulations and in the manner set forth therein. If electronic means are used, the notice of the proxy may be given using the page of the Company website provided for this purpose or in accordance with any other method listed in the notice of the Shareholders' Meeting.	determining the eligibility to exercise the right to vote at the Shareholders' Meeting. The communication must reach the Company by the close of business three stock market trading day before the date set for the first, or single, calling of the Shareholders' Meeting or other deadline required by the Consob pursuant to regulations issued in concert with the Bank of Italy. However, shareholders will be eligible to attend the Shareholders' Meeting and vote even if the communications are delivered to the Company after the deadline set forth in this paragraph, provided they are delivered before a Shareholders' Meeting convened with a single notice is called to order. Any shareholder who is entitled to attend the Shareholders' Meeting may be represented at the Meeting, pursuant to law, by means of a written or electronically conveyed proxy, when allowed by the applicable regulations and in the manner set forth therein. If electronic means are used, the notice of the proxy may be given using the page of the Company website provided for this purpose or in accordance with any other method listed in the notice of the Shareholders' Meeting. The Company may designate for each Shareholders' Meeting one or more person whom shareholders may appoint as their representative, in the manner required pursuant to law and the applicable regulations, before the close of business two stock market trading days before the date of the Shareholders' Meeting convened on the first calling or single calling, providing the representative with a proxy with voting instructions regarding all or some of the items on the agenda. The proxy shall not be effective for motions for which no voting instructions were provided The names of the designated representatives and the methods and deadline for granting proxies shall be set forth in the notice of the Shareholders' Meeting.
BOARD OF STATUTORY AUDITORS – AUDITING	**BOARD OF STATUTORY AUDITORS – LEGALLY RECOGNIZED AUDITS OF THE ACCOUNTING RECORDS**
Article 21 – Board of Statutory Auditors **TEXT IN PARMALAT'S BYLAWS** **(unchanged)**	**Article 21 – Board of Statutory Auditors** **TEXT IN PARMALAT'S BYLAWS** **(unchanged)**
Article 23 – Auditing **TEXT IN PARMALAT'S BYLAWS**	**Article 23 – Legally Recognized Audits of the Accounting Records** **<u>TEXT</u>** **(<u>proposed amendment</u>)**
The auditing function is performed by independent auditors who are members of the applicable official board and have been retained and operate pursuant to law.	Legally recognized audits of the accounting records are performed by independent auditors who are members of the applicable official board and have been retained and operate pursuant to law.