



# **Parmalat Presentation**

6 October 2005

## **IMPORTANT INFORMATION**

- This document has been issued by Parmalat S.p.A. (“Parmalat” or the “Company”) outside of the United States, and comprises the written materials/slides for a presentation made in Milan, Italy on October 6, 2005, concerning the Company, its listing on the Italian Stock Exchange (Mercato Telematico Azionario) following the approval of the Concordato under the Parmalat Restructuring Plan (the “Restructuring Plan”).
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## Concordato proposal: breakdown of the votes

- ⚡ The total amount of the admitted claims to the vote is €19,801 m as determined by court of Parma
- ⚡ The Concordato Proposal has been approved by the favourable vote of €14,134 m equal to 71,38% of the admitted claims to the vote
- ⚡ Nr. 52,279 bondholders have expressed their vote through Clearing Systems and the involved Intermediaries

<b>Votes on concordato</b>	<b>Nr. (m)</b>
Scrutinised favourable votes	6,288.9
Scrutinised contrary votes	437.2
<b>Total scrutinised votes</b>	<b>6,726.0</b>
Implied favourable votes	7,846.0
<b>Total favourable/implied favourable votes</b>	<b>14,134.8</b>
<b>Admitted claims</b>	<b>19,801.0</b>



# Shareholders structure

- ⚡ The total amount of the first capital increase is €1,600.9 m and the amount of shares to be assigned is €1,225 m equal to 76,52% of the share capital
- ⚡ On the basis of the vote, the free float is 59,70%

Share Capital	Shares (m)
Capital Increase deliberated 1st march 2005	1,541.1
Adjustments	3.5
Waiver of privileged and pre-deductible claims	56.2
<b>First Capital Increase(*)</b>	<b>1,600.8</b>
Outstanding Share Capital	0.1
<b>Share Capital</b>	<b>1,600.9</b>

(\*) The fully diluted capital is €2,010.0 m

Main Shareholders (*)	Shares (€ m)	% (**)
<b>Capitalia Group</b>	<b>88.5</b>	<b>5.5%</b>
Banca di Roma	85.9	5.4%
Bipop Ca.Ri.Re	2.6	0.2%
M.C.C.	0.1	0.0%
<b>Harbert Distressed Inv Fund</b>	<b>43.8</b>	<b>2.7%</b>
<b>Jp Morgan</b>	<b>36.8</b>	<b>2.3%</b>
<b>Intesa Group</b>	<b>33.7</b>	<b>2.1%</b>
Banca Intesa	14.4	0.9%
Mediofactoring	9.5	0.6%
Cassa di Risparmio Parma e Piacenza	9.0	0.6%
Cassa di Risparmio di Biella e Vercelli	0.8	0.1%
<b>Wells Fargo Bank</b>	<b>33.4</b>	<b>2.1%</b>
<b>Buconero</b>	<b>33.1</b>	<b>2.1%</b>
<b>Total</b>	<b>269.4</b>	<b>16.8%</b>

(\*) Selected taking in consideration the scrutinised votes

(\*\*) The percentage of the shareholders have been calculated on the basis of subscribed capital equal to € 1,600.9 m



# Executive summary



## Restructuring plan: achievements to date

**Debt-equity swap completed**

**Parmalat S.p.A. incorporated**

**Focus on core business**

**Improvement in operating performance**

**Restored corporate image and credibility**



# Key 2004 figures<sup>(\*)</sup>

**REVENUES**  
**€ 3,732m**

**NET DEBT**  
**€ 542m<sup>(\*\*)</sup>**



**Op. margin bef.**  
**amm., w/d, all.**  
**€ 269m**

**EMPLOYEES**  
**16,400**



<sup>(\*)</sup> *The difference between the pro-forma data contained in the Official Prospectus (Revenues € 3,811.4m and Op. margin before amort., writedowns, allowances € 265.7m) and the data herein reported is due to the application of IAS/IFRS*

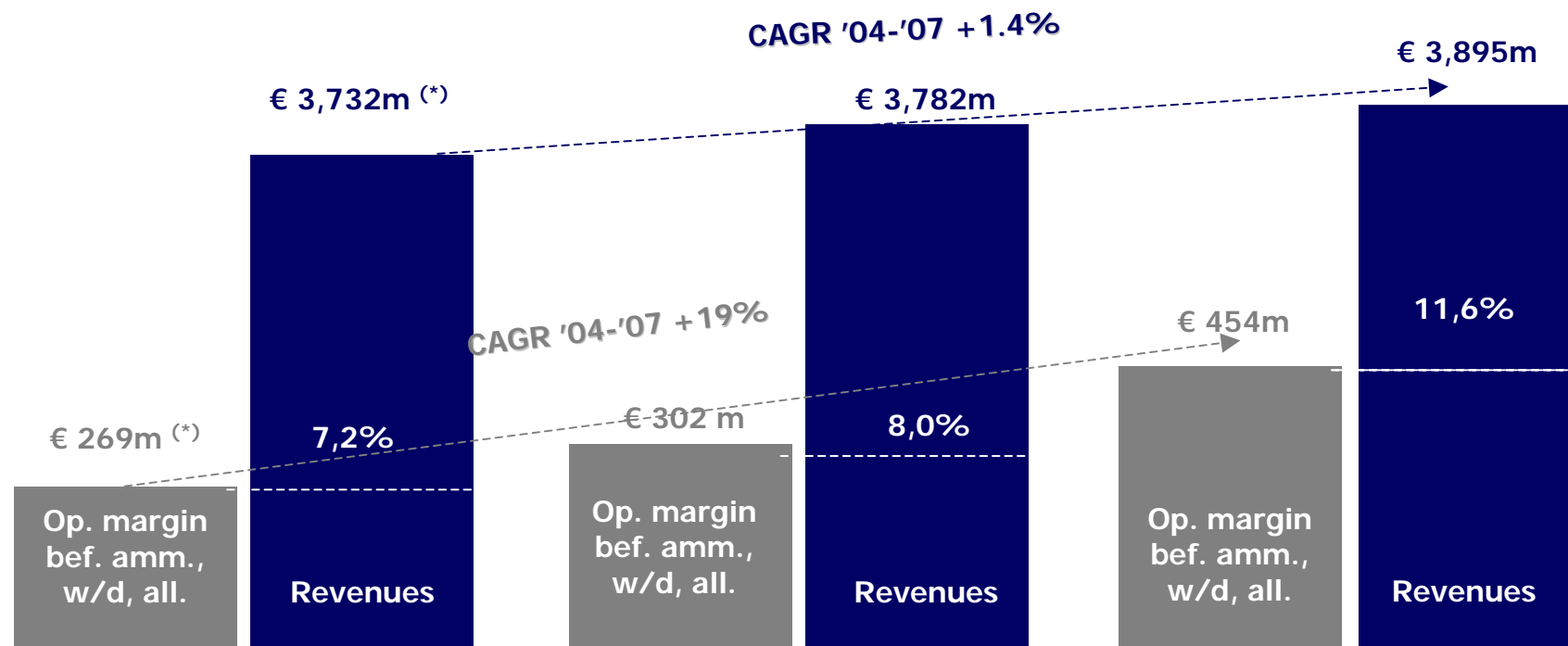
<sup>(\*\*)</sup> *Does not include both Morgan Stanley (€ 155m cash-in) and US Dairy settlements (€ 17.6m outlay) which took place in 2005*

# Key figures 2004/2005 and targets 2007

2004(\*)

2005 Pre-Closing

2007 TARGETS



(\*) Difference between pro-forma data contained in the Official Prospectus and data herein reported is due to the application of IAS/IFRS



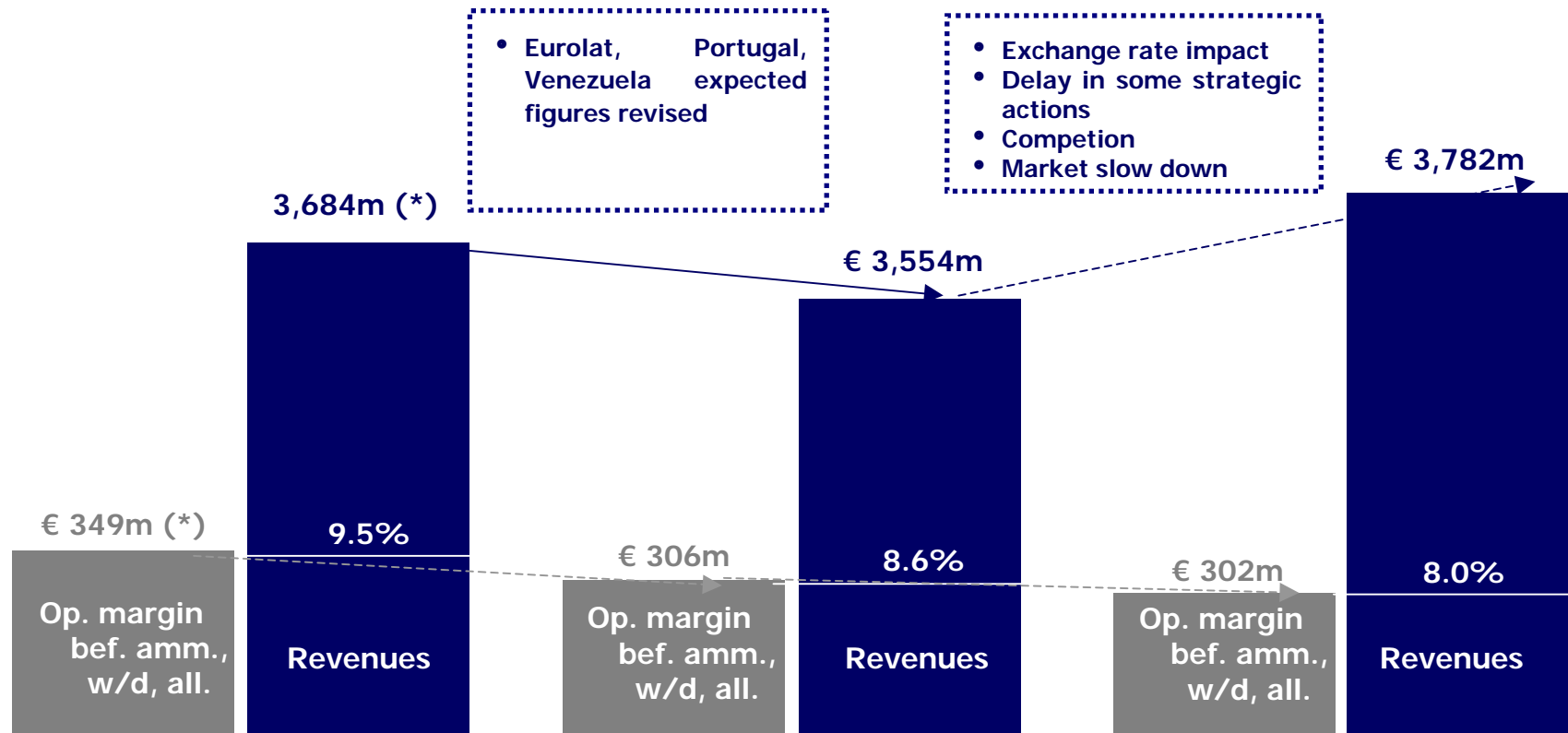


# Expected 2005 Group figures

## Restructuring Plan (as approved in July 2004 (\*))

## Revised Business Plan (March 2005)

## Pre-Closing



(\*) The difference between Revenues and Ebitda included in the Restructuring Plan of July 2004 is due to equal perimeter consolidation (Boschi Luigi & F. SPA in EA)



# Contents

- 1. The restructuring plan**
2. Group structure
3. Business overview
4. Main geographical areas
5. Key financials and business plan targets
6. Legal and arbitration proceedings
7. Corporate governance



# Restructuring plan: milestones

**DECEMBER 2003**

PARMALAT FINANZIARIA S.p.A. AND PARMALAT S.p.A. ADMITTED TO EXTRAORDINARY ADMINISTRATION PROCEDURE

In the following months other companies are admitted to extraordinary administration or to other local insolvency procedures

**1 MARCH 2005**

PUBLICATION OF FINAL RECOVERY RATIOS FOR THE SIXTEEN COMPANIES INVOLVED IN THE COMPOSITION WITH CREDITORS

**26 MAY 2005**

CONSOB ISSUES CLEARANCE FOR PUBLICATION OF THE OFFICIAL PROSPECTUS

**OCTOBER 2005**

COURT APPROVES COMPOSITION VOTE RESULT AND ISSUES APPROVAL OF COMPOSITION PROCEDURE (1<sup>st</sup> OCTOBER)

ASSETS AND LIABILITIES OF SIXTEEN COMPANIES INVOLVED IN COMPOSITION WITH CREDITORS TRANSFERRED TO PARMALAT S.P.A. (1<sup>st</sup> OCTOBER)

STARTING DATE FOR TRADING OF SHARES (6<sup>th</sup> OCTOBER)

**JULY, 23<sup>th</sup> 2004**

THE MINISTRY FOR PRODUCTIVE ACTIVITIES ACTING IN CONCERT WITH THE MINISTRY FOR AGRICULTURAL AND FORESTRY POLICIES AUTHORIZED THE PARMALAT GROUP'S RESTRUCTURING PLAN

The restructuring plan contains the guidelines of the business plan

**9 MAY 2005**

BORSA ITALIANA CLEARS PARMALAT WARRANTS AND BONDS FOR ADMISSION TO LISTING

Starting date for trading subject to adequate circulation of shares and warrants and inspection of management control system

**17 DECEMBER 2004**

PUBLICATION OF LISTS OF CREDITORS FOR THE SIXTEEN COMPANIES INVOLVED IN THE COMPOSITION WITH CREDITORS

The unsecured debt of the sixteen companies involved in the composition with creditors amounts to € 26.7bn (including guarantees and inter-company debt)

**28 JUNE - 26 AUGUST 2005**

CREDITORS VOTE THE COMPOSITION PROPOSAL

*OCTOBER 2005*

*EXPECTED STARTING DATE FOR TRADING OF WARRANTS*

*7-8 NOVEMBER 2005*

*PARMALAT SHAREHOLDERS' MEETING APPOINT NEW BOARD OF DIRECTORS*

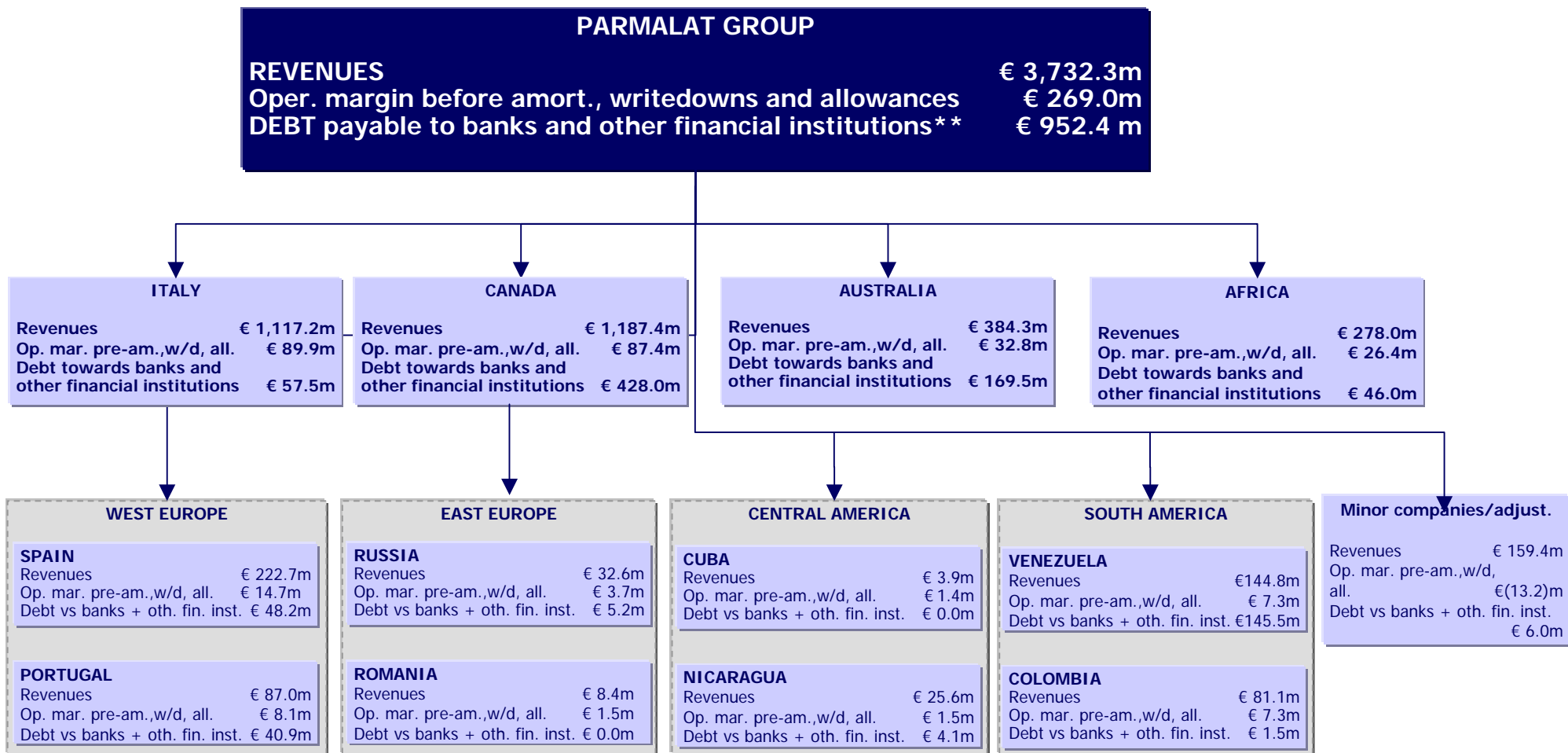


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# Parmalat group – 2004 data\*



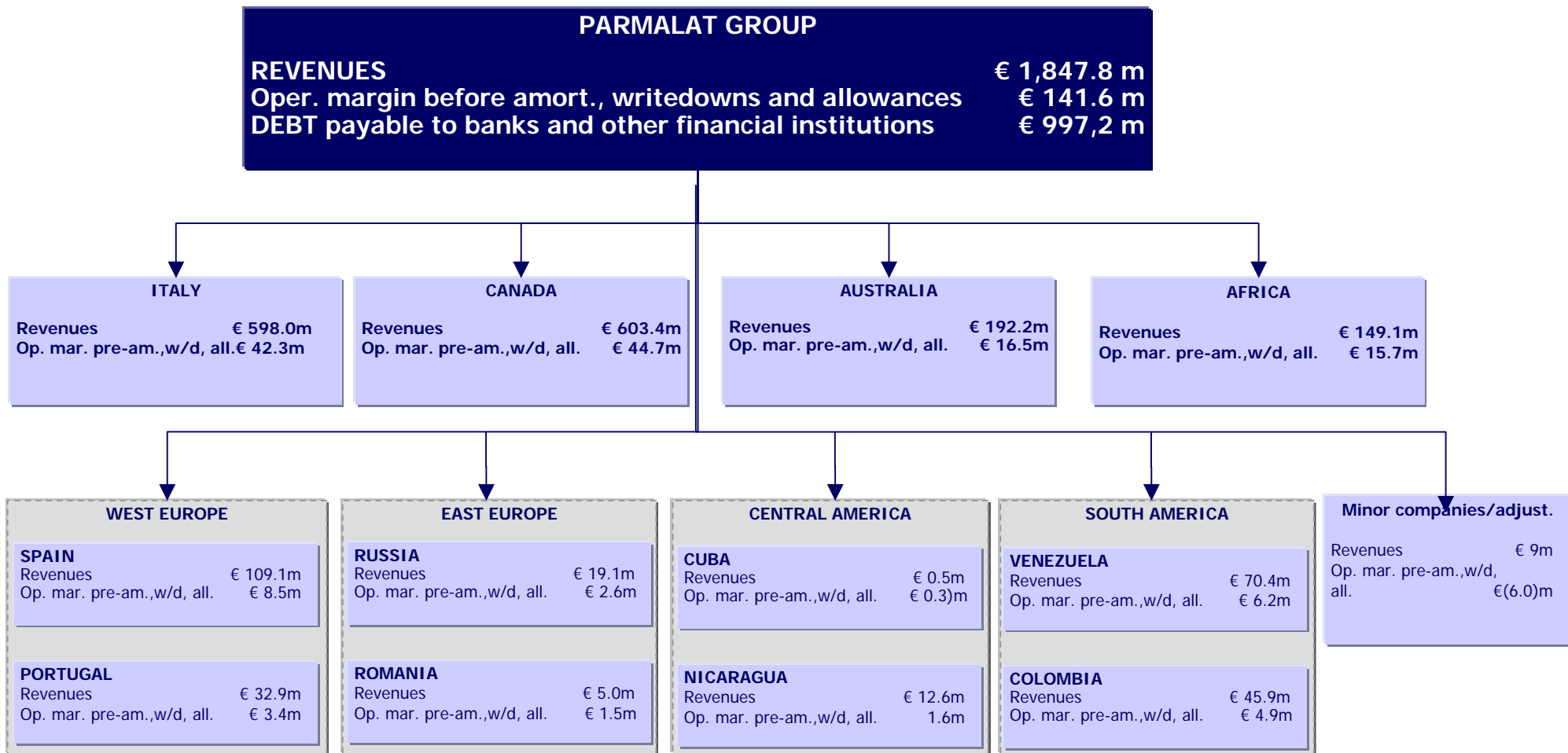
(\*)

*Pro-forma data; for assumptions and criteria used in the preparation of the pro-forma balance sheets and income statements, please see the Official Prospectus. The difference between the pro-forma data contained in the Official Prospectus (revenues € 3,811.4m, Op. margin before amort. and deprec and allowances € 265.7m and Financial Debt €940.1m) and the data herein reported is the application of IAS/IFRS*

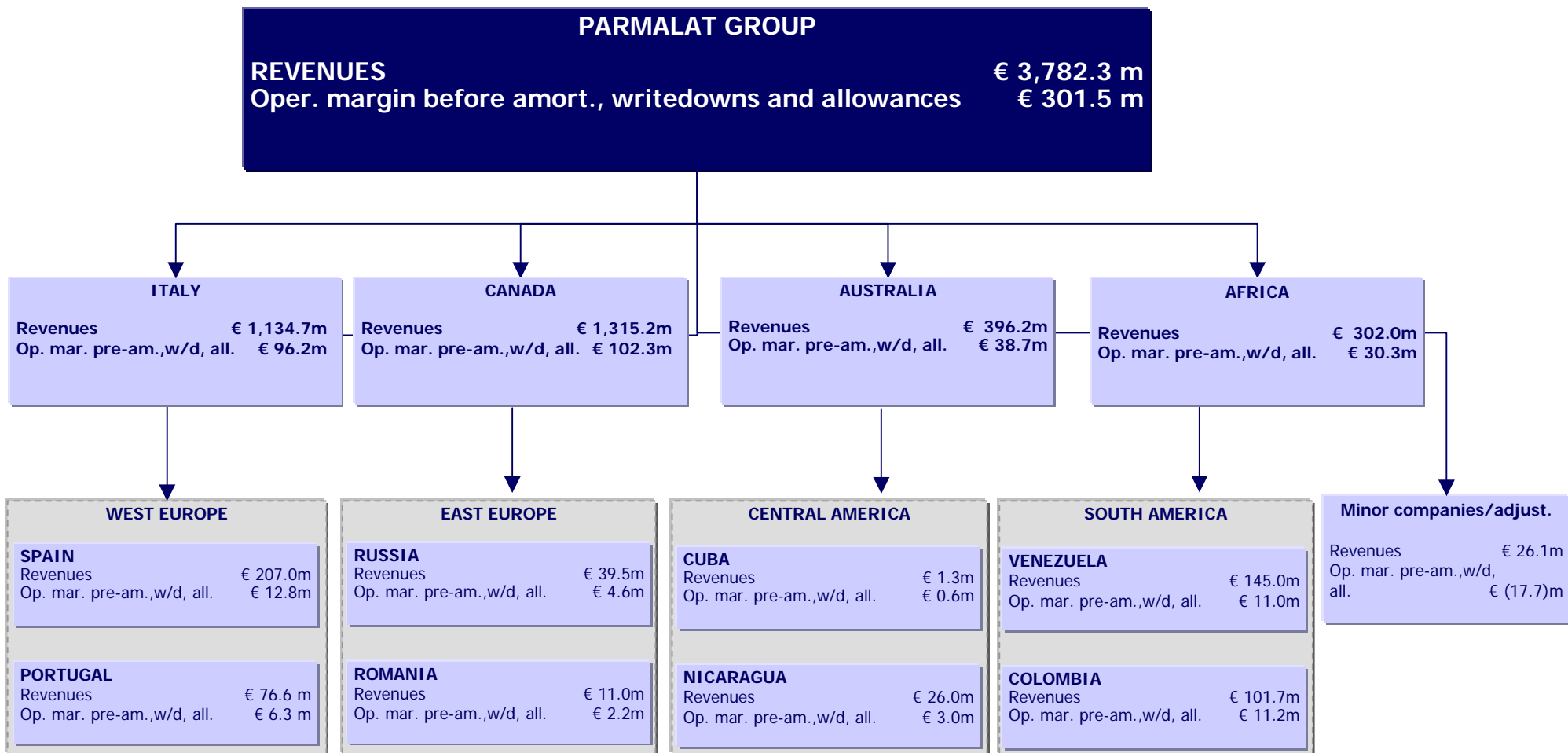
(\*\*)

*Net Debt amounts to € 541,9 m*

# Parmalat group – 1° H 2005



# Parmalat group –2005 pre-closing data



# Companies included in the group

Parent  
Company

PARMALAT GROUP

DESCRIPTION	COMPANIES INCLUDED
<ul style="list-style-type: none"> <li>Assets and liabilities of 16 companies included in composition with creditors</li> </ul>	Companies involved in composition with creditors <i>(16 Companies)</i>
<ul style="list-style-type: none"> <li>"Performing" companies controlled by 16 companies included in composition</li> </ul>	<i>(97 Companies)</i>
<ul style="list-style-type: none"> <li>Companies in extraordinary administration and subsidiaries with an independent restructuring plan or disposal program</li> </ul>	Boschi L&F in EA <sup>(*)</sup> , F.Ili Strini in EA, Deutsche Parmalat in EA, Parmalat Molkerei in EA, Fit, Italgro <i>(6 Companies)</i>
<ul style="list-style-type: none"> <li>Companies with negative shareholders' equity due for disposal/liquidation (no liability for sole shareholder)</li> </ul>	Wishaw Trading, Parmalat Paraguay <i>(2 Companies)</i>
<ul style="list-style-type: none"> <li>Not material companies (not under control, in liquidation)</li> </ul>	<i>(29 Companies)</i>
<ul style="list-style-type: none"> <li>Companies controlled by 16 companies included in composition undergoing local insolvency proceedings</li> </ul>	Brazilian companies and others <i>(27 Companies)</i>

(\*) The Restructuring Plan of Boschi L&F has been submitted on 27<sup>th</sup> September 2005





# Companies not included in the group

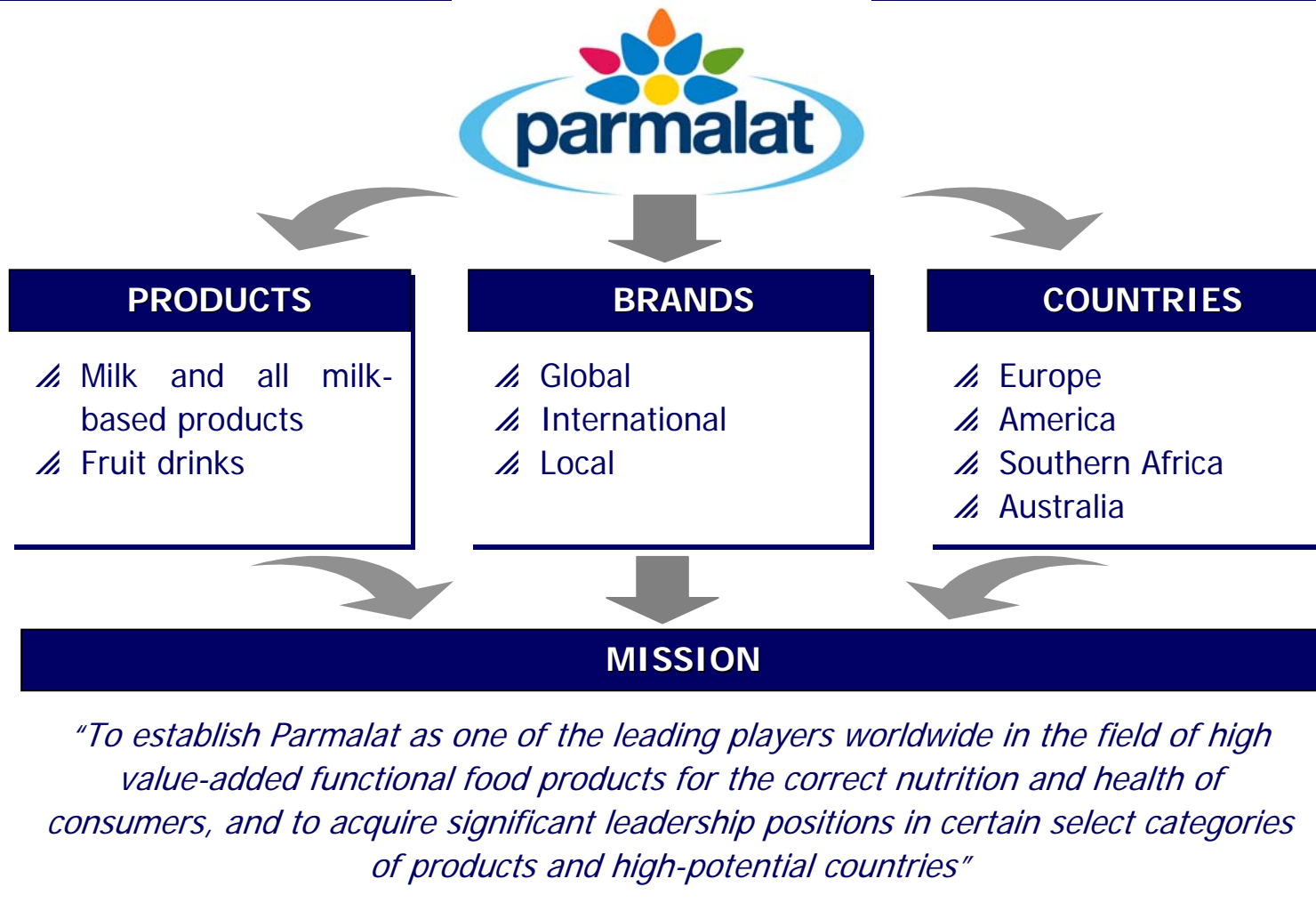
DESCRIPTION	COMPANIES
<p><b>COMPANIES PROMOTING COMPOSITION WITH CREDITORS</b></p>	<ul style="list-style-type: none"> <li>⚡ These will be placed in liquidation if they do not hold stakes in other companies not part of the Parmalat group</li> <li>⚡ If they do hold stakes in other companies not part of the Parmalat group, they will be managed until such time as their assets have been disposed of or liquidated. Parmalat Spa will be liable for costs incurred during this period</li> </ul>
<p><b>COMPANIES IN EA NOT INCLUDED IN COMPOSITION WITH CREDITORS</b></p>	<ul style="list-style-type: none"> <li>⚡ Independent restructuring or disposals programme</li> <li>⚡ Liquidation of assets, if any</li> </ul>
<p><b>OTHER COMPANIES</b></p>	<ul style="list-style-type: none"> <li>⚡ If these are controlled by companies in EA, they will follow the procedure for the respective parent company</li> <li>⚡ If these are involved in local insolvency proceedings, they will be dealt with according to local regulatory requirements</li> </ul>



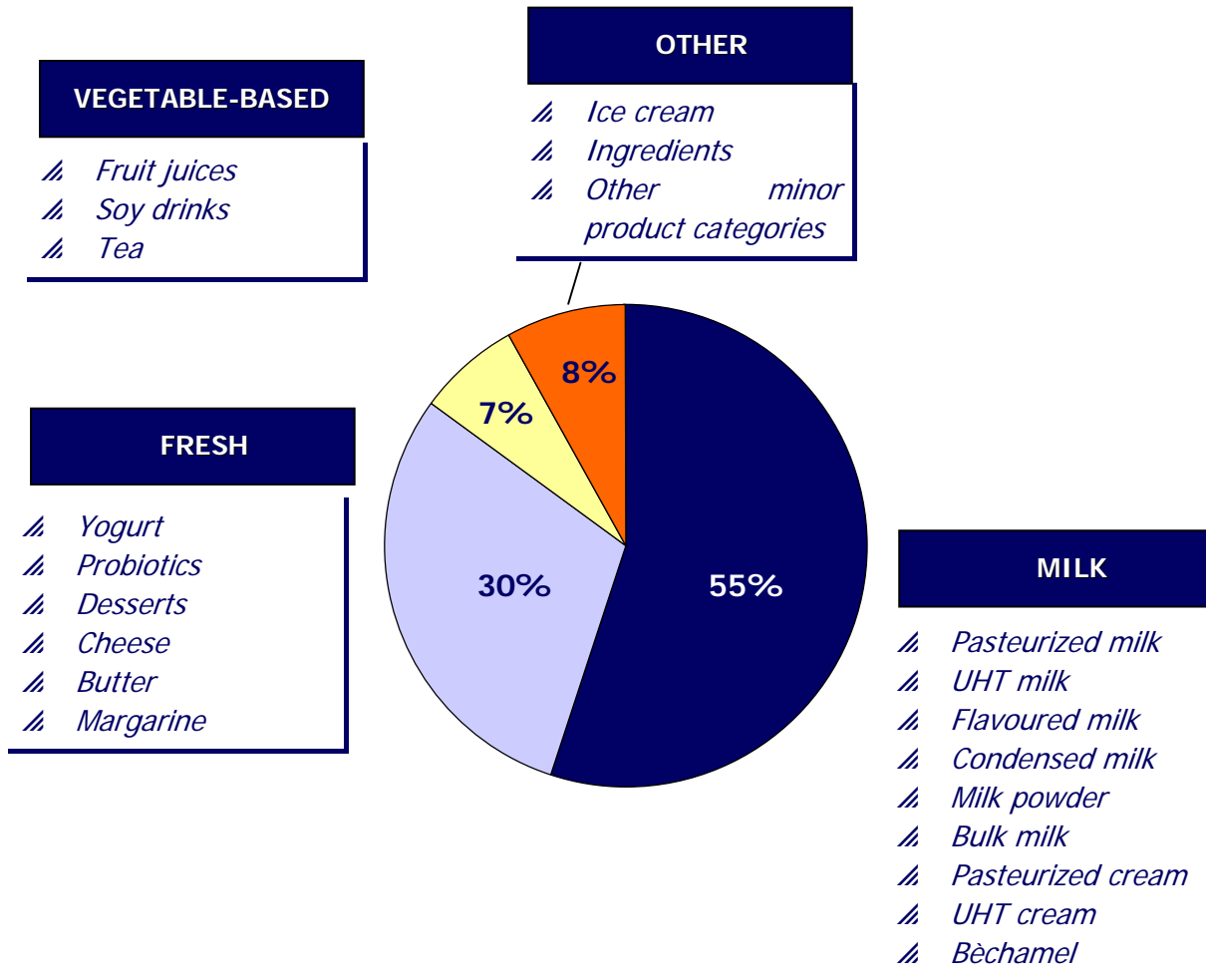
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# Business mix: product portfolio\*



## RECENT TRENDS

- /// Offering enlargement to include high value-added products (functionals)
- /// Introduction of cross-category products in the first months of 2005 (Parmalat Jeunesse brand). **Jeunesse** is a full line of low-fat, low calorie functional food supplemented with anti-oxidant ingredients (Q10) designed to combat cellular ageing

(\*) Data refer to group sales as at 31 December 2004



# Business mix: brand portfolio

## GLOBAL

/// Global presence



## INTERNATIONAL

/// Strong in regional markets

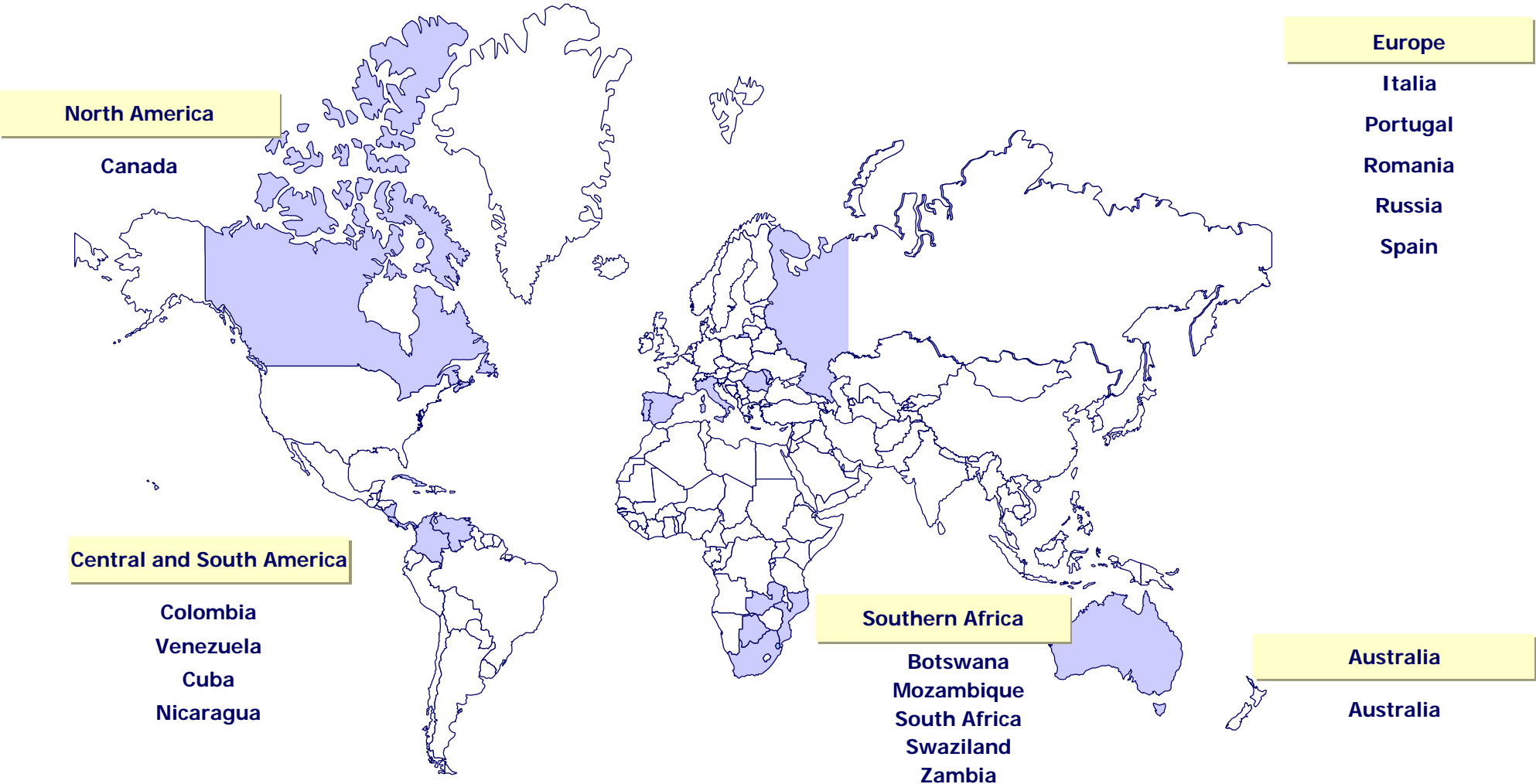


## LOCAL JEWELS

/// Particularly strong in local markets



# Business mix: geographic portfolio



# Leadership in key countries\*

## Italy

Product	Ranking
UHT milk	1st, with 32.4%
Cream	1st, with 36.6%
Bechamel sauce	1st, with 46.0%
Fresh pasteurized milk	1st, with 28.7%
Fruit-based drinks	2nd, with 12.9%

## Australia

Product	Ranking
Pasteurized milk	1st, with 20.7%
Flavoured milk	2nd, with 22.9%
Dessert	2nd, with 21.9%

## Canada

Product	Ranking
Milk	1st, with 21.0%
Cream	1st, with 25.7%
Butter	1st, with 21.2%
Margarine	2nd, with 12.8%
Yoghurt	2nd, with 24.7%

## South Africa

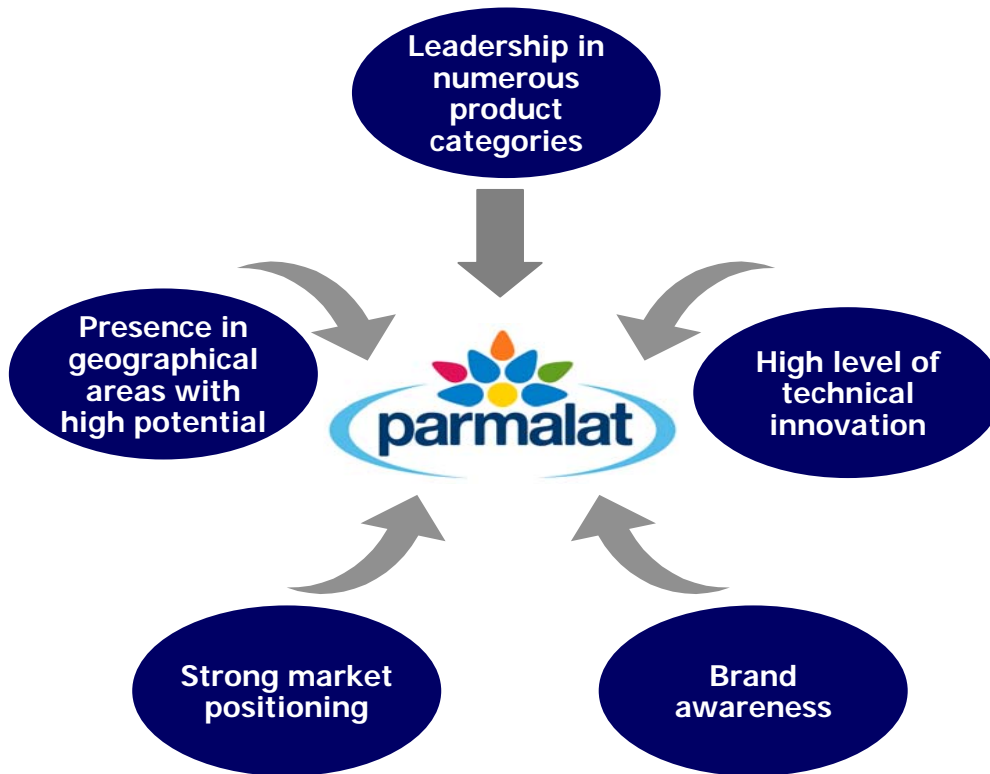
Product	Ranking
UHT milk	1st, with 32.0%
Butter	1st, with 35.0%
Cheese	1st, with 27.8%

(\*) Source: Parmalat group (last available data, refers at least to the first 2005 semester)



# Strengths and strategies

## STRENGTHS



## PLANS AND STRATEGIES

Focus on high value-added products

Focus on investing only in "key" brands

Innovation in process and product technology

Strengthen central organization

Implementation of cost-saving programmes

Improvement of logistics and distribution channels



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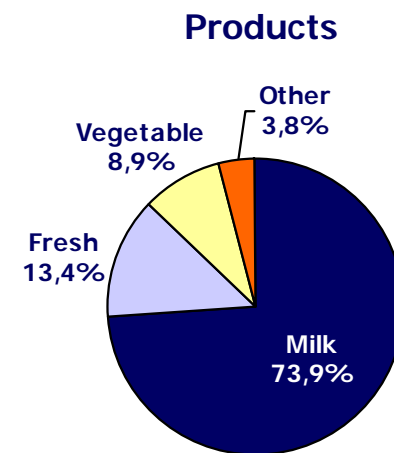


# Italy: business overview and financial data

## BUSINESS OVERVIEW

<b>MILK</b>	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Bechamel</li> <li>/// Cream</li> </ul>	
<b>FRESH</b>	<ul style="list-style-type: none"> <li>/// Yoghurt</li> <li>/// Desserts</li> </ul>	
<b>VEGETABLES</b>	<ul style="list-style-type: none"> <li>/// Juices</li> <li>/// Tomatoes</li> </ul>	
<b>OTHER**</b>	<ul style="list-style-type: none"> <li>/// Bakery</li> </ul>	
<b>CROSS CATEGORY</b>	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Yoghurt</li> <li>/// Dessert</li> </ul>	

## REVENUES BREAKDOWN 2004



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	1,117.2	598.0	1,134.7	1.6%
Oper. margin before amort., writedowns and allowances	89.9	42.3	96.2	7.0%
% revenues	8.0%	7.1%	8.5%	
Capex	13.6	3.6	15.0	

(\*) Figures refer to consolidated data and do not include assets that are going to be dismissed. 1st half 2005 figures are subject to BoD approval  
 (\*\*) Expected to be sold within December 2005

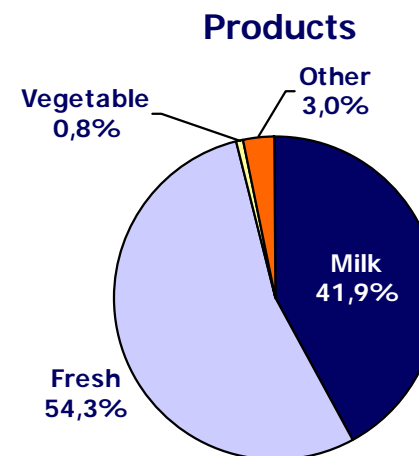


# Canada: business overview and financial data

## BUSINESS OVERVIEW

<b>MILK</b>	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Soya milk</li> <li>/// Cream</li> </ul>	
<b>FRESH</b>	<ul style="list-style-type: none"> <li>/// Yoghurt</li> <li>/// Desserts</li> <li>/// Butter</li> <li>/// Margarine</li> <li>/// Cheese</li> </ul>	
<b>VEGETABLES</b>	<ul style="list-style-type: none"> <li>/// Juices</li> </ul>	
<b>OTHER</b>	<ul style="list-style-type: none"> <li>/// Ingredients</li> </ul>	

## REVENUES BREAKDOWN 2004



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	1,187.4	603.4	1,315.2	10.8%
Oper. margin before amort., writedowns and allowances	87.4	44.7	102.3	17.0%
% revenues	7.4%	7.4%	7.8%	
Capex	10.1	2.5	13.1	

\* 1st half 2005 figures are subject to BoD approval

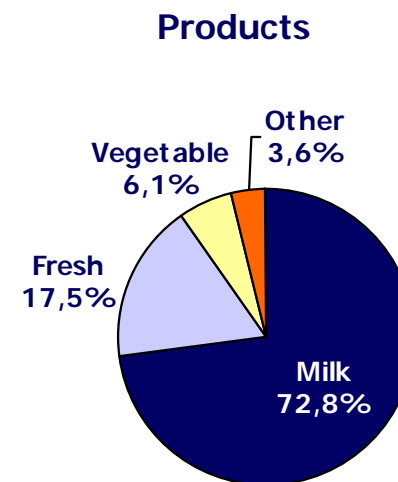


# Australia: business overview and financial data

## BUSINESS OVERVIEW

MILK	<ul style="list-style-type: none"> <li>/// UHT milk</li> <li>/// Pasteurized milk</li> <li>/// Special products</li> </ul>	
FRESH	<ul style="list-style-type: none"> <li>/// Yoghurt</li> <li>/// Desserts</li> <li>/// Butter</li> </ul>	
VEGETABLES	<ul style="list-style-type: none"> <li>/// Fruit-based drinks</li> </ul>	
OTHER	<ul style="list-style-type: none"> <li>/// Ingredients</li> </ul>	

## REVENUES BREAKDOWN 2004



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	384.3	192.2	396.2	3.1%
Oper. margin before amort., writedowns and allowances	32.8	16.5	38.7	18.0%
% revenues	8.5%	8.6%	9.8%	
Capex	7.2	4.1	9.2	

\* 1st half 2005 figures are subject to BoD approval

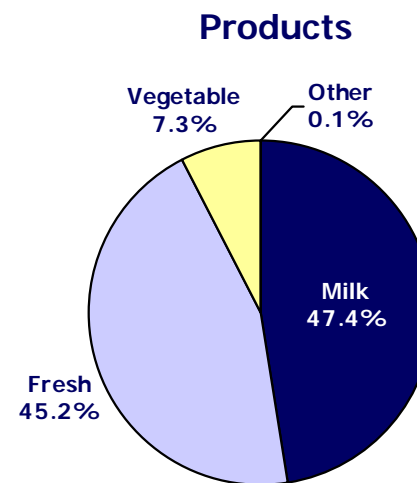


# Southern Africa: business overview and financial data

## BUSINESS OVERVIEW

MILK	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Cream</li> </ul>	
FRESH	<ul style="list-style-type: none"> <li>/// Yoghurt</li> <li>/// Desserts</li> <li>/// Butter</li> <li>/// Cheese</li> </ul>	
VEGETABLES	<ul style="list-style-type: none"> <li>/// Fruit-based drinks</li> </ul>	
OTHER	<ul style="list-style-type: none"> <li>/// Ingredients</li> </ul>	

## REVENUES BREAKDOWN 2004



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	278.0	149.1	302.0	8.6%
Oper. margin before amort., writedowns and allowances % revenues	26.4 9.5%	15.7 10.5%	30.3 10.0%	14.8%
Capex	5.4	3.1	8.7	

\* 1st half 2005 figures are subject to BoD approval

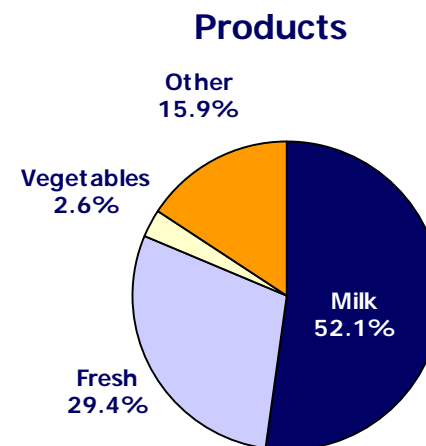


# Spain: business overview and financial data

## BUSINESS OVERVIEW

<b>MILK</b>	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Cream</li> </ul>	
<b>FRESH</b>	<ul style="list-style-type: none"> <li>/// Yoghurt</li> <li>/// Desserts</li> <li>/// Butter</li> <li>/// Cheese</li> </ul>	 
<b>VEGETABLES</b>	<ul style="list-style-type: none"> <li>/// Fruit-based drinks</li> </ul>	
<b>OTHER</b>	<ul style="list-style-type: none"> <li>/// Ice-cream</li> </ul>	

## REVENUES BREAKDOWN 2004



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	222.7	109.1	207.0	(7.0%)
Oper. margin before amort., writedowns and allowances	14.7	8.5	12.8	(12.9%)
% revenues	6.6%	7.8%	6.2%	
Capex	5.6	4.6	9.8	

\* 1st half 2005 figures are subject to BoD approval



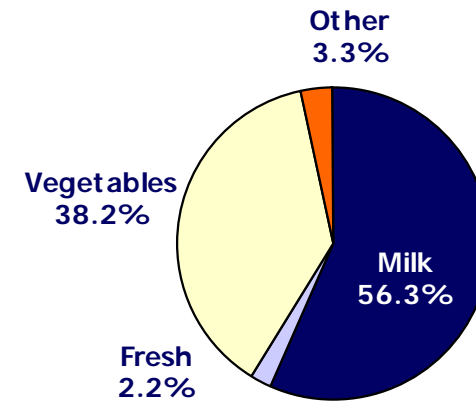
# Portugal: business overview and financial data

## BUSINESS OVERVIEW

MILK	<ul style="list-style-type: none"> <li>/// Milk</li> <li>/// Cream</li> </ul>	 
VEGETABLES	<ul style="list-style-type: none"> <li>/// Fruit-based drinks</li> </ul>	 

## REVENUES BREAKDOWN 2004

### Products



## KEY FINANCIAL DATA\*

€ mln	2004A	1H 2005A	2005E	% change
Revenues	87.0	32.9	76.6	(12.0%)
Oper. margin before amort., writedowns and allowances	8.1	3.4	6.3	(22.2%)
<i>% revenues</i>	9.3%	10.3%	8.2%	
Capex	0.5	0.1	0.5	

\* 1st half 2005 figures are subject to BoD approval



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# Key 2004 group earnings figures

∴ The group's results in the period ended 31 December 2004 are illustrated below; these reflect a loss of approx. € 185.0m, chiefly due to extraordinary charges of € 214.1m

Income statement	(€ mln)	(€ mln)
	Italian Gaap	IAS/IFRS
<b>Net Revenues</b>	<b>3,811.4</b>	<b>3,732.3</b>
<b>Oper. margin before amort., writedowns and allowances</b>	<b>265.7</b>	<b>269.0</b>
<i>% net revenues</i>	<i>7.0%</i>	<i>7.2%</i>
<b>Net Operating Result</b>	<b>105.7</b>	
<i>% net revenues</i>	<i>2.8%</i>	
Net financial income /(charges)	(128.1)	
Revaluation /(write-down) of financial assets	(0.4)	
Extraordinary revenues / (expenses)*	(151.7)	
Tax	(11.0)	
Minority interest (profit)/loss	0.5	
<b>Result for the year</b>	<b>(185.0)</b>	
<i>% net revenues</i>	<i>n.m.</i>	



\* Does not include income of € 160.0m from Nextra or procedural costs amounting to € 88.8m, as these have already been included in valuation of asset totals and hence are reflected in the recovery ratios. This item represents the balance between extraordinary income amounting to € 62.4m and extraordinary charges totalling € 214.1m

# Key 2004 balance sheet items (IFRS/IAS Gaap)

- Net debt approx. € 540m, net worth € 1,367.1m
- Intangible fixed assets worth € 1,517m, including goodwill of € 1,368m (€ 473.5m already reflected in group in EA, € 894.5m emerging upon transfer of assets)

	(€ m)
<b>Fixed assets</b>	<b>2,148.6</b>
Intangible assets	1,517.0
Tangible assets	565.8
Financial assets	65.8
<b>Net Working Capital</b>	<b>319.1</b>
<b>Discontinued Operations</b>	<b>40.1</b>
<b>Employee Severance Indemnity</b>	
<b>Provision</b>	<b>(89.4)</b>
<b>Provisions</b>	<b>(270.5)</b>
<b>Net Invested Capital</b>	<b>2,147.9</b>

<i>Parmalat Canada</i>	<i>(146.7)</i>
<i>Parmalat Australia</i>	<i>(2.2)</i>
<i>Parmalat Venezuela</i>	<i>(4.0)</i>
<i>Parmalat Africa</i>	<i>(16.3)</i>
<i>Parmalat S.p.A.</i>	<i>(249.2)</i>
<i>Other Companies</i>	<i>(12.5)</i>
<b>Cash e R&amp;R</b>	<b>(430.9)</b>

	(€ m)
<b>Shareholders' Equity</b>	<b>1,367.1</b>
Share Capital	1,541.2
Other reserves	(47.1)
Result for the year	(185.0)
Minority Interest	58.0
<b>Contested liabilities excl. convertible into share capital</b>	<b>238.9</b>
<b>Net Financial Debt</b>	<b>541.9</b>
Financial Debts	972.8
Cash & other financial assets	(430.9)
<b>Total Sources of Funds</b>	<b>2,147.9</b>

<i>Parmalat Canada</i>	<i>428.0</i>
<i>Parmalat Australia</i>	<i>169.5</i>
<i>Parmalat Venezuela</i>	<i>145.5</i>
<i>Parmalat Spagna</i>	<i>48.2</i>
<i>Parmalat Africa</i>	<i>46.0</i>
<i>Parmalat Portogallo</i>	<i>40.9</i>
<i>C. Latte Roma</i>	<i>26.6</i>
<i>Latte Sole</i>	<i>15.4</i>
<i>Parmalat S.p.A.</i>	<i>15.5</i>
<i>Other companies</i>	<i>16.8</i>
<i>Intercompany</i>	<i>20.4</i>
<b>Financial Debts</b>	<b>972.8</b>



# 2004 Main disposals

## ⚡ Stocks:

- ⚡ Mediocredito Centrale S.p.A. shares: financial impact: + € 22.0m
- ⚡ Capitalia S.p.A. shares: financial impact: + € 0.9m
- ⚡ Alfieri Investment Fund shares: financial impact + € 0.5m

## ⚡ Subsidiaries, assets:

- ⚡ Thailand: financial impact: + € 1.4m
- ⚡ Chile: financial impact: + € 33.1m
- ⚡ Mexico: financial impact: + € 23.0m
- ⚡ Dominican Republic: financial impact: € 11.6m
- ⚡ Argentina: financial impact: € 32.9m

⚡ **2004 disposals have generated a total financial impact of € 125.4m**



# 2005 Main disposals

## /// Completed:

- /// Mother's Cake & Cookie Co. and Archway: disposal of US bakery - financial impact: + € 31,5 m
- /// Parmalat USA, Farmaland Dairies LLC, Milk Products of Alabama: disposal of US dairy - financial impact: +€ 0,3 m
- /// Parmalat Uruguay SA : stake disposal - financial impact: + € 0,0 m
- /// NOM AG: share disposal - financial impact: + € 35,0 m
- /// Parmalat Nanjing Dairy Co. Ltd: stake disposal - financial impact: + € 0,0 m, subject to suspension condition expiring in December 2005
- /// Parmalat Tianjin Dairy Co. Ltd: stake disposal - financial impact: + € 0,0 m, subject to suspension condition expiring in December 2005

## /// In progress:

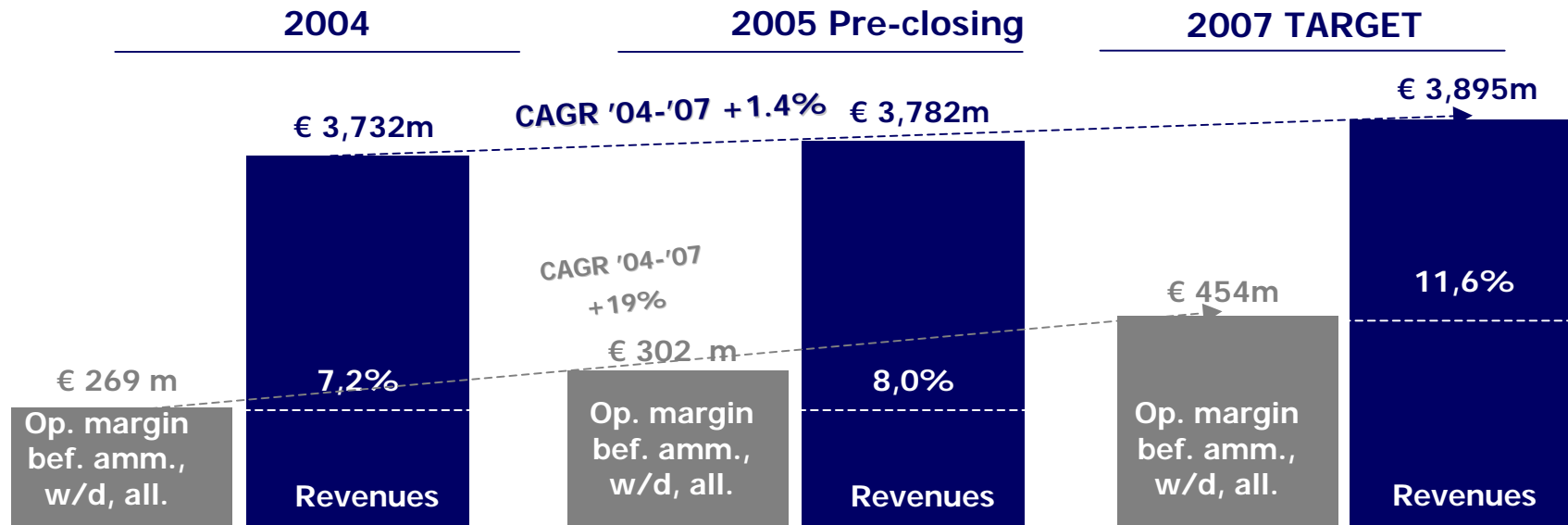
- /// Deutsche Parmalat GmbH and Parmalat Molkerei: disposal programme
- /// Parmalat Zhaodong Dairy Co Ltd: lease valid until August 2006
- /// Italy Bakery Division: business unit disposal
- /// F.Ili Strini srl in Extraordinary Administration: disposal programme authorized



# Key 2007 targets

## /// The 2005-2007 business plan provides for:

- /// Consolidating revenues
- /// Increasing profitability via:
  - /// cost and revenue synergies via co-ordination of the holding
  - /// focus on high value-added product lines
  - /// focusing marketing investment exclusively on "key" brands
  - /// improving distribution channel management
  - /// specific measures for each country area
  - /// reduction of group structure complexity



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## Legal proceedings: actions for damages\*

- ⚡ The reference parameter for the calculation of damage is the **plaintiff companies' deficiency**. From analyses conducted by the Extraordinary Commissioner and his consultants, maximum deficit at 31 December 2003 has been estimated at Euro 13,140 million for the Group under EA and Euro 13,889 million for subsidiary Parmalat S.p.A. under EA
- ⚡ Based on general principles of Italian law, damage is indemnifiable only if actually suffered and if confirmed in the course of proceedings. Therefore, the damages that may be awarded to the plaintiff company will at most equal the total **amount of damages suffered** and as confirmed in the course of proceedings – in the case at hand, equal to the amount of the deficit specified above – but may never exceed such amount
- ⚡ Based on the analyses conducted by his consultants, the Extraordinary Commissioner has requested **a single amount of damages from all the defendants**, such amount consisting of the indebtedness of the Group under EA, i.e., of the companies admitted to the Extraordinary Administration procedure. This has **two consequences**
  - ⚡ the Extraordinary Commissioner **may demand** (subject to the principle of joint liability under Article 2055 of the Italian Civil Code) **from each of the parties** he deems contributed to determining such damage, **all of the damage** produced in the interval between the time of the defendant's illicit conduct and the declaration of bankruptcy
  - ⚡ if the civil actions brought by the Extraordinary Commissioner result in payment of damages, **the amount of damages payable by the other defendants will have to be reduced by a corresponding amount**
- ⚡ In light of the facts and documents revealed and confirmed by the Commissioner and his consultants, the Extraordinary Commissioner believes that all of the civil actions he has initiated in Italy and in foreign countries are **well-grounded** and **merit continuation**. Nevertheless, all of such actions are still in their initial phases and, therefore, it is **impossible to forecast their possible results** or the amounts that may be recovered



(\*)

*For more detail please refer to the Supplement to the Official Prospectus, written in compliance with Art. 56 of the regulations approved with CONSOB Resolution no. 11971 of 14 May 1999 and subsequent amendments and filed with the CONSOB on 3 October 2005 following the notice of authorisation no. 5064595 of 29 September 2005*

# Legal proceedings: claw back actions\* and admitted claims

- ⚡ The total demanded with the claw back actions instituted by the Extraordinary Commissioner and still pending amounts to approximately Euro 7,458 million
- ⚡ In the period following publication of the Official Prospectus, the Extraordinary Commissioner instituted seven claw back actions against banks belonging to the Intesa Group for a total of Euro 1,024.4 million
- ⚡ The Extraordinary Commissioner also sued TetraPak International S.A., instituting a claw back action with reference to a loan transaction conducted in April 2003, pursuant to a loan agreement by which TetraPak International granted Parmalat Finance Corporation BV a loan of Euro 15 million. The agreement was also signed by Parmalat S.p.A., as guarantor of Parmalat Finance Corporation BV. The action seeks to recover the sum of approximately Euro 15.1 million that Parmalat Finance Corporation BV paid to TetraPak International on 4 August 2003
- ⚡ Except for the few cases described above, hearings for first appearance have already been held before the Italian Bankruptcy Judge for a majority of the instituted actions to void. The defendants have appeared in court and have raised numerous objections, both preliminary and on the merits
- ⚡ In the action to void instituted against Banca Popolare di Vicenza S.c.a.r.l., the defendant appeared in court and, in addition to preliminary objections and objections on the merits, presented a counterclaim against plaintiff Parmalat S.p.A. under EA, demanding that plaintiff be ordered to pay Euro 22.5 million in financial and moral damages suffered as a result of the fraudulent conduct of previous directors of the Parmalat Group under EA. No counterclaims were presented in the other actions to void.
- ⚡ The action to void instituted by Parmalat S.p.A. under EA and Parmalat Finance Corporation BV under EA against Morgan Stanley and Morgan Stanley Bank was abandoned following the settlement amounting to Euro 155 million stipulated between the Extraordinary Commissioner and said banking group
- ⚡ The Commissioner has presented claims towards other companies in liquidation or local proceedings (mainly Parmatour Group, Sata, Parma AC, Emmegi in EA, Boschi Luigi & F. in EA) for an amount equal to approx €1 billion. The total assets of the following companies seems to be not material



(\*)

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# Treatment of proceeds from actions for damages, actions to void and global settlements

	P&L	Tax		
	Description	Description	IRES	IRAP
<b>Actions for damages</b>	Extraordinary income	Subject to taxation	<b>33 %</b>	<b>4.25% (*)</b>
<b>Actions to void</b>	Extraordinary income after consideration of recovery ratios	Not subject to taxation	-	-
<b>Global settlements</b>	Extraordinary income	Subject to taxation	<b>33 %</b>	<b>4.25% (*)</b>

(\*) *Extraordinary income will be subjected to Irap tax only if they are connected to elements included in Irap's perimeter*



- ⚡ The strategy regarding South America is still on going due to the local situation

## BRASIL ISSUE

- ⚡ The Brazilian companies Parmalat Brasil Industria de Alimentos ("PA") and Parmalat Participacoes do Brasil Ltda ("PP") submitted separate restructuring plans, on 31 August 2005 and 9 September 2005 respectively
- ⚡ The procedures must be completed within 120 days of the date of submission (amendments, creditors' vote, approval/rejection)
  - 1) PA restructuring plan:
    - 70% recovery ratio for suppliers, 40% for financial creditors
    - existing debt rescheduled through a 12-year bond issue
    - € 20m rights issue (equal to 95% of share capital) offered to PP creditors under pre-emption rights; if PP creditors do not take up their rights, Parmalat S.p.A. may subscribe them
    - Disposal of non core assets
  - 2) PP restructuring plan:
    - the company's creditors will receive:
      - a) the right to subscribe to the rights issue referred to above;
      - b) all income potentially deriving from legal proceedings pending;
      - c) the right to subscribe to a further rights issue in an amount of up to 20% of the equity for the next 12 years

## VENEZUELA ISSUE

- ⚡ The credit restructuring of the Venezuelan companies depends on the local banking community appetite versus the companies. The local banks have declared their availability to consider such a credit restructuring, once the legal frame has been cleared



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## CORPORATE GOVERNANCE GUIDELINES

- ⚡ At a meeting of the Board of Directors of Parmalat held on 1 March 2005, a resolution was passed to approve the corporate governance guidelines included in the Restructuring Plan, and in particular to adopt:
  - ⚡ **corporate governance statement in compliance with code of conduct for listed companies**
  - ⚡ **code of conduct in respect of internal dealing**
  - ⚡ **ethical code**

## COMPANY ARTICLES OF ASSOCIATION

- ⚡ The company's articles of association provide *inter alia* that:
  - ⚡ the Board of Directors shall comprise 11 members, at least 6 of whom must be independent; the term of office they serve may not exceed a period of three financial years
  - ⚡ Directors are elected via a voting list method by shareholders representing no less than 1% of the company's shares. The voting mechanism is intended to ensure i) that independent directors are elected, and ii) that at least two directors are appointed by minority shareholders
  - ⚡ the independence of the Directors is reviewed at least once a year by the Board, and if the Board deems 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
  - ⚡ The company shall be bound to pay shareholders an amount equal to 50% of earnings shown as distributable in the company's financial statements, which earnings shall include any income deriving from action initiated to revoke payments made and/or from any claims for damages (including out-of-court settlements) net of any related costs

# Corporate governance (cont.)

## BOARD OF DIRECTORS

- ⚡ The present BoD comprises 7 members; the company's articles of association provide that once at least 50.1% of the shares comprising the company's share capital have been distributed to shareholders other than Fondazione Creditori Parmalat, or, without prejudice to the foregoing, no later than 26 September 2005 the BoD will automatically tender its resignation. BoD, presently *in prorogatio*, will be renewed during the Parmalat shareholders' meeting to be held in November 2005.

## CORPORATE GOVERNANCE STATEMENT

- ⚡ The statement on corporate governance in compliance with the code of conduct for listed companies identifies the bodies responsible for the company's internal control and for regulating its operations, which are in particular:
  - ⚡ internal control and corporate governance committee
  - ⚡ remuneration committee
  - ⚡ appointments committee

## COMMITTEE FOR LEGAL DISPUTES

- ⚡ The Board of Directors has also undertaken to establish a sub-committee to deal with legal disputes. The majority of this committee shall be independent directors, at least one of whom shall be taken from a minority list. The committee shall act in an advisory capacity to the Chief Executive Officer in legal disputes arising from the insolvency of companies which are parties to composition with creditors (action for revocation of payment, claims for damages, and liability)

## AUDIT

- ⚡ The structure and the role of the Internal Audit function has been defined by the company
- ⚡ The activity has been given in outsourcing to audit company Ernst&Young



# Corporate governance (cont.)

## ORGANIZATIONAL CHART

