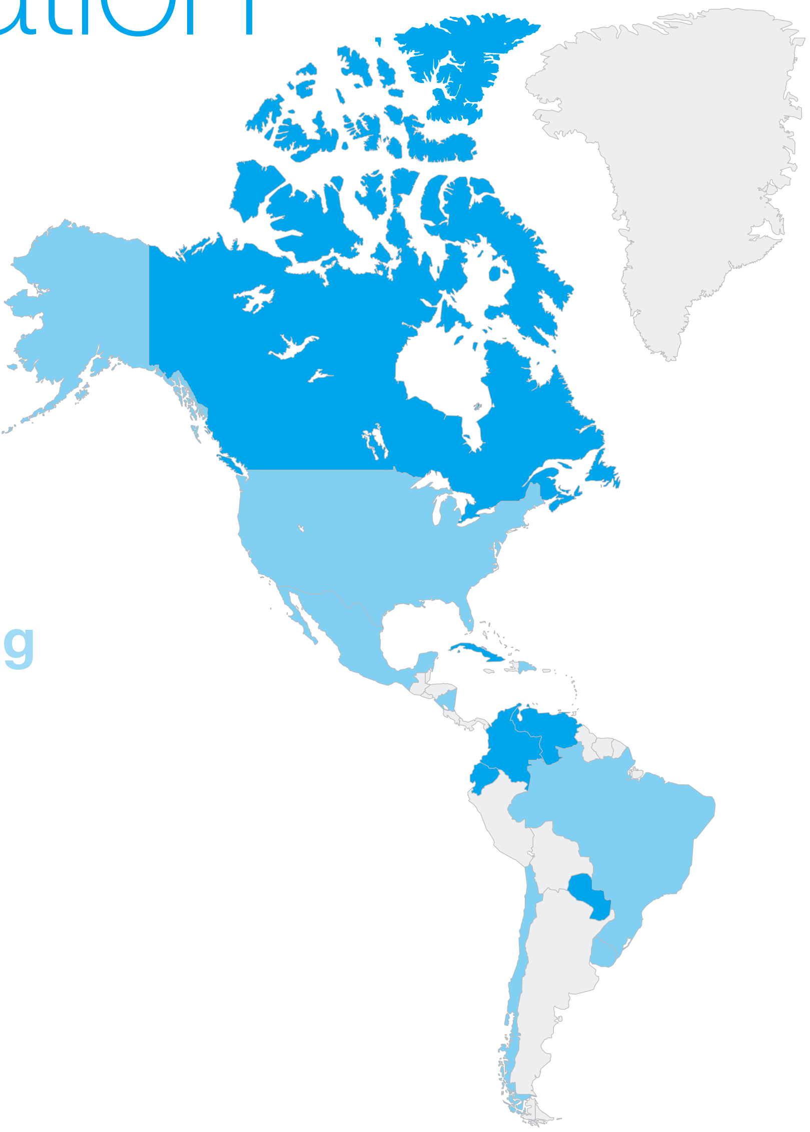
Annual Report
2009

Company listed on the Italian Stock Exchange since October 6th, 2005

The Parmalat Group is one of the major players worldwide in the production and distribution of food and beverages essential for daily well-being: milk, dairy products (yoghurts, cream-based sauces, desserts and cheeses) and fruit-based beverages, which in 2009 generated revenues for about 4 billion euros. About 14,000 employees work for Parmalat in Europe, the Americas, Africa and Australia. Parmalat S.p.A., the Parent Company, is listed on the Italian Stock Exchange since October 2005.

Annual Report 2009

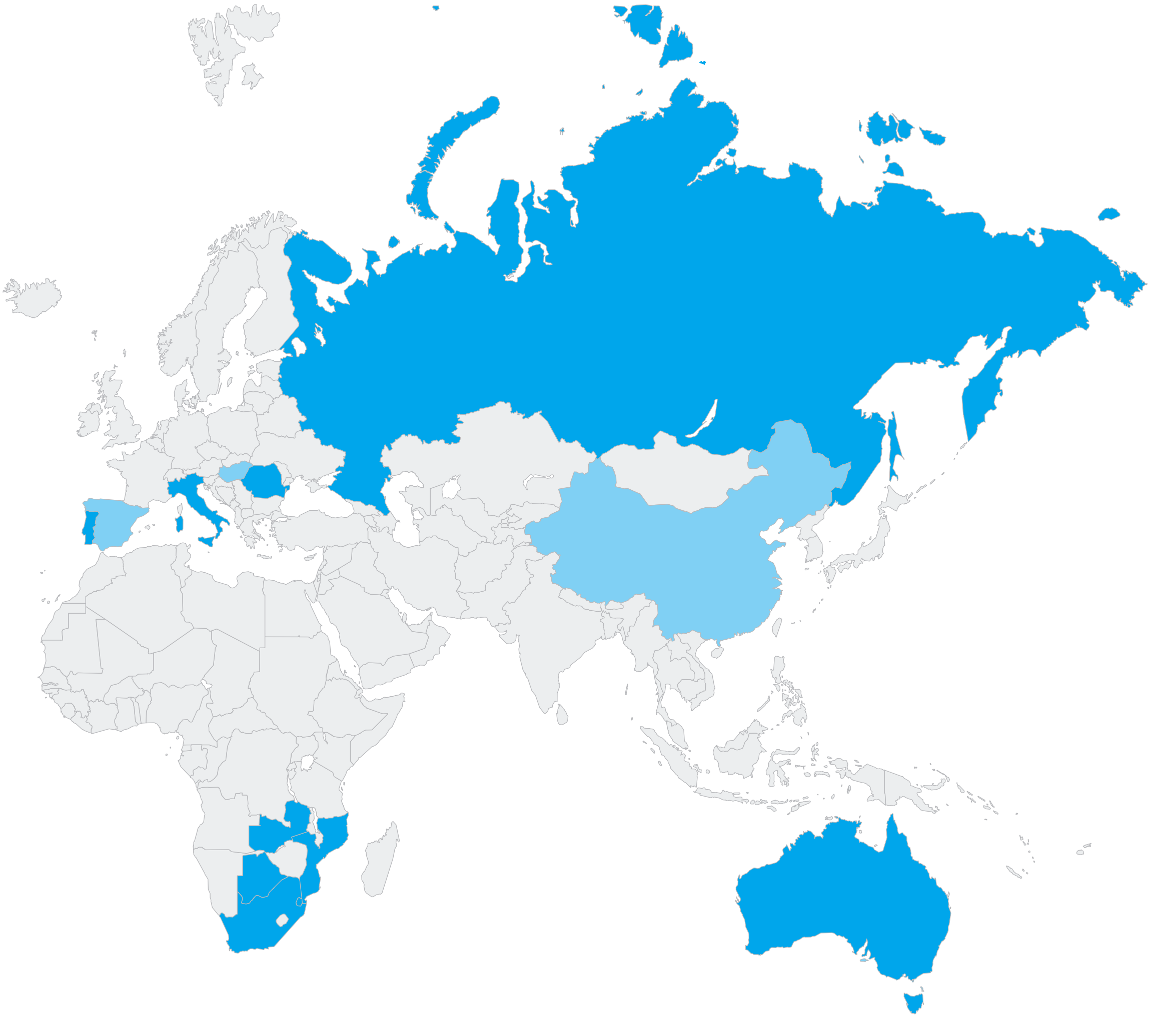
Countries of Operation



68
manufacturing facilities

about
14,000
employees

about
4 bn € **net revenues**



PRESENCE THROUGH MANUFACTURING

Italy, Russia, Portugal, Romania, Canada, South Africa, Zambia, Botswana, Mozambique, Swaziland, Australia, Venezuela, Colombia, Paraguay, Ecuador, Cuba.

PRESENCE THROUGH LICENSEES

Brazil, Chile, China, Hungary, Mexico, Nicaragua, Dominican Republic, Spain, United States of America, Uruguay.

Contents

PARMALAT S.P.A.

PARMALAT GROUP

Mission

NUTRITION AND WELLNESS ALL OVER THE WORLD.

The Parmalat Group is an Italian food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.

We intend to establish Parmalat as one of the top players in the global market for functional foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.

Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group.

A Letter to Shareholders

DEAR SHAREHOLDERS,

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

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

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

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

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

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

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

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

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

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

The Board of Directors

Financial Highlights

Income Statement Highlights (in millions of euros)

PARMALAT GROUP 2008	PARMALAT GROUP 2009		PARMALAT S.P.A. 2009	PARMALAT S.P.A. 2008
3,910.4	3,964.8	NET REVENUES	820.0	896.5
316.6	367.8	EBITDA	73.3	59.7
738.8	666.8	EBIT	386.7	539.3
675.7	521.5	NET PROFIT	372.8	615.4
18.8	16.7	EBIT/REVENUES (%)	45.8	58.5
17.2	13.1	NET PROFIT/REVENUES (%)	44.1	66.7

Balance Sheet Highlights (in millions of euros)

PARMALAT GROUP 12.31.2008	PARMALAT GROUP 12.31.2009		PARMALAT S.P.A. 12.31.2009	PARMALAT S.P.A. 12.31.2008
1,108.8	1,384.6	NET FINANCIAL ASSETS	1,486.8	1,441.2
41.6	37.1	ROI (%)(1)	63.6	86.8
24.5	17.1	ROE (%)(1)	13.4	23.8
0.7	0.7	EQUITY/ASSETS	0.9	0.8
(0.4)	(0.4)	NET FINANCIAL POSITION/EQUITY	(0.5)	(0.5)
0.15	0.18	OPERATING CASH FLOW PER SHARE	0.06	0.05

(1) Indices computed based on annualized data for the income statement and on average data for the year for the balance sheet.

Our Brands

Global Brands

International Brands

These Parmalat trademarks are available in several countries, with direct production and with license agreements.

Local Jewels

Australia

Canada

Italy

Colombia

Portugal

South Africa

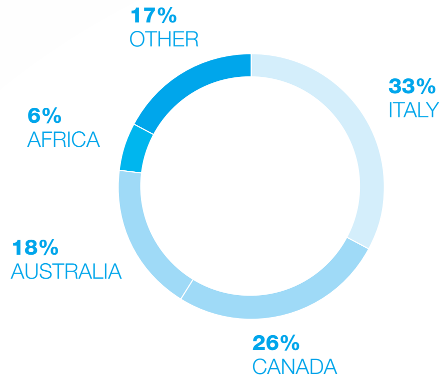
Venezuela

All Parmalat Group trademarks are registered in the relevant international classes of goods.

DIVISIONS BY GEOGRAPHIC REGION (%)

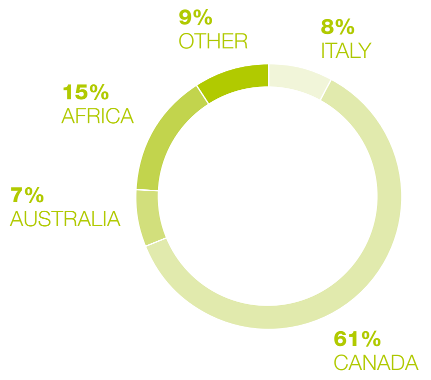
MILK

The Milk Division, which includes milk in all of its marketable forms (UHT, pasteurized, condensed, powdered, etc.), cream and béchamel, accounts for about 58% of the Group's total consolidated revenues. Milk sales are concentrated mainly in Italy (37%, divided equally between UHT milk and pasteurized milk), Canada and Australia, two countries where pasteurized milk is the main product.



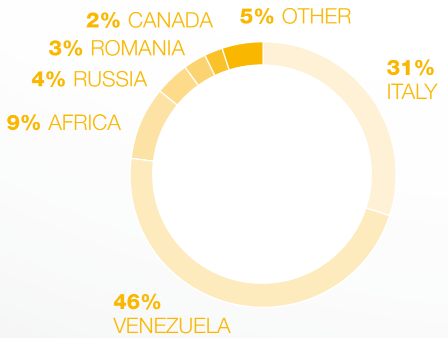
MILK DERIVATIVES

The Milk Derivatives Division, which includes yoghurt, desserts, butter and cheese, contributes about 31% of the Group's total consolidated revenues. The Division's largest markets are Canada, where it sells mainly cheese, butter and yoghurt, and South Africa, where it distributes cheese and yoghurt, followed by Italy (cheese and yoghurt) and Australia (yoghurt and desserts).



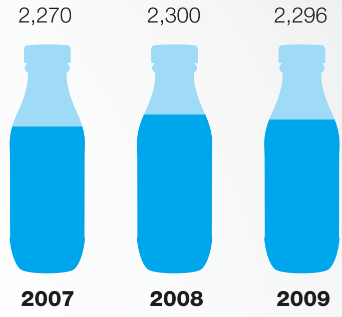
FRUIT BASED DRINKS

The Fruit Based Drinks Division, which includes fruit juices and tea, accounts for about 8% of the Group's total consolidated revenues. The Division generates most of its sales in Italy and Venezuela, which together contribute about 77% of total revenues. Other important markets include South Africa, Russia and Romania, where sales consist exclusively of Santàl fruit juices.



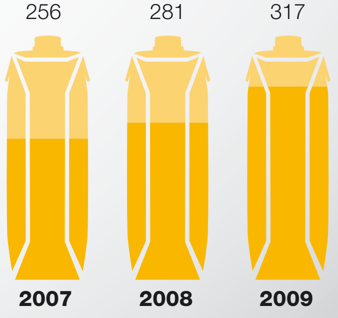
TREND BY DIVISION (€ M)

The Milk Division grew by an average of 1% (CAGR) between 2007 and 2009, with the main Business Units performing as follows: in Italy, revenues decreased by 6% on average due to lower unit sales deriving from Newlat disposal (sold in May 2008); in Australia - not considering the new operations acquired during 2009 (PFP) - the average growth rate was 3% and so was in Canada (+6%). The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.



The Milk Derivatives Division grew by an average of 1% (CAGR) between 2007 and 2009, with the main Business Units performing as follows: in Canada, the Division increased its revenues by 2% on average; in Italy, the Division revenues were significantly down due mainly to the disposal of the "Lodi" operations (cheeses); in Africa, revenues were up by an average of +12%. The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.

The Fruit Based Drinks Division grew by an average of 11% (CAGR) between 2007 and 2009, with the main Business Units performing as follows: in Italy, the growth rate for the period was virtually flat; in Venezuela, the growth rate was 43% on average. The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.



Information about Parmalat's Securities

The securities of Parmalat S.p.A. have been trading on the Milan Online Stock Market since October 6, 2005. The key data for 2009 are summarized below:

	COMMON SHARES	WARRANT
Securities outstanding at 12.30.09	1,712,558,142	70,648,417
Closing price on 12.30.09	1.952	0.953
Capitalization	3,342,913,493.18	67,327,941.40
High for the year (in euros)	2.0625 November 25, 2009	1.059 November 25, 2009
Low for the year (in euros)	1.15 January 2, 2009	0.461 March 10, 2009
Average price in December (in euros)	1.95	0.95
Highest daily trading volume	97,174,784 September 22, 2009	834,505 November 9, 2009
Lowest daily trading volume	1,767,615 January 26, 2009	8,250 January 26,2009
Average trading volume in December	5,866,706[1]	155,453

(1) 0.34% of the share capital

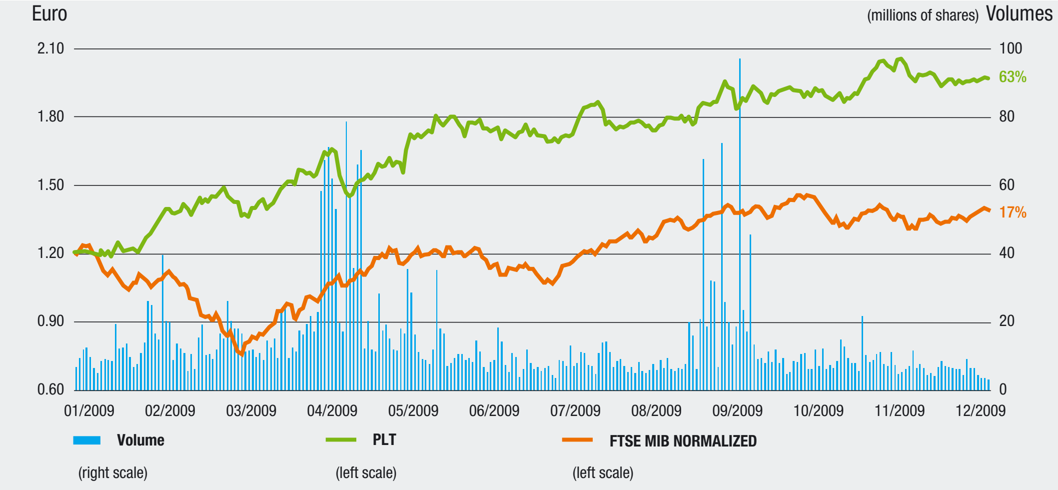
Performance of Parmalat's Shares

The chart that follows compares the performance of the Parmalat shares with that of the main Italian market index: FTSE MIB.

In 2009, following a period of wide price fluctuations in 2008, which should be viewed within the context of the global financial crisis that shook all financial markets, the Parmalat shares outperformed the FTSE MIB market index, as shown in the chart on the next page.
This positive performance is partly explained by the fact that Parmalat, as a food company, belongs to an industry that is countercyclical with respect to macroeconomic and consumption crises, but also reflects the impact of the operating and financial results achieved by the Company in 2009.

The Parmalat shares have been part of the DJ STOXX 600 Index since March 2006 and were added to the MSCI World Index on June 1, 2007.

Parmalat 2009 Share Price Performance



Source: Bloomberg

Shareholder Base

As required by Article 120 of the Uniform Financial Code, the table below lists the shareholders who held a significant interest in the Company at February 24, 2010:

SHAREHOLDER	EQUITY INTERESTS COMPUTED ON DEPOSITED SHARE CAPITAL AT FEBRUARY 24, 2010			
	NO. OF SHARES	PLEDGED SHARES		PERCENTAGE
		NO. OF SHARES	PERCENTAGE	
Mackenzie Cundill Investments Mng. Ltd	126,207,316			7.307%
Goldman Sachs Asset Mng. LP	83,898,785			4.857%
Blackrock Investment Mng	53,539,354			3.100%
Total for the Intesa S. Paolo Group	40,274,358			2.332%
shares held by Intesa Sanpaolo S.p.A.	*36,930,518*	*411,658*	*0.00025*	*2.138%*
shares held by other banks of the Sanpaolo Imi Group	*3,343,840*			*0.194%*
Skagen AS	35,023,225			2.028%
Total significant interests	**338,943,038**			**19.623%**

For the sake of full disclosure, please note that, as a result of the share allocation process and the resulting crediting of shares to the creditors of the Parmalat Group, as of the writing of this Report, the Company's subscribed capital increased by 14,742,196 euros. Consequently, the share capital, which totaled 1,712,558,142 euros at December 23, 2009, at February 24, 2010 amounts to 1,727,300,338 euros.

More specifically, 35,726,611 shares, equal to 2.1% of the share capital, are still held on deposit by Parmalat S.p.A. A breakdown of these shares is as follows:
- 25,295,947 shares, equal to 1.5% of the share capital, are owned by commercial creditors who have been identified by name and are held by Parmalat S.p.A. as intermediary through the Monte Titoli centralized securities clearing system;
- 10,430,664 shares, equal to 0.6% of the share capital, are registered in the name of Fondazione Creditori Parmalat, broken down as follows:
  - 120,000 shares represent the initial capital of Parmalat S.p.A.;
  - 10,310,664 shares, equal to 0.6% of the share capital, belong to creditors who have not yet claimed them.

The maintenance of the Stock Register has been outsourced to Servizio Titoli S.p.A.

Characteristics of the Securities

Shares

The shares are common, registered shares, regular ranking for dividends as of January 1 of the year in which the capital increase through which they were issued was carried out.

The Extraordinary Shareholders' Meeting of March 1, 2005 approved a capital increase of up to 2,009,967,908 euros, reserved as follows:
a) up to 1,502,374,237 euros for unsecured creditors with verified claims;
b) up to 38,700,853 euros for Fondazione Creditori Parmalat;
c) up to 238,892,818 euros for creditors with contested or conditional claims;
d) up to 150,000,000 euros for late-filing creditors;
e) up to 80,000,000 euros for the conversion of warrants.

The Extraordinary Shareholders' Meeting of September 19, 2005 approved a resolution making "permeable" the tranches into which the capital increase approved at the Shareholders' Meeting of March 1, 2005 is divided.

On April 28, 2007, the Shareholders' Meeting, convened in Extraordinary Session and acting pursuant to Article 5 of the Company Bylaws, approved a resolution increasing from 80 million euros to 95 million euros the share capital reserved for the conversion of warrants.
Consequently, the Company's share capital totals 2,025 million euros, an amount that includes 95 million euros reserved for the exercise of warrants.

If one of the tranches into which the abovementioned capital increase is divided (except for the first tranche – for an amount up to 1,502 million euros – and the last tranche of 80,000,000 euros – now 95,000,000 euros – reserved for warrant conversion purposes) should contain more shares than are needed to actually convert into share capital the claims for which it has been reserved, the surplus can be used to draw the resources needed to convert the claims of a different category of creditors, whose conversion needs are greater than those that can be accommodated with the capital increase tranche reserved for them pursuant to the resolution approved by the Extraordinary Shareholders' Meeting of March 1, 2005.

Acting in accordance with the abovementioned resolutions of the Shareholders' Meeting, the Board of Directors carried out the requisite capital increases, as needed.

Warrant

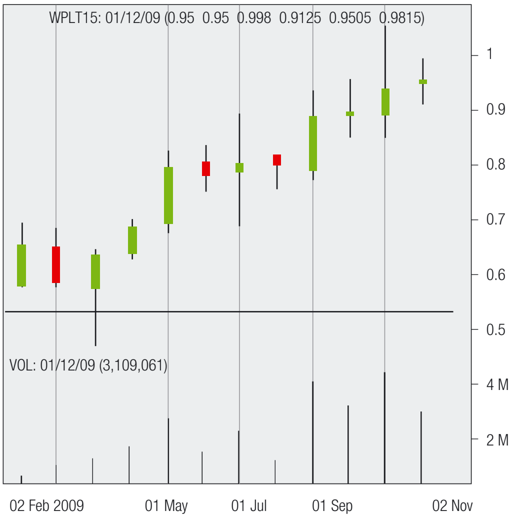
The warrants, which have a par value of 1 euro each, are issued in dematerialized form and have been negotiable on the Online Stock Market since the date of listing (October 28, 2005).

Each warrant conveys the right to subscribe shares at par for cash on a continuous basis, effective on the tenth day of the month following the month when the application to exercise is filed in a given calendar year, from 2005 to 2015.

The terms and conditions for the exercise of the warrants are set forth in the respective regulations, which were approved by the Company's Board of Directors on March 1, 2005 and are available at the Parmalat website (www.parmalat.com).

The additional shares issued through the exercise of the warrants will be issued with regular ranking, i.e., with a valid coupon as of the effective exercise date of the warrants.

Parmalat 2009 warrant performance



Source: Teleborsa Spa 2010

Global Depositary Receipts

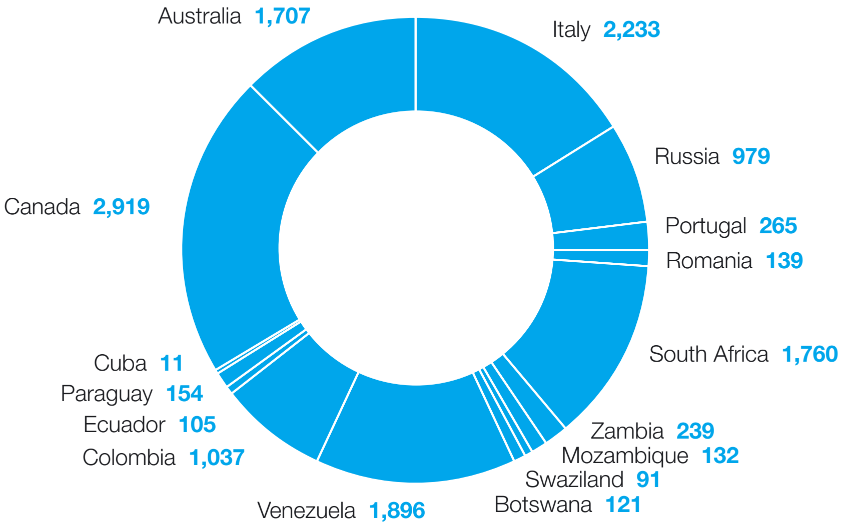
Pursuant to the Composition with Creditors and with express exemption from any related liability, the Fondazione Creditori Parmalat and the Issuer have been authorized, each within the scope of its jurisdiction, to award to unsecured creditors who can be classified as "Qualified Institutional Buyers" or "Accredited Investors" (in accordance with the meaning that these terms have pursuant to the "General Rules and Regulations Under the U.S. Securities Act of 1933") the Issuer's shares and warrants that they are entitled to receive in the form of Global Depositary Receipts, and to take all steps necessary to establish the required Global Depositary Receipts Programs.

The credit institution that issues these financial instruments is the Bank of New York, which should be contacted for all related documents and transactions.

Human Resources

The Company views the empowerment of its human resources as a key driver of its future growth.

Performance assessment, identification and management of key resources and succession plans represent the implementation of the Group's Mission and Values in the Human Resource area. Coupled with carefully planned training and compensation programs, they are the main tools to attract, motivate and retain valuable resources. These tools provide a common reference framework that also respects the cultural diversities of the companies within the Group and benefits from these diversities.
The charts shows a breakdown by country of the Group's staff at December 31, 2009.



Governance Bodies

Board of Directors

Chairman	Raffaele Picella
Chief Executive Officer	Enrico Bondi
Directors	Piergiorgio Alberti(i) Massimo Confortini(i) (3) Marco De Benedetti(i) (2) Andrea Guerra(i) (2) Vittorio Mincato(i) (3) Erder Mingoli(i) Marzio Saà(i) (1) Carlo Secchi(i) (1) (2) Ferdinando Superti Furga(i) (1) (3)

(i) Independent Director
(1) Member of the Internal Control and Corporate Governance Committee
(2) Member of the Nominating and Compensation Committee
(3) Member of the Litigation Committee

Board of Statutory Auditors

Chairman	Alessandro Dolcetti
Statutory Auditors	Enzio Bermani Renato Colavolpe

Independent Auditors

PricewaterhouseCoopers S.p.A.

Report on Operations

Review of Operating and Financial Performance

Parmalat Group

Net revenues, restated at constant exchange rates and scope of consolidation and without the effect of the inflationary accounting rules applied to Venezuela, totaled 3,878.1 million euros, or 22.6 million euros more (+0.6%) than the 3,855.5 million euros reported in 2008. The list price increases implemented in some countries as part of the sales policy launched the previous year to rebuild profitability account for most of the increase in net revenues.

EBITDA, restated at constant exchange rates and scope of consolidation and without the effect of the inflationary accounting rules applied to Venezuela, grew to 374.3 million euros, for a gain of 61.9 million euros (+19.8%) compared with the 312.4 million euros earned in 2008.
The Group, while continuing to face strong competitive pressure from private labels, improved profitability, thanks both to the list price increases, net of discount, adopted in 2008 that had a continued impact in 2009, and the price increases adopted in 2009, as well as from the savings obtained on raw milk purchasing in almost all of the countries where Parmalat operates.
The beneficial impact of these factors were partially offset by the increase in operating and structuring costs by about 43 million euros of which approximately 20 million euros related to inflation issues in Venezuela and approximately 20 million euros for the increase in marketing costs.

EBIT amounted to 666.8 million euros, down from 738.8 million euros in 2008. In addition to EBITDA (367.8 million euros), the main items that had an impact on EBIT included proceeds from litigation settlements of 441.8 million euros (668.4 million euros in 2008) and litigation-related legal expenses of 14.7 million euros (47.5 million euros in 2008).
Depreciation, amortization and writedowns of non-current assets totaled 117.3 million euros (213.1 million euros in 2008, including a charge of 111.0 million euros required by impairment tests).

Group interest in net profit decreased to 519.0 million euros, or 154.1 million euros less than the 673.1 million euros earned in 2008, due mainly to a reduction in the contribution provided by litigation settlements and higher taxes on the Group's operating results.

Operating working capital grew to 343.1 million euros, or 13.9 million euros more than at December 31, 2008, when it amounted to 329.2 million euros. This increase reflects primarily the effect of translating the financial statements of companies that operate in countries outside the euro zone, offset in part by a decrease in the trade payables owed by Parmalat S.p.A. that reflects the lower price for raw milk and a reduction in litigation-related legal expenses incurred during the year.

Net invested capital amounted to 1,872.2 million euros, for an increase of 138.9 million euros compared with 1,733.3 million euros at December 31, 2008. The effect of translating the financial statements of companies that operate in countries outside the euro zone and the restatements of property, plant and equipment, intangibles and inventories held by the Venezuelan subsidiaries recognized to account for hyperinflation are the main reasons for this increase.

The Group's **net financial assets** increased to 1,384.6 million euros, or 275.8 million euros more than at December 31, 2008, when they totaled 1,108.8 million euros. This improvement reflects the combined impact of the following factors: the cash flow from operating activities (200.6 million euros), the cash flow used for nonrecurring activities (40.4 million euros, related mainly to the purchase of some fresh milk production and processing assets from National Foods), the cash flow from litigation settlements (379.8 million euros, as the net result of 438.2 million euros in proceeds from settlements reached during the year, 27.4 million euros in costs incurred to pursue the corresponding legal actions and 31.0 million euros in applicable income taxes), the cash flow from financial transactions (12.7 million euros), the payment of dividends (234.7 million euros, including 231.9 million euros paid by the Group's Parent Company for the 2008 final dividend and the 2009 interim dividend) and the impact of the translation into euros of the net borrowings of companies that operate outside the euro zone (16.8 million euros)

Group interest in shareholders' equity grew to 3,232.3 million euros. The increase of 415.1 million euros compared with the amount at December 31, 2008 (2,817.2 million euros) is due mainly to the Group's net profit for the year (519.0 million euros), the translation into euros of the financial statements of companies that operate in countries outside the euro zone (107.7 million euros) and the restatement of the opening balances in the financial statements of Venezuelan subsidiaries recognized to account for hyperinflation (21.5 million euros), offset in part by the 2008 final dividend (162.5 million euros) declared by the Ordinary Shareholders' Meeting on April 9, 2009 and the 2009 interim dividend (69.8 million euros) approved by the Board of Directors on July 30, 2009.

Parmalat Group

Reclassified Consolidated Income Statement

(€ m)

	2009	2008
REVENUES	**3,992.1**	**3,940.0**
Net revenues	3,964.8	3,910.4
Other revenues	27.3	29.6
OPERATING EXPENSES	**(3,609.4)**	**(3,612.7)**
Purchases, services and miscellaneous costs	(3,135.0)	(3,163.3)
Labor costs	(474.4)	(449.4)
Subtotal	**382.7**	**327.3**
Writedowns of receivables and other provisions	(14.9)	(10.7)
EBITDA	**367.8**	**316.6**
Depreciation, amortization and writedowns of non-current assets	(117.3)	(213.1)
Other income and expenses:		
- Litigation-related legal expenses	(14.7)	(47.5)
- Miscellaneous income and expenses	431.0	682.8
EBIT	**666.8**	**738.8**
Financial income	46.3	70.4
Financial expense	(50.9)	(51.7)
Net foreign currency translation gain (loss)	(1.4)	(5.2)
Other income from (charges for) equity investments	5.6	5.4
PROFIT BEFORE TAXES	**666.4**	**757.7**
Income taxes	(144.9)	(82.0)
NET PROFIT FROM CONTINUING OPERATIONS	**521.5**	**675.7**
NET PROFIT FOR THE YEAR	**521.5**	**675.7**
Minority interest in net (profit) loss	(2.5)	(2.6)
Group interest in net profit	519.0	673.1
Continuing operations:		
Basic earnings per share	**0.3055**	**0.4042**
Diluted earnings per share	**0.3005**	**0.3958**

Reclassified Consolidated Balance Sheet

(€ m)

	12.31.2009	12.31.2008
NON-CURRENT ASSETS	**1,900.1**	**1,698.7**
Intangibles	1,063.5	999.2
Property, plant and equipment	774.0	646.3
Non-current financial assets	11.4	8.4
Deferred-tax assets	51.2	44.8
HELD-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**1.0**	**8.1**
NET WORKING CAPITAL	**352.9**	**379.7**
Inventories	376.1	333.6
Trade receivables	459.9	465.5
Trade payables (-)	(492.9)	(469.9)
OPERATING WORKING CAPITAL	**343.1**	**329.2**
Other current assets	211.8	246.2
Other current liabilities (-)	(202.0)	(195.7)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,254.0**	**2,086.5**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(92.6)**	**(87.1)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(282.6)**	**(256.4)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(6.6)**	**(9.7)**
NET INVESTED CAPITAL	**1,872.2**	**1,733.3**
Covered by:		
SHAREHOLDERS' EQUITY1[(1)]	**3,256.8**	**2,842.1**
Share capital	1,712.6	1,687.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	168.8	193.2
Other reserves and retained earnings	901.7	393.5
Interim dividend	(69.8)	(130.0)
Profit for the year	519.0	673.1
Minority interest in shareholders' equity	24.5	24.9
NET FINANCIAL ASSETS	**(1,384.6)**	**(1,108.8)**
Loans payable to banks and other lenders	254.4	492.6
Loans payable to investee companies	6.0	6.2
Other financial assets (-)	(1,216.8)	(706.4)
Cash and cash equivalents (-)	(428.2)	(901.2)
TOTAL COVERAGE SOURCES	**1,872.2**	**1,733.3**

(1) A schedule reconciling the result and shareholders' equity at December 31, 2009 of Parmalat S.p.A. to the consolidated result and shareholders' equity is provided in the Notes to the Consolidated Financial Statements.

Parmalat Group

Statement of changes in net financial position in 2009

(€ m)

	2009	2008
Net (financial assets) borrowings at beginning of period	**(1,108.8)**	**(855.8)**
Changes during the period:		
- Cash flow from operating activities	(316.0)	(258.8)
- Cash flow from investing activities	132.3	133.7
- Accrued interest	48.6	48.5
- Cash flow from settlements	(379.8)	(525.8)
- Dividend payments	234.7	394.5
- Exercise of warrants	(0.8)	(6.7)
- Miscellaneous items	(8.7)	23.7
- Impact of changes in the scope of consolidation	(2.9)	(35.1)
- Translation effect	16.8	(27.0)
Total changes during the period	(275.8)	(253.0)
Net financial assets at end of period	**(1,384.6)**	**(1,108.8)**

Breakdown of net financial position

(€ m)

	12.31.2009	12.31.2008
Loans payable to banks and other lenders	254.4	492.6
Loans payable to investee companies[1]	6.0	6.2
Other financial assets (-)	(1,216.8)	(706.4)
Cash and cash equivalents (-)	(428.2)	(901.2)
Net financial assets	**(1,384.6)**	**(1,108.8)**

(1) including 3.9 million euros owed to PPL Participações Ltda and 2.3 million euros owed to Wishaw Trading sa.

Reconciliation of change in net financial assets to Statement of Cash Flows (Cash e cash equivalent)

(€ m)

	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL ASSETS	GROSS INDEBTEDNESS	NET (FINANCIAL ASSETS) BORROWINGS
Beginning balance	**(901.2)**	**(706.4)**	**498.8**	**(1,108.8)**
Cash flow from operating activities	(316.0)	-	-	(316.0)
Cash flow from investing activities	132.3	-	-	132.3
New borrowings[(1)]	(9.6)	-	9.6	-
Loan repayments[(1)]	156.6	-	(156.6)	-
Accrued interest	-	-	48.6	48.6
Investments in current financial assets and sundry assets	514.8	(514.8)	-	-
Cash flow from settlements	(228.5)	-	(151.3)	(379.8)
Dividend payments	234.7	-	-	234.7
Exercise of warrants	(0.8)	-	-	(0.8)
Miscellaneous items	-	4.1	(12.8)	(8.7)
Impact of changes in the scope of consolidation	-	-	(2.9)	(2.9)
Translation effect	(10.5)	0.3	27.0	16.8
Ending balance	**(428.2)**	**(1,216.8)**	**260.4**	**(1,384.6)**

(1) see Note (23) to the consolidated financial statements.

Parmalat S.p.A.

Net revenues totaled 820.0 million euros, down from 896.5 million euros in 2008. The decrease of 76.5 million euros, or 8.5% (-7.2% excluding the impact of the "cheese" operations sold in 2008), is due mainly to the combined effect of an increased use of discounts, made possible by lower raw milk procurement costs, and a reduction in unit sales, particularly for pasteurized milk.

EBITDA amounted to 73.3 million euros, or 13.6 million euros more (+22.8%) than the 59.7 million euros earned in 2008. This positive performance reflects a 15.2-million-euro gain in the return on sales, due mainly to lower raw milk procurement costs, offset in part by an increase of 1.6 million euros in additions to the allowance for doubtful accounts.

EBIT totaled 386.7 million euros, for a decrease of 152.6 million euros compared with the amount reported at December 31, 2008 (539.3 million euros). EBIT include proceeds from litigation settlements and damage compensation payments amounting to 303.9 million euros, or 364.5 million euros less than the 668.4 million euros collected in 2008. Most of this income shortfall was offset by reversals into earnings of provisions no longer needed following the settlement of disputes (about 79 million euros), a decrease in asset writedowns required by impairment losses (about 94 million euros) and a reduction in litigation related legal expenses (about 33 million euros).

The **net profit for the year** amounted to 372.8 million euros (615.4 million euros in 2008). The factors described above, combined with a reduction in net financial income caused by lower interest rates and a higher tax burden, and a substantial reduction in proceeds from actions to void in bankruptcy compared with 2008 are the main reasons for the year-over-year decrease of about 243 million euros in net profit.

Net invested capital totaled 1,348.8 million euros, compared with 1,253.9 million euros at December 31, 2008. The increase of 94.9 million euros reflects primarily a reduction in the provisions for risks recognized on the liability side of the balance sheet, while the amount of invested working capital was virtually unchanged.

Net financial assets grew in 2009, rising from 1,441.2 million euros to 1,486.6 million euros, for a gain of 45.4 million euros compared with 2008. This increase is the net result of the following contrasting factors: on the minus side, dividend distributions totaling 231.9 million euros (including both the 2008 final dividend and the 2009 interim dividend) and tax payments of 33.3 million euros (including both the balance due for 2008 and the estimated payments made in 2009); and, on the plus side, 286.6 million euros in proceeds from settlement agreements executed in 2009 and the cash flow from operations for the balance.

The Company's **shareholders' equity** totaled 2,835.4 million euros. The increase of 140.5 million euros compared with December 31, 2008 (2,695.1 million euros), reflects primarily the impact of the net profit for the year (372.8 million euros) and the exercise of warrants (0.8 million euros), offset in part by a dividend declaration amounting to 232.5 million euros (231.9 million euros of which were paid out) and the utilization of the reserve for dividend payments to challenging creditors who were allocated shares of stock (0.6 million euros).


love

Parmalat S.p.A.

Reclassified Income Statement

(€ m)

	2009	2008
REVENUES	**844.8**	**922.5**
Net revenues	820.0	896.5
Other revenues	24.8	26.0
OPERATING EXPENSES	**(763.5)**	**(856.4)**
Purchases, services and miscellaneous costs	(658.7)	(747.5)
Labor costs	(104.8)	(108.9)
Subtotal	**81.3**	**66.1**
Writedowns of receivables and other provisions	(8.0)	(6.4)
EBITDA	**73.3**	**59.7**
Depreciation, amortization and writedowns of non-current assets	(48.1)	(92.7)
Other income and expenses:		
- Litigation-related legal expenses	(14.7)	(47.5)
- Additions to provision for losses of investee companies	(17.5)	(61.9)
- Miscellaneous income and expenses	393.7	681.7
EBIT	**386.7**	**539.3**
Financial income	26.8	66.4
Financial expense	(1.1)	(1.7)
Net foreign currency translation gain (loss)	0.2	(0.5)
Other income from (charges for) equity investments	37.2	41.1
PROFIT BEFORE TAXES	**449.8**	**644.6**
Income taxes	(77.0)	(29.2)
NET PROFIT FROM CONTINUING OPERATIONS	**372.8**	**615.4**
NET PROFIT FOR THE YEAR	**372.8**	**615.4**

Reclassified Balance Sheet

(€ m)

	12.31.2009	12.31.2008
NON-CURRENT ASSETS	**1,396.6**	**1,353.7**
Intangibles	388.9	401.5
Property, plant and equipment	151.7	153.8
Non-current financial assets	823.9	773.2
Deferred-tax assets	32.1	25.2
HELD-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**0.0**	**4.1**
NET WORKING CAPITAL	**91.2**	**127.6**
Inventories	37.1	39.7
Trade receivables	180.0	224.0
Trade payables (-)	(179.1)	(205.2)
OPERATING WORKING CAPITAL	**38.0**	**58.5**
Other current assets	140.3	116.7
Other current liabilities (-)	(87.1)	(47.6)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**1,487.8**	**1,485.4**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(26.8)**	**(27.7)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(107.1)**	**(196.1)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(5.1)**	**(7.7)**
NET INVESTED CAPITAL	**1,348.8**	**1,253.9**
Covered by:		
SHAREHOLDERS' EQUITY	**2,835.4**	**2,695.1**
Share capital	1,712.6	1,687.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	168.8	193.3
Other reserves and retained earnings	651.0	329.0
Interim dividend	(69.8)	(130.0)
Profit for the year	372.8	615.4
NET FINANCIAL ASSETS	**(1,486.6)**	**(1,441.2)**
Loans payable to banks and other lenders	9.2	5.9
Loans payable to (receivable from) investee companies	(25.3)	(17.3)
Other financial assets (-)	(1,188.1)	(679.2)
Cash and cash equivalents (-)	(282.4)	(750.6)
TOTAL COVERAGE SOURCES	**1,348.8**	**1,253.9**

Parmalat S.p.A.

Statement of changes in net financial position in 2009

(€ m)

	2009	2008
Net financial assets at beginning of period	**(1,441.2)**	**(1,231.3)**
Changes during the period:		
- Cash flow from operating activities	(105.2)	(80.3)
- Cash flow from investing activities	104.0	71.1
- Loan repayments and interest expense	6.4	4.2
- Cash flow from settlements, net of lawsuit costs	(228.2)	(525.8)
- Cash flow from divestments and sundry items	(9.8)	(16.5)
- Dividend payments	231.9	392.9
- Dividend income	(34.7)	(32.5)
- Exercise of warrants	(0.8)	(6.7)
- Miscellaneous items	(9.0)	(16.3)
Total changes during the period	(45.4)	(209.9)
Net financial assets at end of period	**(1,486.6)**	**(1,441.2)**

Breakdown of net financial position

(€ m)

	12.31.2009	12.31.2008
(Net financial assets)		
Loans payable to banks and other lenders	9.2	5.9
Loans payable to (receivable from) investee companies, net	(25.3)	(17.3)
Other financial assets (-)	(1,188.1)	(679.2)
Cash and cash equivalents (-)	(282.4)	(750.6)
Total	**(1,486.6)**	**(1,441.2)**

Reconciliation of change in net financial assets to the statement of cash flows (Cash e cash equivalent)

(€ m)

	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL ASSETS	BORROWINGS OWED TO BANKS AND OTHER LENDERS	(NET FINANCIAL ASSETS)
Beginning balance	**(750.6)**	**(696.5)**	**5.9**	**(1,441.2)**
Cash flow from operating activities	(105.2)	-	-	(105.2)
Cash flow from investing activities	104.0	-	-	104.0
New borrowings	(4.2)	-	4.2	0.0
Loan repayments	4.0	-	(4.0)	0.0
Interest expense	2.4	-	-	2.4
Investments in current financial assets and sundry assets	508.9	(508.9)	-	0.0
Cash flow from settlements	(228.2)	-	-	(228.2)
Cash flow from divestments and sundry items	(9.8)	-	-	(9.8)
Dividend payments	231.9	-	-	231.9
Dividend income	(34.7)	-	-	(34.7)
Exercise of warrants	(0.8)	-	-	(0.8)
Miscellaneous items	(0.1)	(8.1)	3.2	(5.0)
Ending balance	**(282.4)**	**(1,213.5)**	**9.3**	**(1,486.6)**

Revenues and Profitability

Parmalat Group

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**3,964.8**	**3,910.4**	**54.4**	*+1.4%*
EBITDA	**367.8**	**316.6**	**51.2**	*+16.2%*
EBITDA %	*9.3*	*8.1*	*1.2 ppt*	

In 2009, the Parmalat Group reported revenues that were in line with the previous year and an increase in the EBITDA margin.

On the revenue side, the effect of higher list prices, implemented consistent with a sales policy adopted in 2008 to regain profitability, was felt mainly in South Africa and Australia. At the same time, the sales discount tool was used mainly in Italy to stem a decline in unit sales, particularly in the pasteurized milk and cheese segments. Differently from what occurred in these countries, the Canadian operations adjusted their pricing-discounting policy, differentiating it depending on the distribution channel and product category. In addition, consistent with the strategy of supporting and emphasizing its primary brands, the Group stepped up significantly its marketing investments, also through communication, which rose from 86 million euros in 2008 to 105 million euros.

The Group's profitability improved reflecting the positive impact of an increased focus on its stronger brands and of the savings obtained on raw milk purchases in various countries.

An analysis of the data by geographic region shows an upturn in profitability in South Africa, brought about by an effective plan to reorganize and refocus the local operations, positive results in Italy and Canada and an outstanding performance in Australia.

The positive performance of the Venezuelan operations requires a special disclosure, primarily for the purpose of providing continuity and consistency with regard to the data that will be reported in future years: Venezuela has been affected by strong inflationary pressure in recent years, followed, in 2010, by the devaluation of the local reporting currency.

Note: The data are stated in millions of euros. As a result, the figures could reflect apparent differences caused exclusively by the rounding of figures.

Due to Venezuela's high rate of inflation, which exceeded the 100% cumulative threshold in the past three years, the data for 2009 have been restated making the accounting adjustments required by IAS 29, which, provides guidelines for restating non-cash balance sheet items and all profit and loss items, by applying a general consumer price index in countries with hyperinflation.

The data restated at constant exchange rates and scope of consolidation and without the effect of the hyperinflation accounting rules applied to Venezuela are as follows:

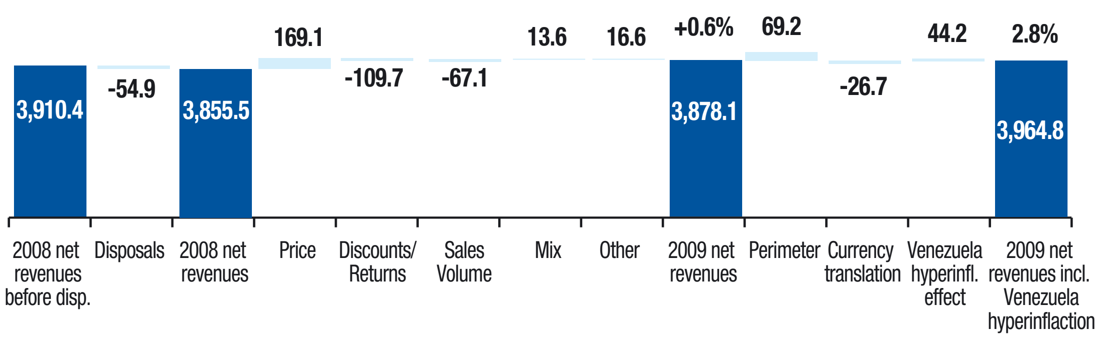
(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**3,878.1**	**3,855.5**	**22.6**	*+0.6%*
EBITDA	**374.3**	**312.4**	**61.9**	*+19.8%*
EBITDA %	*9.7*	*8.1*	*1.5 ppt*	

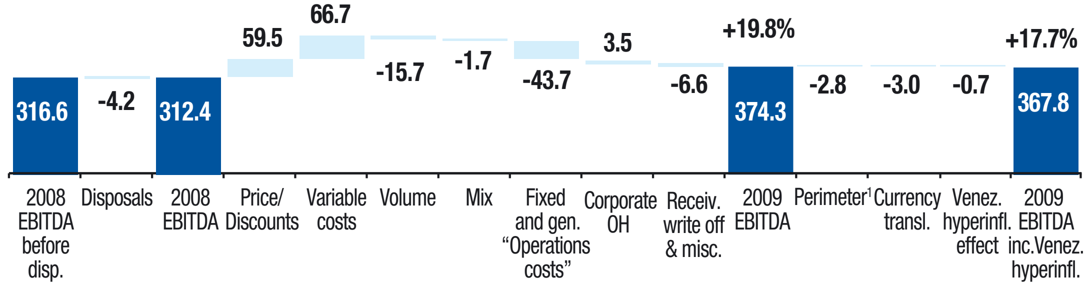
A constant scope of consolidation is obtained by excluding the operations acquired in Australia in the third quarter of 2009 and those of Newlat, which was sold in the first half of 2008.

LIKE-FOR-LIKE NET REVENUES AND EBITDA

Cumulative Net Revenues December 2009 vs 2008 (€m)



Cumulative EBITDA December 2009 vs 2008 (€m)



(1) Including new production and processing operations in Parmalat Food Products Limited (Australia) whose acquisition costs totaled about 3.9 million euros

For a better understanding of how the devaluation of the Venezuelan currency versus the U.S. dollar that took place on January 8, 2010 affects the 2009 data, please consult the section of this report entitled "Business Outlook," which contains a Like-for-Like chart in which the data for 2009 were made homogeneous and comparable with those for 2010.

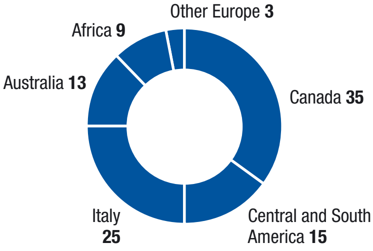
Data by Geographic Region

(€ m)

	2009			2008		
REGION	**REVENUES**	**EBITDA**	***EBITDA %***	**REVENUES**	**EBITDA**	***EBITDA %***
Italy (1)	992.6	112.0	*11.3*	1,131.1	111.4	*9.8*
Others Europe	135.9	18.4	*13.5*	164.9	24.2	*14.7*
Russia	*66.0*	*9.7*	*14.7*	*86.8*	*14.4*	*16.6*
Portugal	*60.4*	*7.8*	*13.0*	*64.7*	*7.8*	*12.1*
Romania	*9.5*	*0.9*	*9.2*	*13.4*	*2.0*	*15.2*
Canada	1,382.8	131.8	*9.5*	1,382.4	127.8	*9.2*
Africa	357.7	24.8	*6.9*	337.3	10.0	*3.0*
South Africa	*310.0*	*20.8*	*6.7*	*293.6*	*5.1*	*1.7*
Others Africa	*47.6*	*4.0*	*8.4*	*43.7*	*4.9*	*11.2*
Australia (2)	508.6	47.2	*9.3*	445.5	27.6	*6.2*
Central and South America	588.3	57.3	*9.7*	452.1	41.5	*9.2*
Venezuela (3)	*449.4*	*49.7*	*11.1*	*290.4*	*30.3*	*10.4*
Colombia	*99.6*	*6.4*	*6.5*	*119.1*	*10.8*	*9.1*
Others Central and South America	*39.4*	*1.2*	*3.1*	*42.6*	*0.3*	*0.7*
Others (4)	(1.0)	(23.8)	*n.s.*	(2.9)	(25.9)	*n.s.*
Group	**3,964.8**	**367.8**	***9.3***	**3,910.4**	**316.6**	***8.1***

Regions represent the consolidated countries
1. 2008 data include net revenues of 54.9 million euros and EBITDA of 4.2 million euros relating to Newlat, sold in the first half of 2008
2. 2009 data include net revenues of 69.2 million euros and EBITDA of -2.8 million euros relating to the acquisition of new operations
3. In 2009, includes hyperinflation effects on net revenues for 44.2 and on EBITDA for -0.7 million euros
4. Include holding, other no core companies and eliminations between regions

Net Revenues by Geographic Region (%)



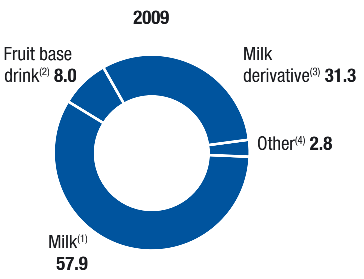
Data by Product Division

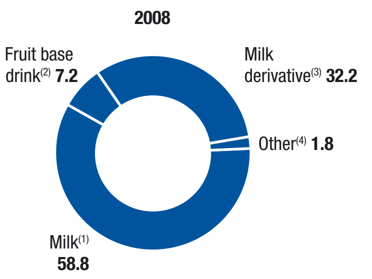
(€ m)

	2009			2008		
DIVISION	**REVENUES**	**EBITDA**	***EBITDA %***	**REVENUES**	**EBITDA**	***EBITDA %***
Milk (1)	2,295.6	184.3	*8.0*	2,300.5	170.6	*7.4*
Fruit base drink (2)	317.4	62.2	*19.6*	280.7	54.0	*19.2*
Milk derivative (3)	1,239.8	134.3	*10.8*	1,259.5	115.1	*9.1*
Other (4)	112.1	(13.1)	*(11.7)*	69.8	(23.1)	*(33.1)*
Group	**3,964.8**	**367.8**	***9.3***	**3,910.4**	**316.6**	***8.1***

(1) Include milk, cream and bechamel
(2) Include fruit base drink and tea
(3) Include yoghurt, dessert cheese
(4) Include other products, hyperinflation in Venezuela and Group's Parent company costs

Net Revenues by Product Division (%)





(1) Include milk, cream and bechamel
(2) Include fruit base drink and tea
(3) Include yoghurt, dessert cheese
(4) Include other products, hyperinflation effects in Venezuela

Italy

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**992.6**	**1,131.1**	**(138.5)**	*-12.2%*
EBITDA	**112.0**	**111.4**	**0.7**	*+0.6%*
EBITDA %	*11.3*	*9.8*	*1.4 ppt*	

Two major divestments took place in 2008: Newlat, in May 2008, and the “Lodi” business operations consisting of cheese production activities and the corresponding brands (Ala, Polenghi and Optimus), in December 2008. Consequently, in order to provide a more meaningful year-over-year comparison, the table below shows the data of the Italian SBU restated without the contribution of Newlat and the cheese operations divested in 2008.

Italy (restated on a comparable scope of consolidation basis)

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**992.6**	**1,070.1**	**(77.5)**	*-7.2%*
EBITDA	**112.0**	**109.8**	**2.3**	*+2.1%*
EBITDA %	*11.3*	*10.3*	*1.0 ppt*	

The global recession that characterized 2009 caused Italy’s gross domestic product to contract by almost 5%. In such an environment, consumers took a more cautious approach with regard both to the quantities they purchased and the types of products they bought, with lower priced products (private labels and discounted items) accounting for a larger share of total purchases.

Italy

2,233 EMPLOYEES

12 MANUFACTURING FACILITIES

On a comparable scope of consolidation basis, net revenues show a 7.2% decrease due to:

- an increased use of sales incentives that included a policy of discounts and promotions implemented to increase competitiveness and transfer to end consumers the benefits generated by a reduction in the purchase price of raw milk;
- a reduction in unit sales that was noticeable in all channels of the fresh milk market segment, due to strong growth by private labels in the modern distribution channel and slumping sales in the traditional channel. In this competitive environment, Parmalat was able to contain the sales decline in this segment, thanks to a strong performance by the Blu Premium brand and, in the closing months of 2009, the contribution of advertising programs, combined with a skillfully crafted and focused pricing policy applied to selected local brands.

The slide in raw milk prices that began on a global scale towards the end of 2008 continued during the first half of 2009, but the trend began to show modest signs of a turnaround starting in September. A portion of the benefits gained on the purchasing costs side were passed on to consumers through a careful use of promotional programs.

MARKETS AND PRODUCTS

In the **UHT milk** market, where the environment continues to grow increasingly competitive, the trend was negative compared with the previous year, both on a volume basis (-1.2%) and, more significantly, on a value basis (-5.5%) due to rising promotional pressure and a resulting reductions in sales prices.
Despite this environment, Parmalat posted positive results, strengthening its market leadership position and raising its value market share to 35.0%, owing mainly to the promotional and advertising programs carried out to support sales of the basic Parmalat milk (+5.5% on a volume basis) and Zymil high digestibility milk (+7.8% on a volume basis).

In the **pasteurized milk** market (which includes microfiltered milk) demand was down in 2009 (-3.3% on a volume basis), due mainly to a lower business volume in the traditional channel. In the modern channel, however, sales increased on a volume basis (+1.1%), but contracted on a value basis (-3.8%) reflecting the impact of the increased market share claimed by private labels, which are sold at prices below the market average.
In response to this environment, Parmalat developed a series of sales and advertising initiatives designed to contain the decline in unit sales. The decision to reposition the Blu Premium microfiltered milk at a different price level, combined with advertising support, produced highly positive results. In addition, the programs implemented in the last quarter of 2009 to support sales of Latte Berna, one of the most important brand in the Business Unit's pasteurized milk portfolio, succeeded in reversing the previous negative trend in unit sales.

The **yogurt** market grew by 0.9% in volume terms, due mainly to rising demand in the functional yogurt segment (+9.8% on a volume basis). However, because of the growing use of sales promotions, the market's overall size contracted slightly on a value basis.
Parmalat, in a highly competitive market environment, reported a reduction of its value market share (6.2%).

In the **fruit beverage** market, the negative trend that prevailed the previous year was reversed thanks to an extremely positive second half of 2009 (+1.0%).
Private labels continued to grow, reaching a volume market share of 30.1%.
Parmalat, with its Santàl brand, was the only producer of top-tier branded products that performed better than the market as a whole, consolidating its brand leadership and achieving a value market share of about 16%.
These results were made possible by a new and highly effective advertising strategy, combined with major investments in promotional programs.
In the second half of 2009, the Business Unit launched a low acidity orange beverage, designed to strengthen Santàl's presence in the refrigerated segment of the market.

The table below shows the market share held in 2009 by the Italy SBU in the main market segments in which it operates:

Products	UHT MILK	PASTEURIZED MILK[1]	UHT CREAM	YOGURT	FRUIT BEVERAGE
Value market share	35.0%	24.8%	34.2%	6.2%	15.8%

Source: Nielsen – IRI Tot. Italy no Discount
(1) Source: Nielsen Modern Channel

RAW MATERIALS

As mentioned above, the purchasing cost of raw milk continued to trend downward in 2009, due essentially to the combined impact of an increase in worldwide milk production and a decrease in consumption of some dairy products, including cheese.

A surplus in the supply of raw milk and a reduction in E.U. exports of bulk milk had a negative impact on the price of milk at the barn.

Starting in September, several factors, including widespread protests by milk producers throughout Europe, a drop in milk output, the continuation of stockpiling programs for powdered milk and butter and increased imports by an important player such as China, produced a slight recovery in milk prices.
On average, purchasing costs were up for the raw materials used to manufacture fruit beverages.

INDUSTRIAL INVESTMENTS

In 2009, the SBU invested a total of 29.9 million euros, focusing on the following objectives:

- improving product quality;
- reducing costs and increasing the efficiency of production lines;
- reducing energy consumption and environmental impact;
- ensuring employee safety and complying with occupational safety laws.

The main capital expenditures included the following projects:

- new layout of the packaging lines at the Collecchio plant;
- improvement of plant services and energy savings at facilities in Collecchio, Catania, Rome and Zevio;
- adoption of a system to monitor production-line performance and efficiency at plants in Collecchio and Albano.

Russia

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**66.0**	**86.8**	**(20.9)**	*-24.0%*
EBITDA	**9.7**	**14.4**	**(4.8)**	*-32.9%*
EBITDA %	*14.7*	*16.6*	*-1.9 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**2,911.0**	**3,161.5**	**(250.6)**	*-7.9%*
EBITDA	**427.7**	**526.1**	**(98.4)**	*-18.7%*
EBITDA %	*14.7*	*16.6*	*-1.9 ppt*	

The Russian ruble lost 21.2% of its value compared with the exchange rate applied last year. The negative impact of this change on revenues and EBITDA was 14.0 million euros and 2.1 million euros, respectively.

Overall, unit sales decreased by 10.9% compared with 2008. More specifically, shipments of UHT milk, which together with flavored milk account for 33% of total unit sales, were down 17.6% compared with 2008, while sales of fruit beverages shrank by 12.0% year over year.

The sales shortfall, while indicative of a contraction in consumer demand, was also due to a reduction in shipments to regional distributors affected by a major liquidity crisis. It also reflects the impact of heightened competitive pressure from other producers and from new regional players

979	2
EMPLOYEES	**MANUFACTURING FACILITIES**

who are marketing products at prices lower than those charged by Parmalat. During the closing months of the year, owing in part to changed conditions in the raw milk procurement market, the SBU was able to win back some of the customers it lost earlier due to price pressure.
Despite the reduction in sales volumes and revenues, the SBU maintained a high level of profitability by successfully containing raw milk costs, primarily during the first half of the year.

MARKETS AND PRODUCTS

A significant drop in the value of the ruble, combined with the effect of slumping prices of raw materials and energy resources, of which Russia is one of the world's largest exporters, dragged Russia into an economic recession, with gross domestic product contracting by as much as 8.5%.

As a result of the negative conditions of the economy, consumption of dairy products and beverages decreased steadily in 2009: more specifically, the UHT milk market contracted by 4.5%, while demand for fruit beverages decreased by 14.1% compared with 2008. Despite this challenging environment, the SBU was able to report virtually unchanged market shares, actually increasing its penetration in some product segments (UHT Milk and Flavored Milks).

The table below shows the market share held in 2009 by the Russia SBU in the main market segments in which it operates:

Products	UHT CREAM	UHT MILK	FLAVORED UHT MILK	FRUIT BEVERAGE
Value market share	4.7%	2.2%	3.5%	1.8%

Source: Local subsidiary estimate based on Nielsen data

RAW MATERIALS AND PACKAGING

In Russia, milk is a scarce resource and its price is strongly affected by supply levels both domestically and in the international market. While milk prices fell sharply during the first half of 2009, due both to a decrease in consumption and the end of speculative trading, they spiked suddenly in the last quarter of the year due to a milk shortage that caused raw material prices to rise to the levels they had reached at the end of 2007. Purchasing prices of fruit juice concentrates followed diverging trends, depending on the type of raw material bought.

With regard to packaging materials, costs were up for materials used for aseptic product packages, which are purchased mainly in euros, but remained moderate for secondary packaging materials (cardboard).

CAPITAL EXPENDITURES

Capital expenditures totaled 5.1 million euros in 2009. They were used mainly to increase the efficiency of production facilities and comply with current regulations.

Portugal

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**60.4**	**64.7**	**(4.3)**	*-6.6%*
EBITDA	**7.8**	**7.8**	**0.0**	*+0.6%*
EBITDA %	*13.0*	*12.1*	*0.9 ppt*	

In 2009, net revenues totaled 60.4 million euros, or 6.6% less than in the previous year, but unit sales increased by 4.6%.

While the business environment remains challenging due to the limited buying power of consumers, which was further adversely affected by a significant increase in the unemployment rate, a carefully managed pricing policy, made possible by a significant reduction in raw material costs, helped support unit sales and profitability, even though net revenues decreased.

A positive performance by Parmalat branded products in the béchamel and milk categories enabled the SBU to offset the combined impact of lower sales of Santàl branded fruit juices and of a reduction in the production of UHT milk for private labels caused by stiff price competition from foreign competitors.

MARKETS AND PRODUCTS

The Portuguese milk market is highly concentrated and dominated by a strong brand leader, with an increasing penetration by private labels.

265	1
EMPLOYEES	MANUFACTURING FACILITY

In this environment, unit sales of Parmalat branded milk increased thanks to a reduction in the price differential with competitors.

In the flavored milk segment, in which Parmalat holds a significant position, an outstanding performance by *Chocopower*, a product sold mainly in schools, helped increase profitability in this segment. The same was true for the Ucal brand, which is one of the SBU's distinctive brands and is well positioned in the Portuguese market, with unit sales holding steady compared with 2008 and profitability increasing.

In the fruit beverage segment, in which the SBU operates with the Santàl brand, the market scenario is also challenging, due to strong growth by private labels, which have reached a market share of more than 35%.

Products	FLAVORED MILK(1)	UHT MILK(2)	FRUIT BEVERAGE(2)
Value market share	27.6%	0.5%	3.4%

Source: (1) AC Nielsen revalued, (2) AC Nielsen Homescan

RAW MATERIALS AND PACKAGING

The downward trend that brought a significant year-over-year decrease in the price of raw milk during the first six months of 2009 continued in the second half of the year, enabling the SBU to achieve significant savings in purchasing costs. Other raw material costs did not change appreciably. Packaging material costs were up both for aseptic cardboard containers and, to an even greater degree, for glass containers.

CAPITAL EXPENDITURES

In 2009, capital expenditures totaling 0.8 million euros were used mainly to upgrade production and filling lines with the objective of increasing efficiency and production capacity for products with greater value added.

Romania

Revenues totaled 9.5 million euros in 2009, with EBITDA amounting to 0.9 million euros, equal to 9.2% of revenues.

All products sold by Parmalat Romania are distributed under the Santàl brand, which is used to market fruit beverages. The Santàl brand is present in the nectars, juices and still drinks segments, in each of which it is positioned in the Premium Price group.

Unit sales of fruit beverages, which account for virtually all of the SBU's sales, were down 22.3% compared with 2008 due mainly to a slump in consumption and increased competitive pressure. The profitability of the Romanian SBU, stated on a percentage basis, decreased compared with the previous year, due both to an increase in the cost of raw materials and packaging materials, caused by a significant devaluation of the local currency, and to the higher distribution costs and promotional expenses.

139	1
EMPLOYEES	MANUFACTURING FACILITY

Canada

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**1,382.8**	**1,382.4**	**0.4**	*+0.0%*
EBITDA	**131.8**	**127.8**	**4.1**	*+3.2%*
EBITDA %	*9.5*	*9.2*	*0.3 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**2,191.7**	**2,155.7**	**36.0**	*+1.7%*
EBITDA	**209.0**	**199.2**	**9.7**	*+4.9%*
EBITDA %	*9.5*	*9.2*	*0.3 ppt*	

The Canadian dollar decreased in value by 1.6% compared with the exchange rate applied in 2008, with a negative impact on revenues and EBITDA of 22.6 million euros and 2.2 million euros, respectively.

Despite the challenges faced in 2009, due both to the impact of the economic crisis and to an increase in competitive pressure, the Canadian SBU was able to report steady sales and an increase in profitability.

Overall unit sales were little changed compared with the previous year. More specifically, shipments of pasteurized milk, which accounted for 59% of the total sales volume, increased by 1.6%. At the same time, unit sales were relatively flat for cheese and down 4.6% for yogurt.

2,919 EMPLOYEES

18 MANUFACTURING FACILITIES

Canada

MARKETS AND PRODUCTS

The negative conditions of the local economy had a direct impact on consumer confidence and buying patterns, with shoppers shifting their preference toward lower priced products. In the dairy market, which is where the local subsidiary operates, consumption of milk and cheese was relatively stable, but demand for yogurt continued to increase.
In the Canadian market, sales prices were under pressure throughout 2009, reflecting the impact of increased competition among distributors and heightened promotional and advertising pressure from major producers, particularly in the yogurt and cheese markets. In addition, a greater focus on price by consumers continued to boost the importance of discount outlets.

In the milk market, where, following the merger of Saputo and Neilson, Parmalat is the second largest player with a nationwide value market share of 19.7%, the local SBU succeeded in strengthening its position. This improvement was made possible primarily by the gains achieved in the premium segment, where Parmalat is the market leader, as sales of microfiltered and high digestibility milks grew thanks to the support of advertising campaigns.

In the yogurt market, which continued to enjoy attractive growth rates, Parmalat retained its No. 2 ranking in the English speaking areas of Canada, despite a loss of market share caused by increased competitive pressure, and continued to expand its presence in Quebec. In this region, after initially entering only the probiotic product segment, the SBU broadened its product portfolio positioning itself also in the low fat segment, which accounts for almost half the sales in this region.
Despite strong competition, Parmalat's drinkable yogurts achieved an 11.1% value market share at the national level.

In the cheese market, where commercial brands account for a 33.2% volume market share, Parmalat is the leader in the Snack Cheese segment, which is the main focus of its advertising and product innovation activities, and has been growing in the Natural and Processed Slice segments, where it ranks second in terms of market share.

In the butter market, Parmalat is the national leader. Thanks to continued significant growth, it achieved a 24.8% value market share due mainly to the success of the Lactantia brand, which is the segment's reference product and continues to be sold at a substantial premium price.

The table below shows the Canadian subsidiary's market share in the main market segments in which it operates:

Products	UHT MILK	SPOONABLE YOGURT	DRINKABLE YOGURT	SNACK CHEESE	BUTTER	NATURAL CHEESE
Value market share	19.7%	15.1%	11.1%	43.4%	24.8%	16.2%

Source: AC Nielsen December 2009

RAW MATERIALS

In the Canadian market for raw milk, the purchase price is regulated, which limits the impact of price swings in the international market. However, because of this system, the average price of raw milk has been significantly higher than in other world markets. In 2009, the cost of raw milk was substantially in line with the price paid in 2008.

CAPITAL EXPENDITURES

Capital expenditures totaled 30.1 million euros in 2009. The main investment projects included the installation of filling lines at facilities in Brampton and Montreal and new equipment to process milk whey for the Marieville plant.
Resources were also invested in rebuilding the Victoriaville plant, which had been damaged by a fire in the refrigerated unit. Completion of the project is scheduled for the first quarter of 2010.
In the area of information systems, additional investments were made in the development of a planning and resource management platform (SAP).

Africa

Business Unit Results

(€ m)[1]

	2009	2008	VARIANCE	VARIAN.%
Revenues	**357.7**	**337.3**	**20.3**	*+6.0%*
EBITDA	**24.8**	**10.0**	**14.8**	*+148.9%*
EBITDA %	*6.9*	*3.0*	*4.0 ppt*	

(1) The data in the table above are in euros because they consolidate amounts stated in the currencies of South Africa, Zambia, Mozambique, Botswana and Swaziland.

The reporting currency of the main African Business Unit (South African rand) increased in value by 3.2% compared with the exchange rate applied in 2008. The impact of this change on revenues and EBITDA was 9.9 million euros and 0.7 million euros, respectively.

Overall, unit sales by the African SBU were down 4.9% due mainly to a more selective approach to the handling of contract production for private labels.

The performance of the South African operations and of the subsidiaries in the other countries in this area (Zambia, Mozambique, Botswana and Swaziland) is reviewed on the following pages of this Report.

2,343 EMPLOYEES

12 MANUFACTURING FACILITIES

South Africa

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**310.0**	**293.6**	**16.4**	*+5.6%*
EBITDA	**20.8**	**5.1**	**15.7**	*+310.1%*
EBITDA %	*6.7*	*1.7*	*5.0 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**3,619.2**	**3,540.6**	**78.6**	*+2.2%*
EBITDA	**242.7**	**61.1**	**181.6**	*+297.0%*
EBITDA %	*6.7*	*1.7*	*5.0 ppt*	

In the country where this subsidiary operates, economic conditions were particularly difficult in the first half of 2009, with the unemployment rate increasing and the purchasing power of households contracting. Starting in the second half of the year, the impact of the economic crisis began to mitigate and consumer spending started to improve.
Despite a weak national economy and sluggish demand in the dairy sector, the local SBU achieved major improvements both in revenues and profitability thanks to a strategy designed to rationalize contract production for private labels and focus on its more profitable brands, to which it applied a more remunerative pricing policy.

In 2009, total unit sales decreased by 8.7% compared with the previous year. More specifically, shipments were down 15.1% for UHT milk, due mainly to a more selective approach to contract

1,760 | EMPLOYEES

8 | MANUFACTURING FACILITIES

Africa

production for private labels, but were up 2.8% for cheese. Unit sales were also down for fruit beverages and yogurt, decreasing by 3.6% and 13.0%, respectively, compared with 2008.

MARKETS AND PRODUCTS

In 2009, the trend was quite positive in the UHT milk market, which grew at a 15.9% rate on a value basis. On the other hand, in the market for pasteurized milk (where the SBU is no longer present) consumption contracted, as constant price increases caused consumers to switch their purchases from pasteurized milk to UHT milk.
While feeling the impact of South Africa's difficult economic conditions, which slowed the growth enjoyed in previous years, the cheese market was still able to expand at an attractive pace (+9% on a value basis). However, there has been a steady increase in consumption of low priced cheeses and bulk products with a lower unit value.
In the year-over-year comparison, demand was also up for yogurt (+17.5% on a value basis) and favored milk (+21% on a value basis).

In the **UHT milk** market, the local SBU continued to pursue a premium pricing policy for its top-brand products, achieving a significant increase in revenues. First Growth, a milk specifically developed for children one to three years old, performed particularly well in the high-value-added milk segment.

In the **cheese market**, Parmalat enjoyed an extremely positive growth rate that exceeded that of the market as a whole, thanks mainly to strong performances in the spreadable cheese and packaged cheese slice segments. The SBU, aided by brand advertising programs and the launch of new products, was able to maintain its leadership position, with a 38.8% value market share.

The SBU's market share was down significantly in the **yogurt** category, due to the combined effect of the intense promotional and advertising activity carried out by the market leader and the aggressive pricing policies implemented by other competitors and private labels.

In the flavored milk segment, the success of products sold under the Steri Stumpie brand enabled the South African subsidiary to report positive results and maintain the market leadership.

Products	UHT MILK(1)	YOGURT(1)	CHEESE(2)	FRUIT BEVERAGES(2)
Value market share	21.8%	17.6%	38.8%	6.9%

(1) Source: AC Nielsen *(2) Source: Synovate*

RAW MATERIALS AND PACKAGING

In 2009, the supply of raw milk decreased by about 4% compared with 2008, mirroring the demand trend. The average price was down but was nevertheless higher than in the main milk producing countries. Energy costs were higher than in 2008 due to rate increases.
Lastly, packaging costs were higher than in 2008, due mainly to the effect of devaluation of the local currency versus the euro in effect when the contract with the main supplier was executed.

CAPITAL EXPENDITURES

Capital expenditures, which totaled 2.9 million euros in 2009, were used mainly to upgrade the production lines and update the technologies applied to the production process.

Other Countries in Africa

Net revenues, computed excluding intra-Group transactions in Africa, totaled 47.6 million euros, up 4 million euros compared with 2008, but EBITDA decreased to 4.0 million euros, or 0.9 million euros less than the previous year.
The other African countries in which the Group operates (Swaziland, Mozambique, Botswana and Zambia) reported unit sales that, in the aggregate, were in line with the previous year. When stated at constant exchange rates, revenues were up strongly in all countries except for Botswana.

In **Zambia**, where Parmalat enjoys absolute leadership positions, with revenues of 24.8 million euros, the local operations reported increases both in unit sales (+1.5%) and net revenues (+15%), thanks to positive performances in all major product categories. An excess supply of raw milk developed in the second half of 2009. Given the country's economic recession, this surplus was used to boost exports to Zimbabwe.

In **Mozambique**, the local subsidiary reported revenues of 10.7 million euros, with gains both in unit sales and revenues. However, its profitability was penalized by the devaluation of the local currency versus the South African rand, as all raw materials, including raw milk, are imported from South Africa.

In **Botswana**, while unit sales and revenues were lower than in 2008, the local subsidiary was able to improve its profitability by replacing imported products (UHT milk), which are heavily taxed, with local products. The installation of an additional UHT milk packaging line, which is planned for the first quarter of 2010, is expected to produce further significant gains.

In **Swaziland**, the local subsidiary reported a significant increase in unit sales and healthy gains in net revenues and profitability. A stronger market position and an improved product distribution organization account for these improvements.

Australia

At the end of July 2009, consistent with the strategy of strengthening the Group's activities in its main countries of operation sufficiently to retain the ranking of market leader or number two player, Parmalat S.p.A., acting through a newly established subsidiary called Parmalat Food Products Limited (PFP), acquired from National Foods Limited certain production and distribution operations and brands, in New South Wales and South Australia. In 2009, the acquired operations generated net revenues of 123.1 million Australian dollars, and EBITDA that, while positive by 1.9 million Australian dollars operationally, were penalized by acquisition costs of about 6.9 million Australian dollars.

The data shown in the table below include both Parmalat Australia and Parmalat Food Products.

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**508.6**	**445.5**	**63.1**	*+14.2%*
EBITDA	**47.2**	**27.6**	**19.6**	*+70.8%*
EBITDA %	*9.3*	*6.2*	*3.1 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**901.6**	**775.9**	**125.7**	*+16.2%*
EBITDA	**83.7**	**48.1**	**35.5**	*+73.8%*
EBITDA %	*9.3*	*6.2*	*3.1 ppt*	

1,707	8
EMPLOYEES	**MANUFACTURING FACILITIES**

Australia

The value of the Australian dollar decreased by 1.8% compared with the exchange rate applied in 2008. The negative impact of this change on revenues and EBITDA was 7.9 million euros and 0.9 million euros, respectively.

The Australian economy was relatively stable in 2009, as consumer confidence improved later in the year in response to government incentives and solid economic data. During the first half of 2009, low consumer confidence drove purchase choices in the dairy market toward lower priced products, such as those sold under private labels, to the detriment of branded products. Retailers continued to pursue an aggressive pricing policy, particularly with regard to basic products, such as pasteurized milk.
Parmalat continued to enjoy significant growth in the flavored milk and functional yogurt product categories, particularly in the case, respectively, of the Ice Break and Vaalia brands, which increased sales at a faster rate than the market as a whole. thereby retaining their leadership position.

Against this background, excluding the volumes sold by PFP, the local SBU reported unit sales that were 2.5% lower than in 2008, due mainly to a decrease in shipments of pasteurized milk, which could be offset only partially with gains in the higher value categories.
Specifically, unit sales of pasteurized milk, which accounted for 71% of the total sales volume, were down 4.0%, while shipments of yogurt and flavored milk increased by 3.5% and 2.9%, respectively.

The improvement in EBITDA reflects the positive impact of an effective pricing strategy and lower raw material costs.

MARKETS AND PRODUCTS

In the market for pasteurized milk, demand in the modern channel increased at a 1% rate in 2009, driven by the strong growth of private labels. The widening gap between retail prices charged for branded products and those charged for private labels, caused all major brands to lose market share. However, this trend was less pronounced in segments where brand value is more significant in determining consumer choices, as is the case for premium milk. Thanks to the specialty products it sells in this category — Smarter Milk, Pure Organic and Zymil — Parmalat Australia was able to maintain its market position.

In the flavored milk market, which is particularly developed within the Australian market and expanded at a 1.9% rate on a volume basis in 2009, Parmalat performed particularly well, growing at a faster rate than the market as a whole and strengthening its competitive position.

Thanks to its new acquisition, Parmalat Australia began the process of expanding in new areas, such as New South Wales and South Australia, thereby becoming a player at the national level, with a market share that went from 18.8% to 20.4% in the pasteurized milk segment and from 23.7% to 26.1% in the flavored milk segment. The distribution of some of the SBU's brands, including Ice Break, Physical and Smarter Milk, is also being expanded to include these new markets.

In the yogurt market, which continues to deliver attractive growth rates (+9.8% compared with the previous year), Parmalat increased its market share, mainly thanks to the performance of the Vaalia brand, which consolidated its leadership position in the functional product segment and became the third largest selling brand in the entire yogurt market.

The dessert market has been shrinking, due partly to the fact that distributors have been limiting the shelf space available for this product category, favoring yogurt instead. Parmalat's sales volumes reflected this trend as well.

Products	PASTEURIZED "WHITE" MILK	FLAVORED MILK	YOGURT	DESSERTS
Value market share	20.4%	26.1%	13.2%	16.8%

Source: Aztec Grocery Data

RAW MATERIALS AND PACKAGING

In 2009, the significant drop in the prices of dairy products that occurred on a global basis caused a reduction in the cost of raw milk in the southern part of the country, which is primarily export oriented. Raw milk prices decreased in the north as well, due to the end of the drought.
The price of plastic bottles, which constitute the bulk of the packaging containers used by the Australian operations, benefited from the reduction in oil prices from the highs of 2008.

CAPITAL EXPENDITURES

Capital expenditures totaled 8.7 million euros in 2009. They were used to increase production capacity and improve the efficiency of the SBU's industrial facilities. In the sales area, investments focused on supporting growth in the main product categories.

Venezuela

The income statement and balance sheet data of the Venezuelan SBU are affected by the country's high inflation rate, which, over the past three years, exceeded cumulatively the 100% threshold, requiring, as of 2009, the adoption of the adjustments provided by IAS 29 for hyperinflationary economies.

In the table below, the data for 2009 are stated in accordance with IAS 29.

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**449.4**	**290.4**	**159.0**	*+54.8%*
EBITDA	**49.7**	**30.3**	**19.3**	*+63.7%*
EBITDA %	*11.1*	*10.4*	*0.6 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**1,345.9**	**917.0**	**428.9**	*+46.8%*
EBITDA	**148.7**	**95.8**	**53.0**	*+55.3%*
EBITDA %	*11.1*	*10.4*	*0.6 ppt*	

1,896	5
EMPLOYEES	**MANUFACTURING FACILITIES**

In 2009, the Venezuelan government maintained a fixed exchange parity of 2.15 between the local currency (Bolivar Fuerte – VEF) and the U.S. dollar. Consequently, the revaluation of 5.2% that occurred in 2009, compared with 2008, was due exclusively to a cross-currency effect (revaluation of the U.S. dollar versus the euro). The impact of this change on revenues and EBITDA was 20.9 million euros and 2.6 million euros, respectively.

Overall, unit sales were 7.3% higher than in 2008. More specifically, shipments were up 6.9% for fruit beverages, which accounted for 47% of the SBU's total sales volume, and 9.5% for pasteurized milk, but were down 2.9% for yogurt, compared with the previous year.

Despite the challenges posed by the environment in which it operates, the Venezuelan subsidiary continued to pursue with determination the growth of its businesses and the development of new products. As a result, EBITDA increased significantly, even though the cost of raw milk and fixed costs were up sharply, due mainly to inflationary pressure.

MARKETS AND PRODUCTS

In 2009, the Venezuelan market was again very dynamic, with strong volume growth in some segments, such as powdered milk (+12.9%) and fruit beverages (+7.6%), and a contraction in other segments, such as yogurt (-10.9%) and milk beverages (-2.8%).

The distribution system is still based mainly on traditional retailers, who account for most of the SBU's sales.

In 2009, the Venezuelan subsidiary strengthened its competitive position in all of the main categories in which it operates, in all cases as one of the market leaders, increasing its value market share in the fruit beverage, milk beverage, powdered milk and yogurt segments.

The table below shows the SBU's market share in the main segments in which it operates:

Products	FRUIT BEVERAGES	MILK BEVERAGES	POWDERED MILK	YOGURT
Value market share	23.9%	36.6%	20.1%	27.8%

Source: ACNielsen

RAW MATERIALS AND PACKAGING

The price of raw milk was up compared with 2008, due mainly to higher demand for raw material in the local procurement market. This rise in demand is the direct result of an increase in local production of dairy products caused by restrictions on imports of these products from other countries in the region.

In general, the prices of all imported packaging materials and raw materials reflected the inflationary effect of restrictions on access to foreign currency.

CAPITAL EXPENDITURES

Capital expenditures, which totaled 8.9 million euros in 2009, were used primarily to increase cheese production capacity, implements a yogurt production process at the Miranda plant and install new UHT milk processing lines.

DEVALUATION OF THE LOCAL CURRENCY

On January 8, 2010, the Venezuelan government approved a devaluation of the local currency, resetting the exchange rate from 2.15 VEF to 4.30 VEF for one U.S. dollar. It also introduced a second official exchange rate applicable to all transactions involving essential items, which was set at 2.60 VEF for one U.S. dollar. There is also an exchange rate of more than 6.0 VEF for one U.S. dollar, which is applied when U.S. dollars are purchased to make payments in foreign currency.

In order to provide a clearer presentation of the actual impact of the developments described above, the SBU's 2009 revenues and EBITDA shown in the table below have been recomputed using the new reference exchange rate of 4.30 VEF for one U.S. dollar.

(€ m)

	2009	2009	VARIANCE
Revenues	449.4	224.4	(225.0)
EBITDA	49.7	24.8	(24.9)

Colombia

Business Unit Results

(€ m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**99.6**	**119.1**	**(19.5)**	*-16.4%*
EBITDA	**6.4**	**10.8**	**(4.4)**	*-40.5%*
EBITDA %	*6.5*	*9.1*	*-2.6 ppt*	

Local currency figures

(Local currency m)

	2009	2008	VARIANCE	VARIAN.%
Revenues	**297,604**	**341,982**	**(44,378)**	*-13.0%*
EBITDA	**19,264**	**31,100**	**(11,836)**	*-38.1%*
EBITDA %	*6.5*	*9.1*	*-2.6 ppt*	

The local currency (peso) decreased in value by 4.1% compared with the exchange rate applied in 2008. The negative impact of this change on revenues and EBITDA was 4.1 million euros and 0.3 million euros, respectively.

The Colombian market was characterized by a decrease in consumer spending, caused also by the economic crisis. More specifically, a contraction in unit sales and profit margins in the pasteurized milk category penalized the SBU's results. The need to recall some products from the market due to quality problems in February put additional pressure on the results of the Colombian operations. However, the situation was brought back under control later during the first half of the year.

1,037 EMPLOYEES

6 MANUFACTURING FACILITIES

Against this background, total unit sales were down 8.7% compared with the previous year, with shipments of liquid milk (which accounted for more than 90% of the total sales volume) decreasing by 8.6%.

MARKETS AND PRODUCTS

The Colombian subsidiary operates in a market environment in which the general crisis that has been gripping the country since 2008 has reduced disposable income and undermined consumer confidence, putting increasing pressure on the prices of top brand products.
Weak demand in the main segments of the Colombian dairy market had a direct impact on Parmalat's sales volumes in Colombia in 2009, which were also adversely affected by the production problems mentioned above.

Given this market environment and in view of the fact that consumption of milk and dairy products is relatively flat, the local subsidiary focused on expanding its distribution organization throughout Colombia, where the distribution system is still based on small traditional retailers, and on supporting high value products.

For quite some time, the milk market has been characterized by a shift in consumption patterns, away from pasteurized ESL (Extended Shelf Life) milk and benefiting APP (Aseptic Plastic Pouch) milk. In 2009, demand for APP milk confirmed the growth trend of recent years (+16% compared with 2008), becoming in effect a valid alternative for fresh pasteurized milk for Colombian consumers. The Colombian subsidiary has been focusing on this type of packaging and on growing in the high digestibility milk segment.
The powdered milk market was adversely affected by the introduction of huge quantities of imported products, which penalized local products, and by an increase in the tax on infant formula, which made it more expensive and reduced consumption.
In the yogurt market, where demand was relatively steady

Central and South America

compared with 2008, the local subsidiary was faced with intense competitive pressure from its two main competitors, particularly in the functional product segment, where it had concentrated its investments.

The table below shows the SBU's market share in the main segments in which it operates:

Products	PASTEURIZED MILK(1)	UHT MILK	POWDERED MILK	YOGURT
Value market share	5.0%	7.4%	12.0%	3.0%

Source: ACNielsen *(1) Source: Fedegan*

RAW MATERIALS AND PACKAGING

There was a surplus of raw milk in 2009 as the combined result of a decrease in internal consumption, especially in the second half of the year, and of a reduction in exports of powdered milk to Venezuela. The purchase price of raw milk decreased slightly compared with 2008.

CAPITAL EXPENDITURES

Capital expenditures, which totaled 2.5 million euros in 2009, were used to increase the manufacturing capacity of APP products, expand warehousing capacity and thus reduce the use of third-party storage facilities, and complete the renovation of the Bogota offices.

Other Countries in Central and South America

Net revenues, computed excluding intra-Group transactions in Central and South America, totaled 39.4 million euros, or 3.3 million euros less than the previous year. However, EBITDA improved to 1.2 million euros, for a gain of 0.9 million euros compared with 2008.

The Group's SBU in **Ecuador**, which markets primarily UHT milk packaged in aseptic plastic pouches (APP) and powdered milk, reported positive results compared with the previous year, thanks to its ability to transfer to its sales prices the increased costs it paid to purchase raw milk an to a favorable volume-mix effect. Net revenues totaled 10.9 million euros in 2009.

Despite an increase in unit sales compared with 2008, the Group's SBU in **Paraguay** reported lower net sales revenues (8.3 million euros) and EBITDA. The main reasons for this situation include a decrease in list prices caused by an increased supply of raw milk, a reduction in exports and the devaluation of the local currency versus the U.S. dollar (-20%), which caused the price of imported production components (packaging and other raw materials) to increase.

The Group's SBU in **Cuba** engages in the production of grapefruit juice and orange juice concentrate, fresh juices and orange and grapefruit essential oils. Its target markets are Italy (white grapefruit and orange concentrate), Europe in general (pink grapefruit concentrate) and Mexico (essential oils). The adverse weather conditions experienced in 2008 severely curtailed production capacity during 2009.

The operating activities of the Group's SBU in **Nicaragua** were divested in the fourth quarter of 2009.

Human Resources

Group Staffing

The table below provides a breakdown by geographic region of the employees of Group companies that were consolidated line by line at December 31, 2009 and a comparison with the data at December 31, 2008.

Total payroll by geographic region

GEOGRAPHIC REGION	DECEMBER 31, 2009	DECEMBER 31, 2008
Italy	2,233	2,343
Europe excluding Italy	1,383	1,404
Canada	2,919	2,971
Africa	2,343	2,238
Australia	1,707	1,462
Central and South America	3,203	3,750
Total	**13,788**	**14,168**

In 2009, the Group's staff decreased by 380 employees, due mainly to changes in the scope of consolidation of the Italian SBU (sale of business operations in Lodi, which resulted in a staff reduction of 93 employees) and the divestment of the Parmalat Centroamerica SA subsidiary in Nicaragua, which had 505 employees on its payroll. Staffing levels were also down slightly in the other countries where the Group operates, with the exception of Africa and Australia (increased respectively of 105 and 245 employees). The first, due essentially to the startup of a new production facility in Botswana; the second as a result of the acquisition of fresh milk operations from National Foods.

Union Relations

In 2009, the Italian SBU signed the National Collective Bargaining Agreement for its industry (2009-2012) and the Collective Bargaining Agreement for executives in the manufacturing sector (2009-2013). In addition, eight contracts were signed in Canada and other contracts were renewed in Portugal and Colombia and for individual plants in Russia and Venezuela.

Management and Development of Human Resources

Parmalat recognizes the central role played by its human resources and professional contributions that all employees provide to its success. The empowerment of the Group's human resources is carried out through professional development programs that are functional to Parmalat's strategy of organic growth.

With regard to employee training, all of the Group's organizations focused their resources on the development of technical and management competencies, paying special attention to training programs designed to develop a culture of occupational safety.

Corporate Social Responsibility

The principles of social responsibility that are embodied in the Parmalat's Mission and Values are reflected in several programs implemented within the Group to address the local needs.

Noteworthy initiatives in the countries where Parmalat operates included the following: Parmalat South Africa made food donations to the indigent communities around Cape Town. PureJoy juice brought great enjoyment to the recipients.

During 2009, Venezuela worked with local City Councils and municipal administrations in the states of Mérida, Carabobo, Bolivar and Barinas and donated libraries, playgrounds, water tanks, musical instruments and virtual study rooms for children and adolescents who live near Parmalat's factories.

In Colombia, Parmalat cooperated with the Monte Tabor Foundation on the San Raffaele Hospital Boat project, which focuses on reducing the primary causes of mortality, including malnutrition and tuberculosis.

In addition, Parmalat Corporate agreed to collaborate with the Intercultura Foundation for the second consecutive year, making available three scholarships that will provide enrolment free of charge in an annual school program in a foreign country during the 2010-2011 school year for deserving children of employees in Italy, Canada and Australia.

Capital Expenditures

(€ m)

	2009		2008	
REGION	**AMOUNT**	**% OF THE TOTAL**	**AMOUNT**	**% OF THE TOTAL**
Italy	29.9	32.9%	37.3	28.9%
Europe excluding Italy	6.1	6.7%	9.6	7.4%
Canada	30.1	33.1%	36.6	28.3%
Africa	4.1	4.5%	16.5	12.7%
Australia	8.7	9.6%	14.9	11.6%
Central and South America	12.0	13.2%	14.3	11.0%
Total for the Group	**90.9**	**100.0%**	**129.2**	**100.0%**

Overview of the capital expenditures of the Parmalat Group at December 31, 2009 (excluding land and buildings)

In 2009, the Group invested 90.9 million euros, or 29.7% less than in the previous year.

The main investment projects are discussed in the sections of this Report that review the performance of the individual SBUs.

Research and Development

In 2009, the Group's research activities focused mainly on the area of proximity innovation. Additional resources were devoted to projects involving functional products, the benefits of which were validated with additional scientific and clinical tests.
Work on the continuous improvement of recipes and packaging of core products in various countries continued in 2009.

A two-year project launched in 2009 is based on special software that will make it possible to adopt a consistent approach to research at Parmalat Group facilities throughout the world, which will be able to dialog in real time about ongoing projects, helped by access to an electronic archive of all completed and ongoing projects.

Lastly, the Group's Central Laboratory, which uses its sophisticated equipment, further upgraded in 2009, to test the safety and composition of food items (raw materials and finished products), obtained accreditation in accordance with the Sinal/Accredia/ILAC-MRA international laboratory accreditation system.

Financial Performance

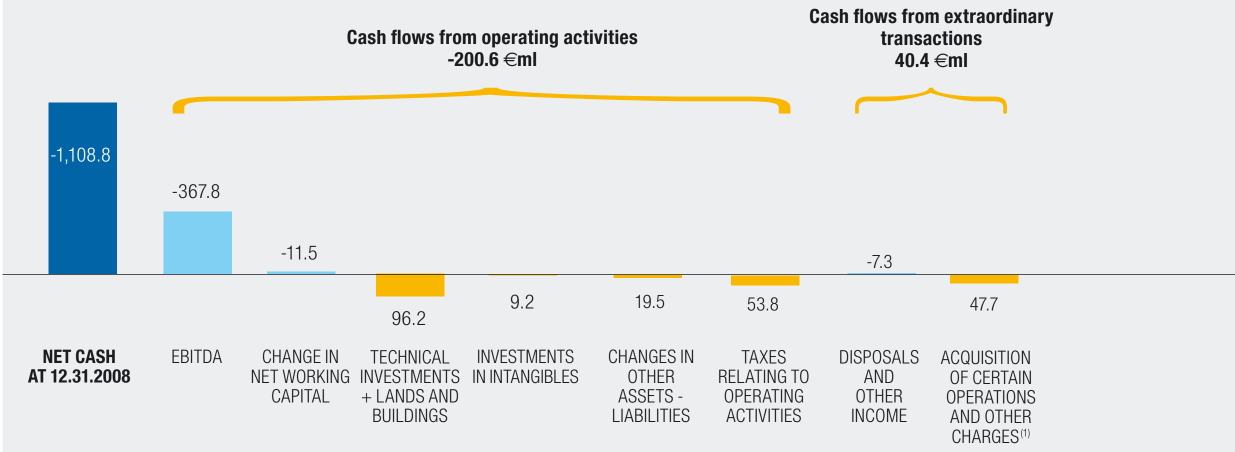
Structure of the Financial Position of the Group and Its Main Companies

The cash management policy pursued both by Parmalat S.p.A. individually and the Group as a whole is guided by a conservative approach.
The Group's Parent Company continued to hold most of the liquidity, with some of the subsidiaries still holding some debt positions, the amount of which has been reduced significantly.

Consistent with the strategy pursued the previous year, the liquidity held by the Parent Company provides the Group with the financial flexibility needed to meet its operating and expansion needs. During the year, these resources were used both to fund expansion, as was the case for the acquisition of business operations in Australia, and to optimize the Group's financial position through the reduction of external debt.
Group companies benefit from credit terms that are consistent with the best market terms with regard both to interest rates paid and yields earned.

The Group's liquid assets totaled 1,645.0 million euros, including 1,470.5 million euros held by Parmalat S.p.A. This liquidity has been invested in short-term bank deposits, Italian treasury securities and, for a modest amount, German treasury securities. Two-thirds of these investments mature within three month and the remaining one-third matures between three and six months. The liquid assets not held by Parmalat S.p.A. are held by individual Group companies, which invest them in the same instruments as the Parent Company. At the Group level, income from securities and bank interest totaled 25.3 million euros, including 21.1 million euros attributable to Parmalat S.p.A. The decrease in financial income compared with the previous year is due mainly to a worldwide reduction in interest rates.

Consolidated cash Flow January 1 - December 31, 2009



(1) including 36.2 million euros for the acquisition of fresh milk productions and processing operations from National Foods

Indebtedness owed to banks and other lenders decreased from 498.8 million euros at December 31, 2008 to 260.4 million euros at December 31, 2009, due mainly to three types of events that had a highly significant impact in 2009:

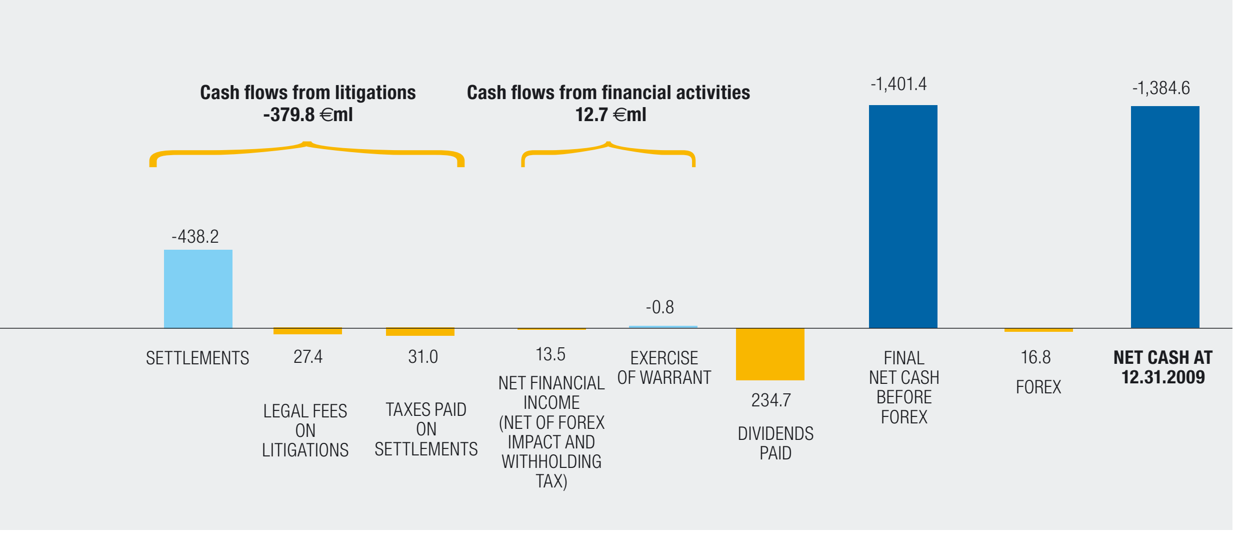
- execution of settlements with Bank of America and Eurofood, which helped reduce external debt by about 151.3 million euros;
- utilization of the cash flow from operations by the main foreign subsidiaries to voluntarily pay down debt. More specifically:
  - Parmalat Canada repaid in advance notes maturing in 2010 and 2012 totaling about 38.3 million euros and a portion of a syndicated loan amounting to about 32.5 million euros;
  - Parmalat Australia scaled back by about 19.8 million euros the amount drawn against a syndicated loan;
- replacement of external debt with intra-Group facilities provided by Parmalat S.p.A. to some subsidiaries, for a total of about 7.0 million euros.

Lastly, the South African and Russian subsidiaries reduced their debt exposure by repaying some bank lines, in accordance with the respective amortization plans. The deconsolidation of Parmalat Centroamerica SA, the Group's Nicaraguan subsidiary, and a currency translation loss account for the difference.

In 2009, there were no developments causing financial stress, and the Group's financial strength furtherly increased.

Change in Net Financial Position

At the end of 2009, the Group's net financial position showed an improvement of 275.8 million euros, with net financial assets increasing from 1,108.8 million euros at December 31, 2008



to 1,384.6 million euros at December 31, 2009, after a negative foreign exchange effect of 16.8 million euros. The net financial position balance includes the gross indebtedness of the Venezuelan subsidiaries, which totaled 182.0 million euros at December 31, 2008 and 42.8 million euros at December 31, 2009.

The cash flow from operating activities amounted to 200.6 million euros.

The cash flow from nonrecurring transactions, which amounted to 40.4 million euros, reflects mainly the purchase of some fresh milk production and processing assets from National Foods.

The improvement in net financial position reflects the contribution provided by proceeds from litigation settlements, which totaled 379.8 million euros in 2009. This amount is the net result of legal costs totaling 27.4 million euros, income taxes on settlements amounting to 31.0 million euros and proceeds of 438.2 million euros. A portion of these proceeds amounting to 287.0 million euros was collected by Parmalat S.p.A. and the external debt owed by the Venezuelan subsidiaries was reduced by 151.3 million euros. Specifically, settlements were reached with the Deutsche Bank Group (74.0 million euros), the UBI Group (11.0 million euros), the Banca Popolare dell'Emilia Romagna Group (12.5 million euros), the Banca Popolare di Vicenza Group (5.1 million euros), Banca Sella (0.2 million euros), Credito Emiliano S.p.A. (10.0 million euros), the Banco Popolare Group (24.2 million euros), MPS S.p.A. in its capacity as the company that absorbed Banca Antonveneta S.p.A. (19.0 million euros), the Banca CARIGE Group (5.4 million euros), Banca C.R. Firenze of the Intesa Sanpaolo Group (10.4 million euros), Centro Factoring S.p.A. (5.2 million euros), Cassa di Risparmio della Spezia S.p.A. (4.4 million euros), Banca Popolare dell'Etruria e del Lazio Soc. Coop. (4.2 million euros), Banca BCC di Bene Vagienna (0.5 million euros), a former Statutory Auditor (0.4 million euros) and Bank of America and Eurofood (201.5 million euros, including 50.3 million euros collected by Parmalat S.p.A. and the assignment to Parmlat S.p.A. of the indebtedness owed by the Venezuelan SBU, which was carried by the subsidiary at an amount equal to 151.3 million euros). In addition, for presentation purposes, a payment of 50.2 million euros received from the Pamatour bankruptcy has been included among the proceeds from litigation.

The cash flow from financial transactions totaled 12.7 million euros.

Lastly, in addition to the negative foreign exchange effect of 16.8 million euros mentioned above, the Company paid dividends totaling 234.7 million euros.

Managing Business Risks

In the normal course of its business operations, the Group is exposed to the operating risks that arise from the possible occurrence of accidents, malfunctions and breakdowns causing damages to persons, product quality or the environment, which could have an impact on the income statement and the balance sheet.

The Group is also exposed to the following financial risks:

- risk from exposure to changes in interest rates and foreign exchange rates, country risk and risk related to commodity prices;
- credit risk, which is the risk that a counterparty may become insolvent;
- liquidity risk, which is the risk that it may not be able to perform obligations associated with financial liabilities;

and risks of a general nature.

Lastly, the Company and the Group are defendants in a series of civil and administrative lawsuits and the Company has filed a series of actions for damages, liability actions (both in civil and criminal venues) and actions to void in bankruptcy. An analysis of the main proceedings to which the Group is a party and of the related contingent liabilities is provided in the section of the Notes to the Financial Statements of the Parmalat Group entitled “Legal Disputes and Contingent Liabilities at December 31, 2009.”

Operating Risks

The quality of its products, the protection of the health of its customers and their full satisfaction are the Group’s primary objectives. To guarantee the quality of its products, in each of the countries where it operates, the Group adopted procedures and controls that are applied throughout the production process, from the procurement of raw materials to the distribution of finished products.

Parmalat implemented at the Group level a project to allow individual SBUs to map operational risks. Operational risks are mapped by means of a special tool that ranks them based on probability of occurrence and potential economic impact, and classifies them in accordance with the following categories: competition, external context, regulatory environment, processes, procedures, sustainability, health and safety, trademarks, products, organization, systems and technology, and human resources.
The results of these activities are updated every six months.

However, as is the case for all processes in the food industry, the Group’s manufacturing processes are exposed to the risk of contamination both for products and packaging materials. This risk could result in the Group having to carry out a costly product recall.

The Product Recall procedures adopted by the Group, which are based on its Consumer Safety and Health Protection guidelines, require that all activities be carried out in compliance with the applicable statutory requirements and in accordance with principles, standards and solutions that are consistent with best industry practices.

Consistent with a policy of monitoring, reducing and transferring the operating risks that are inherent in its industrial and commercial activities, the Group has established an insurance system based on master policies that are negotiated and executed at the headquarters level and on primary risk local policies. The latter provide immediate coverage, which is supplemented with master policies when the magnitude of the damage exceeds the local coverage.

Preventive procedures and controls at the manufacturing level and insurance coverage are constantly updated, based also on reviews by independent consultants.

Financial Risks

The Group's financial risk management policy is coordinated through guidelines defined by the Parent Company and adjusted by each company in local policies adopted to address specific issues that exist in the different markets. The guidelines establish benchmarks within which each company is required to operate and require compliance with some parameters. Specifically, the use of derivatives is allowed only to manage the exposure of cash flows, balance sheet items and income statement components to fluctuations in interest rates and foreign exchange rates. Speculative transactions are not allowed.

Foreign Exchange Risk and Country Risk

The Group has a limited exposure to foreign exchange risk because purchases and sales made by operations in the different target markets are denominated almost exclusively in local currencies.
Any limited exposure to transactional foreign exchange risk is hedged with simple hedging instruments, such as forward contracts.

From a more purely financial standpoint, the Group's policy requires that any bank credit lines and investments of liquid assets be denominated in the local currency of the company involved, except for special needs, which require the approval of the Group's Parent Company.

Lastly, the companies that operate in countries with economies that are highly dependent on the oil industry are exposed to an economic risk. Specifically, the pressure that could develop on the currencies of such countries could translate into higher costs caused internally by the devaluation of the local currencies and these companies may not be able to fully reflect such increases in the prices of the products they sell.

Information about the situation in Venezuela is provided in a separate section of the Notes to the Consolidated Financial Statements.

Interest Rate Risk

The Parmalat Group manages the interest rate risk with simple financial hedging instruments. To cover their exposure to variable-rate indebtedness, the Australian and Canadian subsidiaries hedge their positions with interest rate swaps, which they executed when they refinanced their indebtedness, as required by the agreements executed with the lender banks.
Concurrently with the repayment of its Notes, the Canadian subsidiary closed out the existing cross-currency and interest rate hedge described in the Semiannual Financial Report at June 30, 2009.

Price Risk

The Group is not exposed to the risk related to changes in share prices because its investment policy forbids investments in such instruments.

Credit Risk

The Group is not exposed to significant credit risk with regard to its cash and cash equivalents, since all of its liquidity is deposited with banks that are rated “investment grade,” in the countries where this is possible, or it is invested in short-term treasury securities.

All of the liquidity of Parmalat S.p.A. is permanently held in Italy. At December 31, 2009, it was invested primarily on a fixed-term basis: more than 50% of the total amount was invested in Italian treasury securities and the balance was held in time deposits with rated banks.

Commercial credit risk is monitored at the country level with the goal of achieving an acceptable quality level for the customer portfolio. Given the limited availability of independent ratings for their customer bases, each company implements internal procedures to minimize the risk related to trade receivable exposure.

Liquidity Risk

The Group’s liquidity risk is managed mainly at the individual company level, with each company operating in accordance with guidelines defined by the Parent Company, which the main operating companies incorporated in special Cash Management Policies that take into account the specificities of individual markets.
The Group’s Parent Company is kept constantly informed about changes in outlook concerning the financial position of its subsidiaries so that it may help them identify timely solutions to prevent the occurrence of financing problems. No situations causing financial stress occurred in 2009 and the Group’s balance sheet continued to strengthen.

The abundant liquid assets held by the Group’s Parent Company and the cash flow from operations that is being generated at the Group level provide coverage over the liquidity risk at all times.

Risks of a General Nature

The Group operates in the food industry, which, by its very nature, is less exposed than other activities to the negative effects of changes in business conditions. Nevertheless, at this juncture, forecasting the effects of the economic crisis, as it draws to a close, in the countries where the Group operates and the timing of a subsequent recovery is a complex endeavor.
Moreover, we wish to point out that the Group’s portfolio of equity investments includes companies that operate in countries that are among the most exposed to the effects of the global crisis.
Consequently, a continuation of the crisis or a slow-paced the economic recovery could have an impact on the Group’s performance.

***

Neither the Parent Company nor its subsidiaries own any Parmalat S.p.A. shares.

***

Transactions among Group companies or with related parties were neither atypical nor unusual and were conducted in the normal course of business. These transactions were carried out on market terms, i.e., on the same terms as those that would be applied by unrelated parties. Details about individual positions are provided in the Notes to the Financial Statements.

Tax Issues

The Group's tax burden grew in 2009 compared with the previous year.
Specifically, the liability for current taxes totaled about 139 million euros (about 105 million euros in 2008). Higher taxable income reported by the Italian and the Australian companies is the main reason for this increase.

In 2009, as was the case in previous years, the current-tax burden of Italian companies benefited primarily from their inclusion in a national consolidated income tax return: the filing of a national consolidated income tax return produced the benefit of reducing the liability for current taxes by about 1.1 million euros (5.3 million euros in 2008).

The three-year election to file a national consolidated tax return expired for the companies that adopted it in 2007 (Parmalat S.p.A., Centrale del Latte di Roma S.p.A., Carnini S.p.A., Latte Sole S.p.A., Parmalat Distribuzione Alimenti S.p.A., Boschi Luigi & figli S.p.A. and Dalamat Srl). This election will be renewed in 2010.

In 2009, the effective tax rate of Parmalat S.p.A. was about 17%. When litigation-related components are eliminated, the effective tax rate increases to 29%, as against a statutory tax rate of 31.4%.
Deferred-tax liabilities, net of deferred-tax assets for the period, amounted to about 3.8 million euros in 2009.

The Group's effective tax rate was about 21.7%. When litigation-related components are eliminated, the Group's effective tax rate increases to 27.4%.
It is also worth mentioning that the statutory tax rate was lowered in Russia (down from 24% to 20%) and in Canada (from 31.4% to 31%).

In 2009, as part of the process of streamlining the Group's corporate chain, Parmalat Austria Gmbh was placed in liquidation and Parmalat Africa Ltd became a wholly owned subsidiary of Parmalat S.p.A.

Corporate Governance

Issuer's Governance Structure and Profile

Governance Structure

The Company's system of corporate governance consists of a series of rules and activities that it has adopted to ensure that its governance bodies and control systems function efficiently and transparently. This Report was prepared in accordance with the provisions of the Corporate Governance Code published by Borsa Italiana and is consistent with best international practices. It describes the practice of corporate governance at Parmalat S.p.A. in 2009.

Parmalat's corporate organization is based on the so-called "conventional" model, which consists of the following corporate governance bodies: the Shareholders' Meeting, the Board of Directors (supported by Consulting Committees), the Board of Statutory Auditors and, separately, the Independent Auditors (external governance body).

The corporate governance model also includes a series of powers, delegations of power, and internal control procedures, as well as the Parmalat Code of Conduct, a Code of Ethics, the Internal Dealing Handling Code and the Organization, Management and Control Model required by Legislative Decree No. 231/01, with which all members of the Company - Directors, Statutory Auditors and employees - are required to comply.

This Report is also available on the Company website (www.parmalat.com - Corporate Governance page).

Group's Mission

The Group's mission is set forth in the Code of Ethics, which is available on the Company website: www.parmalat.com -> Corporate Governance page.

The Code of Ethics encompasses all of those principles that, having been enunciated in general form, must then be embodied in the rules, standards and procedures that govern Parmalat's individual operations. Thus, the Code of Ethics provides a standard of behavior that all associates (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate under its management or oversight) are required to comply with and cause others to abide by. The values and rules of conduct set forth in the Code of Ethics provide the foundation for the Group's corporate culture, which emphasizes attention to qualitative excellence pursued through continuous technological innovation, with the goal of providing consumers with maximum guarantees and protection. The provisions of the Code constitute a tool that can be used to safeguard the Group's reliability, assets and reputation and ensure that all counterparts are treated with respect. Therefore, the Parmalat Code of Ethics should be applied by all Group companies in Italy and abroad, taking into account cultural, political, social, economic and commercial differences. The Code of Ethics is divided into three sections. The Group's Mission is set forth in the first section.

The strategy pursued by the Group is based on the identification of a clear mission in the global market. Parmalat intends to consolidated its position as a primary player both domestically and internationally.

The mission of the Parmalat Group is as follows:
"The Parmalat Group is an Italian food-industry group with a multilocal strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.
We intend to establish Parmalat as one of the top players in the global market, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.
Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group."

Compliance

Parmalat adopted the Corporate Governance Code published by Borsa Italiana S.p.A. (hereinafter referred to as the "Code"); it is available on the Borsa Italiana S.p.A. web site at the following address: www.borsaitaliana.it.

Parmalat also approved a separate code of conduct, which in this Report is cited as the "Parmalat Code of Conduct" and is discussed in greater detail in relating section below.

Information related to the compliance with the Code are explained in the following sections of this Report.

Parmalat and its most strategic subsidiaries are not subjected to non Italian Laws requirements which might affect its Corporate Governance structure.

Share Capital and Shareholders

Share Capital

On October 1, 2005, upon the Court approving the Proposal of Composition with Creditors of the Parmalat Group Under Extraordinary Administration, all of the assets (with a few specific exceptions) of the companies that were parties to the Proposal of Composition with Creditors (Parmalat SpA, Parmalat Finanziaria SpA, Eurolat SpA, Lactis SpA, Parmalat Netherlands BV, Parmalat Finance Corporation BV, Parmalat Capital Netherlands BV, Dairies Holding International BV, Parmalat Soparfi SA, Olex SA, Geslat Srl, Parmengineering Srl, Contal Srl, Panna Elena CPC Srl, Centro Latte Centallo Srl and Newco Srl) and all of their rights to personal and real property, tangible and intangible assets, business operations, outstanding contracts and all other rights and actions formerly belonging to the abovementioned companies were transferred to Parmalat S.p.A.

In exchange for acquiring the assets listed above, Parmalat S.p.A. assumed, among other undertakings, the obligation toward the creditors of the Parmalat Group Under Extraordinary Administration to proceed (through Fondazione Creditori Parmalat) with the process of issuing the shares allocated to eligible unsecured creditors and distribute shares and warrants to the abovementioned creditors in accordance with the provisions of the Proposal of Composition with Creditors.

As of February 24, 2010, following the distribution of shares in the manner described above, the Company's approved share capital amounted to 2,025,087,908 euros, of which 1,727,300,338 euros had been subscribed and allocated; in relation with this amount please be informed that:

number 35,726,611 shares representing approximately 2.1% of the share capital are still in a deposit account c/o Parmalat S.p.A., of which:

- 25,295,947 or 1.5% of the share capital, registered in the name of individually identified commercial creditors, are still deposited in the intermediary account of Parmalat S.p.A. centrally managed by Monte Titoli;
- 10,430,664 or 0.6% of the share capital registered in the name of the Foundation, called Fondazione Creditori Parmalat, of which:
  - 120,000 shares representing the initial share capital of Parmalat S.p.A.;
  - 10,310,664 or 0.6% of the share capital that pertain to currently undisclosed creditors.

As of the same date, a total of 87,909,783 warrants had been issued, 17,439,020 of which had been exercised.

Because the process of distributing shares and warrants is still ongoing, the Company's share capital could vary on a monthly basis until it reaches an amount that could reach 2,025,087,908.00 euros, which was approved by the Shareholders' Meeting on April 28, 2007, or until the expiration of the warrant conversion deadline, i.e., December 31, 2015.

Shareholder Base

Based on the data contained in the Stock Register, the communications received pursuant to law and other information available as of February 24, 2010, the shareholders listed on the table that follows are believed to own, either directly or through representatives, nominees or subsidiaries, an interest in the Company that is greater than 2% of the voting shares. The ownership percentages shown have been computed based on a share capital of 1,727,300,338 euros, which is the amount deposited as of February 24, 2010.

		SIGNIFICANT EQUITY INVESTMENTS		
		PLEDGED SHARES		
SHAREHOLDER	**NO. OF SHARES**	**NO. OF SHARES**	**PERCENTAGE**	**PERCENTAGE**
Mackenzie Cundill Investments Management Ltd	126,207,316			7.307%
Goldman Sachs Asset Management LP	83,898,785			4.857%
Blackrock Investment Management (UK) Ltd	53,539,354			3.100%
Total for the Intesa S. Paolo Group	40,274,358			2.332%
breakdown: Intesa San Paolo SpA	*36,930,518*	*411,658*	*0.00025*	*2.138%*
other banks of the San Paolo	*3,343,840*			*0.194%*
Skagen AS	35,023,225			2.028%
Total shareholders with significant equity interests	**338,943,038**			**19.623%**

INFORMATION ABOUT OWNERSHIP ISSUES (AS PER ARTICLE 123-BIS OF THE UNIFORM FINANCIAL CODE)

As of the date of approval of this Report:

a) **Share Capital Structure**
At February 24, 2010, the Company's share capital amounted to 1,727,300,338 euros. The share capital consists of common shares, all of which convey all of the rights and obligations required pursuant to law. Pursuant to the relevant provisions of the law and the Bylaws, the common shares, which are registered shares, entitle their holders to attend ordinary and extraordinary meetings of the Company's shareholders and convey all of the administrative and property rights that the law provides to owners of voting shares.

b) **Restrictions on the Transfer of Shares**
There are no restrictions on the transfer of shares, such as limitations on stock ownership or the requirement that the transfer be approved by the Issuer or other owners of the securities.

c) **Shareholder Base and Shareholders with Significant Equity Interests**
Information about this issue is provided in Section "Shareholder Base" above.

d) **Securities that Convey Special Rights**
No securities that convey special control rights have been issued.

e) **Employee Stock Ownership: Method of Exercising Voting Rights**
There is no employee stock ownership plan.

f) **Restrictions of the Right to Vote**
There are no restrictions of the right to vote.

g) **Shareholders' Agreements**
As of the date of approval of this Report, Parmalat is not aware of any shareholders' agreements, as defined in Article 122 of the Uniform Financial Code.

h) **Election and Replacement of Directors**
Information about this issue is provided in Section "Composition and Election" below.

i) **Authorizations to Increase Share Capital and Authorizations to Buy Treasury Shares**
The Board of Directors has not been authorized to increase the Issuer's share capital, as required by Article 2443 of the Italian Civil Code.
The Company has not considered the option of submitting motions asking that the Shareholders' Meeting authorize the purchase of treasury shares, as required by Articles 2357 and following of the Italian Civil Code.

l) **Significant Agreements**
For some of the Group's companies, the signing of agreements that contain change of control clauses is part of the normal process of negotiating major contracts. A review pertaining to this issue was carried out with regard to Parmalat S.p.A. and its subsidiaries. Only Parmalat Canada indicated that it was a party to an agreement with a "change of control clause", pursuant to which lenders would be paid an amount equal to 10% of Parmalat Canada's equity value in the event of a change of control.

m) **Indemnities Payable to Directors in the Event of Resignation or Dismissal Without Just Cause or if the Relationship Is Terminated Due to a Tender Offer**
Parmalat is not a party to any agreements with Directors calling for the payment of indemnities in the event of resignation or dismissal without just cause or if the relationship is terminated due to a tender offer.

n) **Guidance and coordination activities**
Parmalat is not subjected to any guidance and coordination activities according to article 2497 and subsequent of the Italian Civil Code.

Board of Directors

Composition and Election

The Company is governed by a Board of Directors comprising 11 (eleven) Directors, who are elected from slates of candidates. 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 Regular Shareholders' Meetings are entitled to file slates of candidates.

As required by Article 11 of the Bylaws, as amended by the Board of Directors on February 7, 2008, in addition to a slate of candidates, the shareholders must file, no later than 10 days prior to the Shareholders' Meeting, affidavits by which each candidate accepts to stand for election and attests, on his responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he has met the requirements for election to the respective office. Each candidate must file a curriculum vitae together with his affidavit, listing his personal and professional data and, if applicable, showing his suitability for being classified as an independent Director.

When calling the Shareholders' Meetings convened on April 9, 2008 to elect new corporate governance bodies, the Board of Directors urged shareholders to file slates of candidates to the Board of Directors within the 15 (fifteen) days deadline recommended by Borsa Italiana Spa in the Corporate Governance Code approved on March 2006, even though the deadline set forth in the Bylaws will remain at 10 (ten) days.

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 lists 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 is filed or no slates are 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, of the Bylaws.

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 must be replaced, to the extent that it is 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.

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 of the Bylaws.

Directors must meet the requirements of the applicable statutes or regulations (and of the Corporate Governance Code published by the company that operates the regulated market in Italy on which the Company's shares are traded). The following individuals may not be elected to the Board of Directors and, should such an individual currently be serving in such capacity, he 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 that 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 sentence is not final.

With regard to corporate governance posts, the Bylaws state that the same person may not serve both as Chairman of the Board of Directors and Chief Executive Officer.

The table that follows lists the Directors who were in office as of the writing of this Report and the posts they held at publicly traded companies; financial, banking and insurance institutions; and large businesses. The current Board of Directors was elected by the Shareholders' Meeting convened on April 9, 2008, on the second calling, and will remain in office up to the date of the Shareholders' Meeting convened to approve the annual financial statements at December 31, 2010.

The Directors currently in office were elected based on a slate of candidates filed by the following investors: Lehman Brothers International (Europe), Angelo, Gordon & Co. LP, Stark Master Fund Ltd, Stark Global Opportunities Master Fund Ltd, Stark Criterion Master Fund Lt, MKM LongBoat Multi-strategy Master Fund Ltd and Zenit Fund. The abovementioned slate was published in the following newspapers on March 27, 2008: Il Sole 24 Ore, Corriere della Sera and Financial Times.

There was no change in the composition of the Board of Directors between the end of the year and the date when this Report is being submitted for approval.

NAME OF DIRECTOR	POST HELD AT PARMALAT S.P.A.	POSTS HELD AT OTHER COMPANIES (AS DEFINED BY GUIDELINE 1.C.2 OF THE CODE) THAT ARE NOT PART OF THE PARMALAT GROUP
Raffaele Picella	Chairman	■ Chairman of Banca Campania S.p.A.
Enrico Bondi	Chief Executive Officer (1)	
Piergiorgio Alberti	Independent Director	■ Director of Finmeccanica S.p.A. ■ Director of Banca Carige S.p.A.
Massimo Confortini	Independent Director	■ Director of Cementir Holding S.p.A. ■ Independent Director of Caltagirone Editore S.p.A.
Marco De Benedetti	Independent Director	■ Director of Cofide S.p.A.
Andrea Guerra	Independent Director	■ Chief Executive Officer of Luxottica S.p.A. ■ Director of DEA Capital
Vittorio Mincato	Independent Director	■ Director of FIAT S.p.A. ■ Vice Chairman of Nordest Merchant S.p.A. ■ Director of Tecnoholding S.p.A.
Erder Mingoli	Independent Director	■ Vice Chairman BoD of Lucchini RS S.p.A. ■ Managing Director BoD of Lucchini RS S.p.A. ■ Chairman BoD of Lucchini UK Ltd ■ Chairman BoD of Lucchini Sweden AB ■ Chairman BoD of Lucchini Poland Sp. Z.O.O.
Marzio Saà	Independent Director	■ Director of Eridano Finanziaria S.p.A. ■ Independent Director of Juventus Football Club S.p.A. ■ Director of Società Italiana Tecnodinamica La Precisa S.p.A. ■ Director of Cofiber S.p.A. ■ Director of ITS S.p.A.
Carlo Secchi	Independent Director	■ Independent Director of Pirelli & C. S.p.A. ■ Independent Director of Allianz S.p.A. ■ Independent Director of Mediaset S.p.A. ■ Independent Director of Italcementi S.p.A. ■ Independent Director of La Centrale Finanziaria S.p.A. ■ Independent Director of Expo 2015
Ferdinando Superti Furga	Independent Director	■ Chairman Board of Stat. Auditors of Arnoldo Mondadori Editore S.p.A. (*) ■ Statutory Auditor of Telecom Italia S.p.A.(*) ■ Chairman Board of Stat. Auditors of Fininvest S.p.A. ■ Chairman Board of Stat. Auditors of Publitalia'80 S.p.A. ■ Chairman Board of Stat. Auditors of Saras S.p.A.(*) ■ Chairman of the Board of Directors of Banca Arner SpA ■ Vice Chairman of the Board of Directors of Sociètè Europèenne de Banque SA ■ Independent Director of Giuseppe Citterio Srl ■ Independent Director of Luisa Spagnoli S.p.A.

(1) Also serves as Chairman of Fondazione Creditori Parmalat.
(*) Company listed in regulated markets.

Information about the personal and professional backgrounds of the Directors referred to in Article 144-octies, Letter b.1), of the Issuers' Regulations, as cited in Article 144-decies, of the Issuers' Regulations, is available on the Company website: www.parmalat.com -> Corporate Governance -> Board of Directors page.

Independence

The requirement of independence is governed by Article 12 of the Bylaws. This article is one of the so-called "locked" articles of the Bylaws, which are articles the provisions of which cannot be amended until the financial statements for the year ended December 31, 2009 have been approved, unless an amendment is approved by a vote cast on the first calling or on a subsequent calling by shareholders representing at least 95% of the share capital. This requirement made it impossible to officially adopt the Code's requirements. The other articles of the Bylaws the amendment of which requires the same voting quorum are listed in the final paragraph of Article 10 of the Bylaws.

Each independent Director certified that he qualified as independent pursuant to the Bylaws at the time of election. These qualifications were checked by the Board of Directors at the first Board meeting after the election, which was held on April 9, 2008, after the Shareholders' Meeting had been adjourned. At that meeting, which was attended by the entire Board of Statutory Auditors, the Directors performed the independence verification process in a manner consistent with the recommendation set forth in Section 3.C.1 of the Corporate Governance Code published by Borsa Italiana, which requires that substance rather than form be the guiding principle when assessing the independence of non-executive Directors, taking also into account the criteria set forth in Section 3.C.1 of the Code and the provisions established in paragraph 3, of Article 148 of TUF, as well as in article 12 of Parmalat By Laws. The outcome of this review was communicated to the market on April 9, 2008.

The current Board of Directors includes nine independent Directors, which is more than the minimum number of independent directors required pursuant to Article 11 of the Bylaws.

The Board of Directors periodically values the independence of the Directors; on March 4, 2009 the Board of Directors has confirmed the permanence of the independence requirement for each Directors, already qualified as independent since their appointment. At the same date, result of this valuation has been disclosed to the market.

In 2009, the independent Directors met separately from the other Directors on one occasion (on March 4, 2009).

Self Assessment

In addition to checking whether non-executive Directors qualified as independent, the Board of Directors performed a process of self assessment with regard to the size, composition and operating procedures of the Board itself and its Committees. The assessment process was carried out by requesting that all members of the Board of Directors fill out a questionnaire by which they assessed the Board's performance in terms of the parameters referred to above and provided suggestions about the inclusion of members with professional qualifications that could prove useful to the Board. The self-assessment questionnaire was submitted for review to the Internal Control and Corporate Governance Committee, which handled the preparatory phase of the self assessment process. The Committee also reviewed the findings provided by the questionnaires prior to the adoption of the relevant resolution and discussed them in a brief report that was submitted to the Board of Directors. In relation to 2009 year, this process has been executed by the Board of Directors of February 25th, 2010.

Guidelines About the Maximum Number of Governance Positions

At its meeting of December 11, 2007, the Board of Directors already expressed its views with regard to the maximum number of posts that may be held on Boards of Directors of publicly traded companies; financial, banking and insurance institutions; and large businesses compatibly with the obligation to serve effectively as a Director of Parmalat.

More specifically, the Board of Directors — taking into account: i) the composition and rules of operation of the current Board of Directors; ii) the high level of attendance by the Directors at the meetings held by the Board of Directors and its Committees; iii) the obligations of Directors, as set forth in Article 13 of the Bylaws and Article 4 of the Parmalat Code of Conduct (which must be used subjectively as a source of guidance by Directors when accepting to serve on the Board) — provided an indication as to the maximum number of governance positions that may be held compatibly with the obligation to serve effectively as a Director of Parmalat SpA, in accordance with the Section 1.C.3 of the Code, stating that Directors may not serve on more than five (5) Boards of Directors or Boards of Statutory Auditors (including the Board of Directors of Parmalat SpA) of companies whose securities are traded on a regulated market in Italy or abroad. The Board of Directors also stated that, in exceptional cases, this limit may have been changed (both downward or upward) by means of a resolution approved by the Board of Directors. This resolution, which shall be disclosed in the Annual Report on Corporate Governance, must explain the reason for the change, based on considerations that take into account the size, organization and ownership relationships that exist among the companies in question. The guidelines chosen by the Board of Directors will remain in effect until the Board decides otherwise. Such a decision will be, if the case, disclosed in next year's Annual Report on Corporate Governance.

Lead Indipendent Director

The Company did not appoint a Lead Independent Director because it does not meet the requirements for the establishment of such a position, as set forth in Section 2.C.3 of the Code of Conduct.

Non-compete Obligation

As a rule, the prior approval of the Shareholders' Meeting is not required to waive the non-compete obligation set forth in Article 2390 of the Italian Civil Code.

Chairman and Chief Executive Officer

At a meeting held on April 9, 2008, after the Shareholders' Meeting has been adjourned, the Board of Directors appointed Raffaele Picella Chairman of the Board of Directors and Enrico Bondi Chief Executive Officer. Pursuant to the Bylaws, both are empowered to represent the Company vis-à-vis third parties and in court proceedings.

As of the writing of this Report, no management powers have been delegated to the Chairman of the Board of Directors and he does not perform a specific function in the development of Company strategies. The role of the Chairman of the Board of Directors is governed by Article 14 of the Bylaws and Article 5 of the Parmalat Code of Conduct, which is available on the Company website: www.parmalat.com -> Corporate Governance page.

Parmalat Code of Conduct confirms the already recognized essential role of the Chairman of the Board of Directors; to the Chairman, in fact, many tasks related to the management of the Board of Directors' activities have been assigned.

The specific duties of the Chairman of the Board of Directors include:

- convening meetings of the Board of Directors, determining the meeting's Agenda and, in preparation for the meetings, transmitting to the Directors, as expeditiously as appropriate based on the circumstances, the materials required to participate in the meeting with adequate knowledge of the issues at hand;
- supervising the meeting and the voting process;
- handling the preparation of Minutes of the meeting;
- ensuring that there is an adequate flow of information between the Company's management and the Board of Directors and, more specifically, ensuring the completeness of the information that the Board uses as a basis for making its decisions and exercising its power to manage, guide and control the activities of the Company and the entire Group;
- ensuring that the Board of Directors and the Board of Statutory Auditors are provided with adequate information ahead of meetings of the Board of Directors;
- in general, ensuring that the Company is in compliance with the provisions of all laws and regulations, and with the Bylaws and the corporate governance rules of the Company and its subsidiaries; is responsive to the regulations and conduct guidelines issued by the entity governing the regulated market where the Company's shares are traded, and adheres to best industry practices.

The Chairman of the Board of Directors is not the person who is chiefly responsible for managing the Issuer and is not the Issuer's controlling shareholder.

Pursuant to a resolution adopted by the Board of Directors on April 9, 2009, the Chief Executive Officer has been given the most ample powers to manage the Company's business. He may take all actions that are consistent with the Company's purpose, within the limits imposed by the applicable laws and excluding those transactions that fall under the sole jurisdiction of the Board of Directors, which are specifically listed in Section "Functions of the Board of Directors" below. In this area, the Board of Directors reserved sole jurisdiction over the review and approval of transactions that have a material impact on the Company's operations, particularly when they involve a related party. The criteria to identify such transactions are listed in the abovementioned Parmalat Code of Conduct approved by the Board of Directors, as better explained at the following chapter "Guidelines for Transactions with Related Parties".

At each meeting of the Board of Directors, as required by Article 2381 of the Italian Civil Code and Article 150 of Legislative Decree No. 58/98, the Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors on the work he has performed, the use of the powers of attorney he has been granted and the material transactions not requiring the prior approval of the Board of Directors that were executed by the Company and its subsidiaries.

In the performance of their duties, the Directors reviewed the information provided by the Chief Executive Officer, specifically asking the CEO to provide clarifications, in-depth analyses and additional information as may have been necessary and appropriate for a complete and accurate assessment of the facts brought to the attention of the Board of Directors.

In order to help the Directors gain greater insight into the Company's organization and its businesses, the respective Chairmen invited Company executives, mainly from Operations, Planning, Control and Group Reporting, the Corporate Accounting Documents Officer (Dirigente Preposto alla redazione dei documenti contabili societari) and Human Resources, to attend meetings of the Board Committees (Nominations and Compensation Committee and Internal Control and Corporate Governance

Committee) for the purpose of discussing and analyzing in greater detail specific Company issues. The subjects that were reviewed and discussed, on occasion with the assistance of an outside expert, included the Company's market positions and its potential and strategies. The Board Committees report to the Board of Directors to which take part, on a regular basis, the Chief Financial Officer and the General Manager in charge for Operations.

Functions of the Board of Directors

Functions of the Board of Directors

IIn the corporate governance system adopted by Parmalat SpA, the Board of Directors plays a central function, enjoying the most ample ordinary and extraordinary powers needed to govern the Company, with the sole exception of the powers reserved for the Shareholders' Meeting.

The Board of Directors has sole jurisdiction over the most important issues. Specifically, it is responsible for:

- reviewing and approving transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties;
- drafting and adopting the rules that govern the Company and its Code of Ethics, and defining the applicable Group guidelines, while acting in a manner that is consistent with the principles of the Bylaws;
- granting and revoking powers to Directors and the Executive Committee, if one has been established, defining the manner in which they may be exercised, and determining at which intervals these parties are required to report to the Board of Directors on the exercise of the powers granted them;
- determining whether Directors meet and continue to satisfy requirements of independence;
- adopting resolutions concerning the settlement of disputes that arise from the insolvency of companies that are parties to the Composition with Creditors. These resolutions may be validly adopted with the favorable vote of 8/11 of the Directors who are in office.

The Board of Directors, during the meeting held on April 9, 2008, agreed to confirm in its entirety the resolution approved on July 25, 2007, which specified the issues that are exclusively under the jurisdiction of the Board of Directors and, consequently, clarified more effectively how the new guidelines of Borsa Italiana S.p.A. are being implemented.

Essentially, the Board of Directors, in discharging its obligations:

- reviews and approves the strategic, industrial and financial plans of the Company and the Group, as well as the Company's corporate governance system and the Group's structure;
- assesses the effectiveness not only of the organizational and administrative structure, but also the general accounting system of the Company and its strategically significant subsidiaries, as developed by the Chief Executive Officer, particularly with reference to the internal control system and the handling of conflicts of interest;
- monitors and assesses the overall performance of the Group's operations, based primarily on the information provided by the Chief Executive Officer, and compares on a regular basis reported results against planned results;
- reviews and approves in advance transactions executed by the Company and its subsidiaries when these transactions have a material impact on the Company's strategy, income statement, balance sheet or financial position, paying special attention to situations in which one or more Directors

may have an interest directly or on behalf of third parties and, more specifically, to transactions with related parties. In this area, the Board of Directors has already provided in the Directors' Code of Conduct general guidelines to identify material transactions.

More specifically, non-executive Directors provided major contributions to the proceedings, drawing on general strategic knowledge and specific technical skills they acquired outside the Company. This body of knowledge made it possible to analyze issues from different perspectives and contributed to the development of a lively discussion, which is the hallmark of a collegial, reasonable and informed decision making process

The Parmalat Code of Conduct

The Code of Conduct approved by the Board of Directors of Parmalat S.p.A. on March 1, 2005, reserves for the exclusive jurisdiction of the Board of Directors all transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties and identifies for this purpose the following transactions that may be executed by Parmalat S.p.A. or its subsidiaries:

- placements of issues of financial instruments with a total value of more than 100 million euros;
- granting of loans and guarantees, investments in and disposals of assets (including real estate) and acquisitions and divestitures of equity investments, companies, businesses, assets and other property valued at more than 100 million euros;
- mergers and demergers, when at least one of the parameters listed below, when applicable, is equal to or greater than 15%:
  a) Total assets of the absorbed (merged) company or assets that are being demerged/total assets of the Company (taken from the consolidated financial statements, if available);
  b) Profit before taxes and extraordinary items of the absorbed (merged) company or assets earmarked for demerger/income before taxes and extraordinary items of the Company (taken from the consolidated financial statements, if available);
  c) Total shareholders' equity of the absorbed (merged) company or business earmarked for demerger/total shareholders' equity of the Company (taken from the consolidated financial statements, if available).

  Mergers of publicly traded companies and mergers between a publicly traded company and a privately held company are always deemed to be material operating, financial and asset transactions.

Information must also be provided about transactions that, while on their own involve amounts lower than the threshold listed above or that trigger the exclusive jurisdiction of the Board of Directors, are linked together in a strategic or executive project and taken together exceed the materiality threshold.

Consequently, transactions such as those listed above are not covered by the powers that the Board of Directors granted to the Chief Executive Officer on April 9, 2008.

The Parmalat Code of Conduct is available on the Company website: www.parmalat.com -Corporate Governance page.

In order to provide a clear disclosure of the progress made in implementing the guidelines of Borsa Italiana's Corporate Governance Code, the table that follows provides an overview of the guidelines adopted by Parmalat.

Additional Requirements of the Code

	YES	NO	BRIEF EXPLANATION OF THE REASON FOR NOT FOLLOWING THE CODE'S RECOMMENDATIONS
System for the Delegation of Powers and Transactions with Related Parties			
Did the BoD delegate powers defining:			
a) the scope of the powers	☑		
b) the manner in which they may be exercised	☑		
c) the reporting intervals	☑		
Has the BoD reserved jurisdiction over reviewing and approving transactions that could have a material effect on the Company's operating performance, balance sheet or financial position (including transactions with related parties)?	☑		
Has the BoD defined guidelines and criteria to identify "material transactions"?	☑		
Are these guidelines and criteria described in this Report?	☑		
Has the BoD established specific procedures for the review and approval of transactions with related parties?	☑		
Are the procedures for the approval of transactions with related parties described in this Report?	☑		
Latest procedures for the election of Directors and Statutory Auditors			
Were the slates of candidates to the post of Director filed at least 15 days before the Shareholders' Meeting?	☑		On February 7, 2008, the Bylaws were amended to make them consistent with the provisions of Article 144-octies of the Issuers' Regulations. When the election of the Board of Directors has taken place on April 9, 2008, the Board of Directors has recommend that the slates of candidates and the candidates' affidavits agreeing to stand for election be filed at least 15 days before the date of the Shareholders' Meeting, and that the slated be published in at least two national newspapers and the *Financial Times* at least 10 days before the abovementioned date. Article 11 of the Bylaws.
Were the slates of candidates to the post of Director filed together with adequate information?	☑		
Were the slates of candidates to the post of Director filed together with affidavits by the candidates attesting that they qualified as independent Directors?	☑		

	YES	NO	BRIEF EXPLANATION OF THE REASON FOR NOT FOLLOWING THE CODE'S RECOMMENDATIONS
Were the slates of candidates to the post of Statutory Auditor filed at least 15 days before the Shareholders' Meeting?	☑		On February 7, 2008, the Bylaws were amended to make them consistent with the provisions of Article 144-sexies of the Issuers' Regulations. When the election of the Board of Statutory Auditors has taken place on April 9, 2008, the Board of Directors has recommend that the slates of candidates and the candidates' affidavits agreeing to stand for election be filed at least 15 days before the date of the Shareholders' Meeting and that the slated be published in at least two national newspapers and the Financial Times at least 10 days before the abovementioned date
Were the slates of candidates to the post of Statutory Auditor filed together with adequate information?	☑		
Shareholders' Meetings			
Did the Company approve Shareholders' Meeting regulations?		☑	For the time being, the Company has not proposed the adoption of specific Shareholders' Meeting regulations because it believes that the power attributed by the Bylaws to the Chairman of the Meeting are sufficient to maintain an orderly performance of Shareholders' Meetings, thereby avoiding the risks and inconveniences that could result, should a Shareholders' Meeting fail to comply with Meeting regulations. Pursuant to article 10 of the Bylaws, the Chairman of the Meeting is responsible for ascertaining whether the Meeting has been properly convened, managing the progress of the Meeting and discussion of the items on the Agenda and verifying voting results.
Are these Regulations annexed to this Report?		☑	
Internal Control			
Did the Company appoint Internal Control Officers?	☑		
Are these Officers hierarchically independent of operational managers?	☑		
Is there an organizational unit responsible for the internal control system (as per Article 9.3 of the Code)?	☑		
Investor Relations			
Did the Company appoint and Investor Relations Officer?	☑		Cristina Girelli Tel: +39 0521 808550 E-mail: c.girelli@parmalat.com

Meetings of the Board of Directors

To the extent that it is feasible, Directors and Statutory Auditors must receive, together with the notice of a meeting, documents explaining the items on the Agenda, except in urgent cases or when special confidentiality must be maintained. In these cases, a comprehensive discussion of the issues must take place. When necessary, the Chief Executive Officer may ask Company executives to attend Board meetings to provide useful information about the items on the Agenda.

In 2009, the Board of Directors met 7 (seven) times. The attendance percentage of each Director at the abovementioned Board meetings is listed below:

	ATTENDANCE PERCENTAGE AT THE BOARD MEETINGS
R. Picella	100.0%
E. Bondi	100.0%
P. Alberti	57.14%
M. Confortini	100.0%
M. De Benedetti	85.71%
A. Guerra	71.42%
V. Mincato	85.71%
E. Mingoli	100.0%
M. Saà	100.0%
C. Secchi	100.0%
F. Superti Furga	100.0%

Four meetings of the Board of Directors have been planned for 2010. The first meeting is that dated February 25, 2010 during which the Board discusses also this Annual Report on Corporate Governance.

A calendar of Board meetings planned for 2010 to review annual and interim results was communicated to the market and Borsa Italiana on January 20, 2010 in a press release that was also published on the Company website: www.parmalat.com -> Investor Relations -> Press Releases page. On that occasion, the Company indicated that it would disclose promptly any changes to the dates announced in the abovementioned press release.

Handling of Corporate Information

Transparency in market communications and accuracy, clarity and completeness of disclosures are values that are binding on all members of the Company's governance bodies and all Group managers, employees and associates.

Directors, Statutory Auditors and all Company employees are required to treat as confidential the documents and information to which they may become privy in the performance of their functions and must comply with the procedure specifically established for the internal handling and public disclosure of said documents and information.

This procedure, which was adopted in 2005, is used both to manage insider documents and information internally and to communicate them outside.

Among other issues, the abovementioned procedure defines the functions, operating procedures and responsibilities that relate to the communication and dissemination of information concerning the Company and the Group. In all cases, the dissemination of such information requires the prior approval of the Company's Chief Executive Officer. The purpose of this procedure is to ensure that corporate information is not disclosed selectively, at an inappropriate time or in incomplete or inadequate form.

In 2005, as part of this procedure, the Company established the Register of Parties that Have Access to Insider Information required pursuant to Article 115-bis of the Uniform Financial Code. In accordance with this procedure, which complies with the requirements of Issuers' regulations published by the Consob, the Company is required to maintain such a Register, which is operated with a special software. The Register was prepared in accordance with Consob guidelines in order to provide an accurate flow of corporate information. Accordingly, it contains the following data: identity of each individual who has access to insider information on a regular or occasional basis; the reason why each person is entered in the Register; and the date when information about each person was last updated.

Lastly, the Company adopted an Internal Dealings Handling Code, which governs the disclosure requirements and conduct obligations associated with transactions involving financial instruments issued by the Company in an amount greater than 5,000.00 euros, as required by Consob Regulation No. 11971/99, by so-called Significant Persons who may have access to insider information about the Company and the Group. Significant Persons are required to sign a special affidavit stating that they are thoroughly familiar with and accept the Internal Dealing Handling Code.
As shown in Annex "B," no Director or Statutory Auditors of Parmalat S.p.A. holds or has held an equity interest in the Company.

Establishment and Rules of Operation of the Internal Committees of the Board of Directors

The Board of Directors has established several internal committees that provide consulting support and submit proposals to the Board of Directors. The Board of Directors is informed about the activities of these Committees whenever a Board meeting is held.

At a meeting held subsequent to the adjournment of the Shareholder's Meeting of April 9, 2008, the Board of Directors agreed to keep in place its existing internal Committees. At the same meeting, the Board of Directors also approved the various Committee regulations.

The establishments of the Internal Committees of the Board of Directors is governed by Article 18 of the Bylaws. The rules governing the operation of the Committees have been approved by the Board of Directors.

These Committees are:
- Litigation Committee;
- Nominations and Compensation Committee;
- Internal Control and Corporate Governance Committee.

Individuals who are not Committee members may be invited to attend Committee meetings to provide their input with regard to specific items on the Agenda.

Each Committee reports on a regular basis to the Board of Directors about the work it has performed.

Minutes are kept of each Committee meeting and the minutes are recorded in a special Minutes Book.

The composition, activities and rules of operation of these Committees are explained in detail below.

Litigation Committee

This Committee, which comprises three independent Directors without executive authority (Massimo Confortini, Chairman; Ferdinando Superti Furga; and Vittorio Mincato), provides consulting support to the Chief Executive Officer on litigation related to the insolvency of the companies included in the Composition with Creditors. The Corporate Counsel of Parmalat SpA attends the meetings of this Committee.

The opinions rendered by the Committee with regard to individual issues in litigation are also forwarded to the Board of Directors ahead of the meeting that has the issues in question on its Agenda.

In 2009, the Litigation Committee met 7 (seven) times. Each meeting was attended by almost all of the Committee members, who reviewed all settlement proposals prior to their approval by the Board of Directors

Meetings of the Committee have been duly recorded.

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2009	ATTENDANCE PERCENTAGE
Massimo Confortini	7	100
Ferdinando Superti Furga	6	85.71
Vittorio Mincato	7	100

Nominations and Compensation Committee

This Committee, which has three members (Carlo Secchi, Chairman; Andrea Guerra and Marco De Benedetti), performs a proposal-making function.

The specific functions of this Committee include the following:
- it submits proposals to the Board of Directors regarding the appointment of a Chief Executive Officer and the names of Directors who will be coopted by the Board when necessary, as well as proposals regarding the compensation of Directors who perform special functions. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets;
- at the request of the Chief Executive Officer, it evaluates proposals for the appointment and compensation of Chief Executive Officers and Board Chairmen of the main subsidiaries. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets. In performing this task, the Committee may request the input of the Manager of the Group Human Resources Department;
- at the request of the Chief Executive Officer, it defines the parameters used to determine the compensation criteria applicable to the Company's senior management and the adoption of stock option and share award plans or other financial instruments that may be used to provide an incentive to and increase the loyalty of senior management. In performing this task, the Committee may request the input of the Manager of the Group Human Resources Department.

In 2009, the Nominations and Compensation Committee met 3 (three) times. All of the Members attended the meetings. At those meetings, the Committee reviewed the program for the management and development of the corporate staff. Also the Chairman of the Board of Directors, the Chief Executive Officer and the Group Human Resources Director have been invited to the Committee's meetings.

Meetings of the Committee have been duly recorded.

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2009	ATTENDANCE PERCENTAGE
Carlo Secchi	3	100
Andrea Guerra	3	100
Marco De Benedetti	3	100

Compensation of Directors

On April 9, 2008, the Shareholders' Meeting approved a resolution awarding Directors who serve as committee members an additional variable compensation amount based on the actual number of committee meetings. This additional compensation is listed in the section of this Report entitled "Compensation of Directors and Statutory Auditors."

The total compensation allotted to the Directors currently in office was set at the Shareholders' Meeting held on April 9, 2008, concurrently with the election of the Board of Directors. Information about the compensation of Directors is provided in a schedule entitled "Compensation of Directors and Statutory Auditors," which is appended to this Report as Annex "A."

In relation to "Indemnities Payable to Directors in the Event of Resignation or Dismissal Without Just Cause or if the Relationship Is Terminated Due to a Tender Offer", we remind you to the letter m), paragraph "Information About Ownership Issues (as per Article 123-bis of the Uniform Financial Code)" of the present Report.

Internal Control and Corporate Governance Committee

This Committee, which comprises three independent Directors without executive authority (Marzio Saà, Chairman; Carlo Secchi; and Ferdinando Superti Furga), performs a consulting and proposal-making function. Sessions of the Committee are attended by the Chairman of the Board of Statutory Auditors.

The specific functions of this Committee include the following:

- it verifies that the internal control system is working effectively and supports the Board of Directors in defining guidelines for the internal control system. It also supports the Chief Executive Officer in defining the tools and methods needed to implement the internal control system;
- it assists the Board of Directors in performing the tasks described in Article 17, Letters d) and k),(1) of the Bylaws;
- it evaluates the work plans prepared by the Internal Control Officers and reviews the reports these Officers are required to submit on a regular basis;
- it evaluates, together with the Company's accounting officials and the independent auditors, the effectiveness of the accounting principles and their consistent use in the preparation of the financial statements;
- it evaluates proposals put forth by independent auditors who are seeking the award of the audit assignment, their audit work plans and the findings contained in the audit report and the suggestion letter;
- it approves the annual audit plan;
- it reports to the Board of Directors at least semiannually (in conjunction with the approval of the annual and semiannual reports) on the work done and the adequacy of the internal control system;
- it performs any additional assignments it receives form the Board of Directors, particularly with regard to the relationship with the independent auditors;
- it supports the Board of Directors in the task of establishing the Oversight Board required by Legislative Decree No. 231/2001 and reviews the work performed by the Oversight Board;
- it ensures that the rules of corporate governance are complied with and updates these rules. It performs any other activity that it may deem useful or consistent with the performance of its functions.

(1) These are rules concerning corporate governance and the obligation to oversee and assess the overall performance of the Company's operations.

In 2009, the Internal Control and Corporate Governance Committee met 7 (seven) times. Each meeting was attended by all Committee members and by the Chairman of the Board of Statutory Auditors and/or other Statutory Auditors. Also the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the General Manager on Operations have been invited to the Committee's meetings.
The Committee reviewed the valuation criteria and accounting principles applied to prepare the income statement and balance sheet prior to their submission to the Board of Directors, the Group's independent audit plan, the annual internal audit plan, the projects carried out to implement the Company's governance rules (including the appointment of the Internal Control Officer, as required by Law No. 262/05), the programs launched in connection with Legislative Decree No. 231/2001 and those concerning market abuse. Other issues discussed at Committee meetings included a project to streamline the corporate chain of control and a project to analyze/manage operational risks. The programs related to Legislative Decree No. 231/2001 are discussed in greater detail in Section 10 below on the Internal Control System.

The Committee also provided the Board of Directors with a report reviewing the effectiveness of the internal control system.

Meetings of the Committee have been duly recorded.

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2009	ATTENDANCE PERCENTAGE
Marzio Saà	7	100
Carlo Secchi	7	100
Ferdinando Superti Furga	7	100

Internal Control System

The Company's Internal Control System is designed to ensure the efficient management of its corporate and business affairs; to make management decisions that are transparent and verifiable; to provide reliable accounting and operating information; to ensure compliance with the applicable statutes; to protect the Company's integrity; and to prevent fraud against the Company and the financial markets in general.

The Board of Directors defines the guidelines of the Internal Control System and verifies its effectiveness in managing business risks.

The Chief Executive Officer defines the tools and procedures needed to implement the Internal Control System in a manner that is consistent with the guidelines established by the Board of Directors and ensures that the overall system is adequate, functions correctly and is updated in response to changes in the operating environment and in the statutory and regulatory framework.

The Internal Control System defined by the Board of Directors must have the following general characteristics:

- at the operating level, authority must be delegated in light of the nature, typical size and risks involved for each class of transactions, and the scope of authority must be consistent with the assigned task;
- the organization must be structured to avoid function overlaps and concentration under one person, without a proper authorization process, of multiple activities that have a high degree of danger or risk;
- each process must conform with an appropriate set of parameters and generate a regular flow of information that measures its efficiency and effectiveness;
- the professional skills and competencies available within the organization and their congruity with the assigned tasks must be checked periodically;
- operating processes must be geared to produce adequate supporting documents, so that their congruity, consistency and transparency may be verified at all times;
- safety mechanisms must provide adequate protection of the Company's assets and ensure access to data when necessary to perform required assignments;
- risks entailed by the pursuit of stated objectives must be identified and adequately monitored and updated on a regular basis, and negative elements that can threaten the organization's operational continuity must be assessed carefully and protections adjusted accordingly;
- the Internal Control System must be supervised on an ongoing basis and reviewed and updated periodically.

Specifically, the Group's Internal Control System performs two distinct functions at the operational level:

- line control, which includes all of the control activities that the Group's individual operating units and companies apply to their processes. These control activities are a primary responsibility of operational managers and are deemed to be an integral part of all Company processes;
- internal auditing, which is performed by a separate Company organization. The purpose of the Internal Auditing Function is to help the Risk Management office identify and minimize the different types of risks to which the Company is exposed. It accomplishes this goal by monitoring line controls in terms of their effectiveness and the results they produced.

The Board of Directors uses the support of the Internal Control and Corporate Governance Committee to ensure that the guidelines provided above are complied with.
Essentially, the Chief Executive Officer is the executive Director who is responsible for ensuring that the Internal Control System referred to in Guideline 8.3.5 of the Code is functioning effectively.
The Board of Directors, acting on a recommendation by the Chief Executive Officer, asked Francesco Albieri, Manager of the Group Internal Auditing Function to also serve as Internal Control Officer. The Internal Control Officer is hierarchically independent of executives that oversee operational departments and reports directly to the Chief Executive Officer. The Internal Control Officer provides information on a regular basis to the Internal Control and Corporate Governance Committee and the Board of Statutory Auditors.
Consistent with the Internal Auditing Guidelines approved by the Board of Directors and the Internal Control and Corporate Governance Committee, the Internal Auditing Function has unrestricted access to any information that may be useful for the performance of its assignments.
The Corporate Internal Auditing Function audits the Internal Control System to assess performance with regard to the following:

- compliance with laws and regulations and with Company rules and procedures, specifically regarding the Organization, Management and Control Model (so-called compliance audits);

- the reliability of accounting and operating data and information (so-called financial audits);
- the effectiveness and efficiency of the Group's operations (so-called operational audits);
- protection of the Group's assets (as the combined effect of the abovementioned audits).

The abovementioned auditing engagements may also be performed with the methodology and operational support of specialized consultants.
The Organization and Management Model required by Legislative Decree No. 231/2001 is an integral part of the Internal Control System and the Oversight Board required by the abovementioned Decree is responsible for overseeing the implementation of the Model. The members of the Oversight Board are an independent Director (Marzio Saà), a Statutory Auditor (Enzio Bermani) and the Group Internal Auditing Manager (Francesco Albieri). The Oversight Board adopted internal regulations that were approved by the Board of Directors. The Board of Directors, after hearing the input of the Board of Statutory Auditors, appoints the members of the Oversight Board based on requirements that include professional background, competence, integrity, autonomy and independence. The reasons that would make a candidate unelectable to the Oversight Board include: (i) having been barred or disqualified from holding public office, filed for bankruptcy or received a sentence that includes being barred (even if temporarily) from holding public office or disqualifies the defendant from holding a management position; (ii) having been convicted of one of the crimes referred to in the abovementioned Decree.
A member of the Oversight Board may be removed from office only if there is sufficient cause to justify such cause and the removal decision must be set forth in a resolution approved by the Board of Directors, based on the input provided by the Board of Statutory Auditors.
In 2009, the Oversight Board met four times. It analyzed issues related to the effectiveness and efficiency of the Model, reviewed the findings of audits that it performed on processes that are relevant to the implementation of the Model, the structure of outgoing and incoming information flows and the coordination of the various Oversight Boards established within the Parmalat Group.
On January 30, 2009, the Board of Directors agreed to establish a separate budget earmarked for use by the Oversight Board in 2009;

Following the completion of their Organization, Management and Control Models, the main Italian subsidiaries were able to begin the regular implementation of the Models and verify the protocols adopted for that purpose. Guidelines for foreign Group companies, as approved by the Parent Company's Board of Directors and subsequently communicated to the Boards of the abovementioned subsidiaries, were developed taking into account the issues entailed by the different corporate organizations and the requirements of local laws. These guidelines set forth principles of business conduct and organizational rules that are consistent with the Group's Code of Ethics and should be applied to corporate processes that are relevant for the purposes of Legislative Decree No. 231/2001. Each company is required to adopt these principles and rules, compatibly with the relevant provisions of local laws.
In addition, the organizational model used by Parmalat was updated to address an expansion of the range of prosecutable offenses, particularly with regard to the provisions of Decree Law No. 123/07, pursuant to which companies are held liable for the crimes of receiving stolen property and money laundering. As of the writing of this Report, the Model was again being updated to comply with the provisions of Article 25-bis and Article 25-*novies* of Legislative Decree No. 231/01 concerning food-product fraud.

Main Characteristics of the Risk Management and Internal Control System Applied to the Financial Disclosure Process

In recent years, as required by Article 123-bis of the Uniform Financial Code, the Parmalat Group broadened the scope of its Internal Control System to include management of the risks inherent in the financial disclosure process. The purpose of this activity is to ensure that financial disclosures are truthful, accurate, reliable and timely. By making the process of monitoring the accounting Internal Control System compliant with the regulatory requirements of Law No. 262/05 (as amended) and applying the recommendations of the Independent Auditors, the Company developed a control model consistent with the best international practices in this area and with the COSO 1 (Committee of Sponsoring Organizations of the Tradeway Commission). The components of this model are:

- a set of key corporate policies/procedures at the Group and local level;
- a process to map the main risks inherent in financial/accounting disclosures;
- assessment and monitoring activities performed on a regular basis;
- a process for the communication of the internal control and testing objectives with regard to accounting disclosures provided to the market.

As part of this process, the Group integrated the auditing and testing activities required by Law No. 262/05 into a single audit plan implemented at the Group level that will make it possible to monitor the main administrative/accounting processes periodically, but on a constant basis. The Company's senior management is appraised of the outcome of such audits on an ongoing basis.

The Group's Parent Company issued instructions to the effect that, when a subsidiary forwards to the Corporate Accounting Documents Officer accounting or financial data that have an impact on the condensed semiannual financial statements or the annual statutory and consolidated financial statements, or are certified by the Corporate Accounting Documents Officer pursuant to Article 154-bis, such data submissions must be accompanied by an Affidavit signed by the subsidiary's General Manager or Chief Executive Officer attesting that: i) adequate accounting and administrative procedures consistent with the guidelines provided by the Corporate Accounting Documents Officer have been adopted; ii) the abovementioned procedures were effectively applied during the period to which the accounting data apply; iii) the accounting data are consistent with the books of accounts and other accounting records; iv) the accounting data provide a truthful and fair presentation of the balance sheet, income statement and financial position of the company they are responsible for managing; v) for the annual statutory and consolidated financial statements, the report on operations include the disclosures required by Article 154-bis, Section 5, Letter e), of the Uniform Financial Code; and vi) for the condensed semiannual financial statements, the interim report on operations include the disclosures required by Article 154-bis, Section 5, Letter f), of the Uniform Financial Code.
The Chief Executive Officer and the Corporate Accounting Documents Officer are primarily responsible for the implementation of this model.

Consistent with the requirements of Article 2428, Section 1, of the Italian Civil Code and the Corporate Governance Code published by Borsa Italiana (Implementation Guideline 8.C.1, Letter a) concerning risks and uncertainties, the Company and its main Italian subsidiary completed a risk assessment program of their main operating processes that will lead to a better and more specific risk identification and management, both individually by each department and, at the Group level, by the Board of Directors. The Board of Directors plans to broaden the scope of the abovementioned assessments to include the more important subsidiaries, in order to monitor their performance and how mapped risks are being managed.
To supplement and round off the actions described above with regard to risks and uncertainties, the Company adopted procedures that enable it to collect data and information about its main subsidiaries for the purpose of monitoring risks and uncertainties that are typical of its industry.
Responsibility for managing these risks rests with local management.

Independent Auditors

The law requires that each year a firm of independent auditors ascertain that the Company's accounting records are properly maintained and faithfully present the results of operations, and that the statutory and consolidated financial statements fairly reflect the data in the accounting records, are consistent with the findings of the audits performed and comply with the applicable statutes.

The firm of independent auditors is *PricewaterhouseCoopers* SpA which has been appointed by the resolution of the Shareholders' Meetings of March 15, 2005 and it has been extended by the resolution approved by the Shareholders' Meeting of April 28, 2007. The abovementioned firm will be in charge until the date in which the shareholders' meeting will approve the 2013 financial statements.

Corporate Accounting Documents Officer

The Corporate Accounting Documents Officer must meet the following requirements: (i) he must have served as a corporate executive for at least 5 years; (ii) he must have worked in the accounting or control areas or served in another management function at a corporation with a share capital of at least 2 million euros; and (iii) he must meet the law's standards of integrity and professionalism. These requirements are set forth in Article 20-*bis* of the Bylaws.

As part of the process of appointing a Corporate Accounting Documents Officer (hereinafter the "Documents Officer"), as required by Article 154-*bis* of the Uniform Financial Code (Legislative Decree No. 58/98), the Company found that its Chief Financial Officer, Mr PL De Angelis, was the person best qualified to meet the requirements of the Uniform Financial Code, as amended. The appointment of the Documents Officer, which falls under the jurisdiction of the Board of Directors, was carried out by a resolution that the Board of Directors, acting with the support of the Board of Statutory Auditors and of the Internal Control and Corporate Governance Committee, approved on July 25, 2007. At the same meeting, the Board of Directors approved guidelines to govern the tasks assigned to the Documents Officer; the manner in which the Documents Officer is appointed, is terminated or dismissed; the powers and resources awarded to the Documents Officer; and the relationships between the Documents Officer and other corporate governance bodies and departments. As of the date of approval of this Report, the Board of Directors had authorized, on November 6th, the 2010 expense budget for the Documents Officer, who is required to report to the Board of Directors at least semiannually about the use of his budget. At the same meeting, the Documents Officer reported to the Board of Directors about the use of the allocated budget.
Consistent with the scope of the powers and functions allocated to him, through the approval, by the Board of Directors, of Guidelines on July 2007, the Documents Officer may exceed the limits of the approved budget to address specific and demonstrable needs, provided he is expressly authorized by the Board of Directors. The Documents Officer is part of the senior management team and is a member of the Chief Executive Officer's staff. The Documents Officer is empowered to organize his activity with maximum autonomy.

The Documents Officer was appointed for an undetermined term of office. In other words, he will serve until his appointment is revoked or he resigns.

Consequently, the Documents Officer can be automatically removed from his office only in the following cases: i) he is terminated as an employee of the Company or of a company in the Parmalat Group by which he was employed; or ii) he no longer meets the integrity requirements he possessed when he was appointed.

The Documents Officer can also be dismissed by the Board of Directors. In such cases, the dismissal must be justified and the requirements of Article 2383 of the Italian Civil Code that apply to the dismissal of Directors must be met.

If the Documents Officer is removed or dismissed, the Board of Directors shall take action promptly and urgently to appoint a replacement.

Guidelines for Transactions with Related Parties

Consistent with the provisions of the Code, the Board of Directors has established a special process to review and approve transactions with related parties.
More specifically, the Board of Directors is responsible for verifying that transactions in which a Director has a personal interest, either directly or for the benefit of a third party, are executed transparently and in a manner that is fair both substantively and procedurally.

Transactions with related parties, including intra-Group transactions, must be approved in advance by the Board of Directors, except for typical or regular transactions (i.e., transactions that in view of their purpose, type, characteristics or conditions are part of the Company's normal course of business and do not entail particular problems because of their characteristics or the risks presented by the counterpart or the timing of their execution) or transactions executed on standard terms.

Transactions that require the approval of the Board of Directors are transactions that, because of their purpose, amount involved or implementation timing could have an impact on the safety of the Company's assets or on the fairness or completeness of accounting and other information. Special attention is paid to transactions that involve an amount greater than 50 million euros and to transactions of a lesser amount that are executed on non-standard terms.

When justified by the type or characteristics of a transaction, in order to avoid executing it on unfair terms, the Board of Directors may request that the transaction be executed with the support of one or more experts, who will be asked to render an opinion about the financial terms and/or conditions and/or fairness of the transaction.
In choosing the abovementioned experts, the Board of Directors must approach individuals of proven professional skill and competence in the applicable subject area, and their independence and lack of conflict of interest must be checked carefully. In the most significant cases, in keeping with the principles of independence, the Board of Directors must use different experts for each related party.

Because Articles 9.4 and 14 of the Parmalat Code of Conduct already set forth detailed guidelines to identify such transactions and the actions that must be taken, the Board of Directors did not approve a special procedure in this area. However, the Company specifically intends to approve a special procedure to address this issue once the Consob publishes the applicable regulatory guidelines.

Election of Statutory Auditors

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the Bylaws and performs a management oversight function. By law, it is not responsible for auditing the financial statements, as this function is performed by independent auditors selected by the Shareholders' Meeting.

Pursuant to Article 21 of the Bylaws, the Board of Statutory Auditors comprises three Statutory Auditors and two Alternates, all of whom are elected on the basis of slates of candidates to ensure that a Statutory Auditor and an Alternate are elected by minority shareholders. 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 Regular Shareholders' Meetings are entitled to file slates of candidates.

In accordance with Article 21 of the Bylaws, the slates of candidates filed by shareholders must be deposited at the Company's registered office at least 15 days before the date of the Shareholders' Meeting, convened on the first calling. The additional procedures required to file slates of candidates and the eligibility to file such slates are governed by Article 11 of the Bylaws, insofar as they are not in conflict with the provisions of Article 144-*sexies*, Section 5, of the Issuers' Regulations.

Together with each slate of candidates, shareholders must file and publish affidavits by which each candidate accepts to stand for election and attests, on his responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he has met the requirements for election to the respective office. Each candidate must file a curriculum vitae together with his affidavit, listing his personal and professional data.

In compliance with article 21 of Parmalat By Laws, 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.

Lastly, if no slate of candidates is filed 15 days before the Shareholders' Meeting or if only slates filed by shareholders who are linked with each other pursuant to Article 144-*quinquies* of the Issuer's Regulations are deposited during that period, slates of candidates may be filed up to five days after the expiration of the 15-day deadline, as allowed by Article 144-*sexies* of the Issuer's Regulations. A specific disclosure was provided by the Company by means of a notice published in the March 22, 2008 issue of *Il Sole 24 Ore*.

Statutory Auditors can also be selected among candidates who qualify as independent based on the criteria provided in the Code for Directors. The Board of Statutory Auditors will verify compliance with these criteria after the election and, subsequently, once a year. The results of this review process shall be disclosed in the Annual Report on Corporate Governance.

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 the Company's area of business and to the fields of law, economics, finance and technology/science.

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 and, in particular it is not admitted to elect those individuals: (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 sentence is not final.

Statutory Auditors

The current Board of Statutory Auditors was elected at the Shareholders' Meeting of April 9, 2008. It will remain in office until the Shareholders' Meeting convened to approve the financial statements at December 31, 2010. No members of the current Board of Statutory Auditors has been elected by minority shareholders because only one slate was filed when elections were held in 2008.

The current Board of Statutory Auditors includes the following three Statutory Auditors:

Alessandro Dolcetti	*Chairman*
Enzio Bermani	*Statutory Auditor*
Renato Colavolpe	*Statutory Auditor* - Following the death of the Statutory Auditor Mr Mario Magenes, in accordance with Article 2401 of the Italian Civil Code, on May 29, 2009 Mr Renato Colavolpe succeeded to the position of Mr Magenes.

and the following Alternate

Marco Benvenuto Lovati	*Alternate*

This Shareholders' Meeting has been called also to discuss the appointment of a Statutory Auditor and the appointment of an Alternate.

The table that follows lists the main posts held by Statutory Auditors:

NAME OF STATUTORY AUDITORS	POST HELD AT PARMALAT S.P.A.	POSTS HELD AT OTHER COMPANIES
Alessandro Dolcetti	Presidente	■ Chairman Board of Stat. Auditors Mediagraf S.p.A. ■ Chairman Board of Stat. Auditors Enìa S.p.A.
Enzio Bermani	Statutory auditor	■ Statutory Auditor of Sistemi di Energia S.p.A. ■ Statutory Auditor Cimberio S.p.A. ■ Chief Exeutive Officer RCS Investimenti S.p.A.
Renato Colavolpe	Statutory auditor	■ A2A Energia S.p.A. ■ A2A Produzione Srl ■ Edison Trading S.p.A. ■ Edison Energia S.p.A. ■ Edison International S.p.A.

The Statutory Auditors currently in office were elected based on a slate of candidates filed by the following investors: *Lehman Brothers International (Europe), Angelo, Gordon & Co. LP, Stark Master Fund Ltd, Stark Global Opportunities Master Fund Ltd, Stark Criterion Master Fund Lt, MKM LongBoat Multi-strategy Master Fund Ltd e Zenit Fund.* The abovementioned slate was published in the following newspapers on March 27, 2008: Il *Sole 24 Ore*, *Corriere della Sera* and *Financial Times*.

The Statutory Auditors currently in office, in addition to meeting the requirements of independence set forth in the Code, also meet the statutory requirements of integrity and professionalism.

In relation to the Statutory Auditors' tasks, in compliance with legal provisions, the Statutory Auditors verified the correctness of the application of the criteria and the procedures put in place by the Board of Directors in order to value the independence of its members.

At a meeting held on April 9, 2008, the Board of Statutory Auditors verified that its members were in compliance with the independence requirements set forth in Guideline 10.C.2 of the Code.

During the Statutory Auditors' Meeting of December 15, 2009, in compliance with the Code, the Statutory Auditors also verified the persistency of the independence requirements for each of its members.

Information about the personal and professional backgrounds of the Statutory Auditors referred to in Article 144-*octies* Letter a), of the Issuers' Regulations, as cited in Article 144-*decies* of the Issuers' Regulations, is provided in Annex "C" to this Report.

In 2009, the Board of Statutory Auditors worked in close cooperation with the Internal Control and Corporate Governance Committee. The Chairman of the Board of Statutory Auditors, or other member of the Board, attended all the Committee meetings. In addition, a Statutory Auditor (E. Bermani – in substitution of M. Magenes) is a member of the Oversight Board established pursuant to Legislative Decree No. 231/01 and attended all Oversight Board meetings from the date of his appointment on July 3rd, 2009.

In the performance of its duties, the Board of Statutory Auditors makes it a practice to coordinate its activities with the Internal Audit Department.

Lastly, as part of the tasks that it is required to perform pursuant to law, the Board of Statutory Auditors checked that the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members were being properly applied.

Lastly, the Board of Statutory Auditors supervises on the independence of the firm of independent auditors.

The Board of Statutory Auditors met 17 (seventeen) times in 2009. Almost all of the Members attended the meetings. A breakdown of the meetings of the Board of Statutory Auditors is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2009	ATTENDANCE PERCENTAGE
Alessandro Dolcetti	17	100.00
Enzio Bermani	17	100.00
Renato Colavolpe (*)	8	47.05

(*) we remind you that, according to Article 2401 of the Italian Civil Code, following the death of the Statutory Auditor Mr Mario Magenes, Mr Colavolpe succeeded to the position of Mr Magenes.

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED UNTIL MAY 29, 2009	ATTENDANCE PERCENTAGE
Mario Magenes	8	47.05

The compensation payable to the Board of Statutory Auditors, which was approved by the Shareholders' Meeting on April 9, 2008, is outlined in a schedule entitled "Compensation of Directors and Statutory Auditors," which is appended to this Report as Annex "A."

Relationship with Shareholders

Parmalat's communication policy is based on maintaining an ongoing dialog with institutional investors, shareholders and the market in general. The objective pursued by this approach to communications is to ensure the dissemination of complete, accurate and timely information in a manner that prevents the occurrence of "timing differences" in the disclosure of information and ensures that the same information is made available at the same time to all shareholders.

The ongoing disclosure of information to investors, the market and the media is achieved by means of press releases; regular meetings with institutional investors, the financial community and the media; and documents that are posted on the Company website: www.parmalat.com.

The Company supports any initiative that encourages the largest possible number of shareholders to attend Shareholders' Meetings and helps them exercise their rights. Accordingly, it publishes all Notices of Shareholders' Meetings in the *Official Gazette of the Italian Republic*, two Italian newspapers with national circulation and the *Financial Times*, and makes material with relevant information available on its website at least 15 days before the date of each Shareholder's Meeting.

In addition to the opportunities provided by the Shareholders' Meetings, the Company's dialog with its shareholders and institutional investors continues on the occasion of regular meetings with the financial community organized by the Investor Relations Office, headed by C. Girelli, and with the support of the Corporate Affairs Office.

Shareholders' Meeting

Shareholders' Meetings are convened in Ordinary or Extraordinary Session pursuant to law, unless one is called to vote on resolutions concerning amendments to Article 10 (Convening, Chairing and Handling Shareholders' Meeting), Article 11 (Board of Directors), Article 12 (Requirements of Independent Directors), Article 15 (Meetings of the Board of Directors), Article 16 (Resolutions of the Board of Directors), Article 17 (Powers of the Board of Directors - Delegation of Powers) or Article 18 (Committees) of the Bylaws, which, until the approval of the financial statements for the 2009 fiscal year, will require the favorable vote of shareholders representing at least 95% of the share capital.

Please be informed that as mentioned in the Proposal of Composition with Creditors that has been enclosed to the Official Prospect deposited at CONSOB on May 27, 2005, these governance rules can not be modified for a period of at least five years from the date of the deposit (October 1st, 2005), of the approval sentence of the Proposal of Composition with Creditors (as stated by article 4,8 of the Proposal of Composition).

Pursuant to the Bylaws (Articles 8, 9 and 10), Shareholders' Meetings are convened by means of a notice published in the Official Gazette of the Italian Republic and in two of the following newspapers: *Corriere della Sera*, *La Repubblica* or *Il Sole 24 Ore*, as well as in the *Financial Times* at least 30 days before the first calling of the Shareholders' Meeting. The notice, which is posted at the same time on the Company's website, specifies the conditions for attending the Shareholders' Meeting, as set forth in the Bylaws.

In addition, the Company provides the public with information about the items on the Meeting's Agenda by making relevant material available at its headquarter, communicating it to Borsa Italiana through the NIS system and posting it on its website (www.parmalat.com).

In compliance with article 9 of the By Laws, only shareholders who have deposited their shares, or the corresponding certifications, at the Company's registered office or at the banks listed in the Notice of Shareholders' Meeting at least two days in advance may attend the Meeting.

Shareholders' Meetings may be attended by shareholders who received from the Company the communication required by Article 2370, Section Two, of the Italian Civil Code at least two days prior to the date of a single Shareholders' Meeting, and who, on the date of the Meeting, can produce the requisite certification, unless the Notice of Meeting allows attendance by shareholders who are entitled to vote and can prove their right to do so in the manner required by the statutes currently in force, without the need to make deposits or communications ahead of time.
Shareholders' Meetings are chaired by the Chairman of the Board of Directors. If the Chairman is absent, Meetings are chaired by the Deputy Chairman who has not as yet been appointed.
Insofar as the handling of Shareholders' Meetings is concerned, thus far, the Company has chosen not to propose the adoption of specific Meeting Regulations, since the powers attributed to the Chairman of the Meeting pursuant to the Bylaws should be sufficient to enable the Chairman to conduct orderly Shareholders' Meetings. This approach avoids the risks and inconveniences that could result if the Shareholders' Meeting should fail to comply with all of the provisions of such Regulations.
Pursuant to Article 10 of the Bylaws, the Chairman is responsible for determining that a Shareholders' Meeting has been properly convened, overseeing the Meeting's activities and discussions and verifying the outcomes of votes.

On the occasion of the Shareholders' Meeting, the Board of Directors reported on its past and planned activities and answered specific questions asked by shareholders. The Board has strived to provide shareholders with ample disclosures about issues that are relevant to the process of making informed decisions about matters over which the Shareholders' Meeting has jurisdiction.

In 2009, a Shareholders' Meeting was held on April 9, 2009 for the purpose of approving the 2008 Annual Report and of increasing the compensation of the Independent Auditors' Firm.

Changes Occurring Since the End of the Reporting Year

The Company's system of corporate governance has not changed during the period between the end of the reporting year and the date when this Report was submitted for approval.

Information About Compliance with the Code

This Report also serves the purpose of providing a detailed disclosure of the Company's compliance with the recommendations of the Code and lists any deviations from said recommendation, providing reasons for these deviations.

Annex "A"

Compensation of Directors and Statutory Auditors

On April 9, 2008, the Shareholders' Meeting approved a resolution granting to the Board of Directors a total annual compensation of 1,300,000.00 euros. On April 9, 2008, the Board of Directors allocated this amount as follows:

- to each Director a fixed fee of € 30,000.00 and a variable fee of up to € 20,000.00, based on the percentage of attendance at Board meetings, as follows:
  - for less than 50% attendance € 0;
  - for an attendance between 50% and 70% € 10,000.00;
  - for an attendance greater than 70% € 20.000.00.

- For the Chairman an additional fee of € 250,000.00.
- For the Chief Executive Officer and additional fee of € 500,000.00.

In addition, Directors who serve on Board Committee receive an attendance fee for each meeting amounting to 6,500 euros for the Committee Chairman and 3,900 euros for the other Committee members.

Compensation for 2009 - Amounts in thousands of euros

	FIXED ANNUAL FEE	VARIABLE FEE	COMMITTEE ATTENDANCE FEE	OVERSIGHT BOARD FEE	TOTAL COMPENSATION FOR POSTS HELD AT THE COMPANY PREPARING ANNUAL FINANCIAL STATEMENTS FROM JANUARY 1, 2009 TO DECEMBER 31, 2009	NON-CASH BENEFITS	BONUS AND OTHER INCENTIVES	OTHER COMPENSATION
Directors								
Raffaele Picella	280	20			300			
Enrico Bondi	530	20			550			
Vittorio Mincato	30	20	27.3		77.3			
Marco De Benedetti	30	20	11.7		61.7			
Piergiorgio Alberti	30	10			40			
Andrea Guerra	30	20	11.7		61.7			
Carlo Secchi	30	20	46.8		96.8			
Massimo Confortini	30	20	45.5		95.5			
Marzio Saà	30	20	45.5	13	108.5			
Erder Mingoli	30	20			50			
Ferdinando Superti Furga	30	20	50.7		100.7			
	1,080	**210**	**239.2**	**13**	**1,542.2**	**-**	**-**	**-**
Statutory Auditors								
Alessandro Dolcetti	65				65			
Enzio Bermani	45			** 7.5	52.5			
Mario Magenes	** 18.7			** 5.4	24.1			
Renato Colavolpe*	** 26.2				26.2			
	154.9			**12.9**	**167.8**	**-**	**-**	**-**

The Shareholders' Meeting of April 9, 2008 resolved to assign to the Statutory Auditors an annual remuneration of 45,000.00 for each Statutory Auditor and annual remuneration of 65,000.00 euros for the Chairman of the Statutory Auditors.

* *Renato Colavolpe has been appointed Statutory Auditor since May 29, 2009 following the death of Mario Magenes.*
** *amounts subjected to adjustments.*

Annex "B"

Equity Investments Held by Members of The Corporate Governance Bodies

FIRST AND LAST NAME	INVESTEE COMPANY	NUMBER OF SHARES HELD AT JANUARY 1, 2009	NUMBER OF SHARES BOUGHT IN 2009	NUMBER OF SHARES SOLD IN 2009	NUMBER OF SHARES HELD AT DECEMBER 31, 2009
Directors					
Raffaele Picella	-	-	-	-	-
Enrico Bondi	-	-	-	-	-
Piergiorgio Alberti	-	-	-	-	-
Massimo Confortini	-	-	-	-	-
Marco De Benedetti	-	-	-	-	-
Andrea Guerra	-	-	-	-	-
Vittorio Mincato	-	-	-	-	-
Erder Mingoli	-	-	-	-	-
Marzio Saà	-	-	-	-	-
Carlo Secchi	-	-	-	-	-
Ferdinando Superti Furga	-	-	-	-	-
Statutory Auditors					
Alessandro Dolcetti	-	-	-	-	-
Enzio Bermani	-	-	-	-	-
Renato Colavolpe	-	-	-	-	-

Annex “C”

Personal and professional data of the members of the Board of Statutory Auditors

ALESSANDRO DOLCETTI - Chairman of the Board of Statutory Auditors
Alessandro Dolcetti was born in Cortina d’Ampezzo (BL) on August 18, 1962. He graduated from the University of Venue with a Degree in Business Economics. He is listed in the Register of Certified Public Accountants and in the Register of Independent Auditors. He provides professional services to industrial and financial companies, with special emphasis on industrial reorganization transactions, acquisitions and corporate governance issues. He has an office at 72 Via di San Basilio, in Rome, within the facilities occupied by the Simmons & Simmons law firm, to which he is of counsel. In 1986, he joined the Pirelli Group, Tires Division, working in the areas of financial controlling and key account management at the Milan and Frankfurt offices. From 1994 to 2004 he worked as a consultant on corporate and tax issues at Fantozzi & Associati, a law firm specialized in taxation.

ENZIO BERMANI - Statutory Auditor
Enzio Bermani was born in Casalbeltrame (NO) on July 17, 1931. He holds a Degree in Economics and Business Administration from the Bocconi University in Milan and is listed in the Register of Independent Auditors. After 2000, he served as Chief Executive Officer of RCS Investimenti S.p.A. and Statutory Auditor at several companies. From 1983 to 1999, he worked at the Fila Group as manager of the Accounting, Finance, Control and Systems Department. In 1993, when the Fila Group was listed on the New York Stock Exchange (NYSE), he was appointed Chief Financial Officer. He was Chief Executive Officer of Fila Sport S.p.A. from 1995 to 1999 and served on the Boards of Directors of several companies in the Fila Group. Until 1983, he developed his career at the B.P.D. Group, where he rose to become Deputy General Manager, in charge of accounting, finance, control, systems and human resources of S. Andrea Novara S.p.A.

RENATO COLAVOLPE - Statutory Auditor
Renato Colavolpe was born in Naples on February 7, 1953. He holds a Law Degree from the Cattolica University of Milan. He is listed in the Register of Lawyers in Milan and in the Register of Independent Auditors. From 1979 to 1988 he developed his experience in fiscal and corporate affairs fields for several principal companies (such as Banco Ambrosiano, Bastogi I.R.B.S.S. and Snia BPD). Form 1989 to 1995 he also cooperated with “Studio di Consulenza Tributaria e Legale Pirola, Pennuto, Zei & Associali” assisting them for several transaction of acquisition related to shareholding, companies, mergers, contribution of capital and joint venture. Following this experience, he opened his Law firm in Milan (Square.Guastalla 10) and he is currently mainly focused on Corporate Governance System and in Company’s Control System also with reference to the regulation of administrative responsibility for agency.

Key Events of 2009

Litigation Settlements

In 2009, Parmalat reached the following out-of-court settlements with credit institutions:

- on February 6, 2009, settlement with the Deutsche Bank Group amounting to 74 million euros plus the provision by Deutsche Bank of investment banking services valued at 2.5 million euros;
- on February 6, 2009, settlement with the UBI Group (Banca Popolare di Bergamo S.p.A., C.B.I. Factor S.p.A. and Banco di Brescia S.p.A.) for a total amount of 11 million euros;
- on February 6, 2009, settlement with the Banca Popolare di Vicenza Group (Banca Popolare di Vicenza Soc. Coop. a r. l. and Cassa di Risparmio di Prato S.p.A.) for a total amount of 5.1 million euros;
- on February 6, 2009, settlement with a group of banks and companies controlled by Banca Popolare dell'Emilia Romagna (BPER Group) for a total amount of 12.5 million euros;
- on February 11, 2009, settlement with Credito Emiliano S.p.A. for a total amount of 10 million euros;
- on February 18, 2009, settlement with the Banco Popolare Group for a total amount of 24.2 million euros;
- on March 30, 2009, settlement with MPS S.p.A., in its capacity as the company that absorbed Banca Antonveneta S.p.A., for a total amount of 19 million euros;
- on April 17, 2009, settlement with the Banca Carige Group (Banca Carige S.p.A. and Cassa di Risparmio di Savona S.p.A.) for a total amount of 5.4 million euros;
- on May 20, 2009, settlement with Cassa di Risparmio Firenze and its Centro Factoring S.p.A. and Cassa di Risparmio della Spezia S.p.A. subsidiaries (Intesa Sanpaolo Group) for a total amount of 20 million euros;
- on July 6, 2009, settlement with Banca Popolare dell'Etruria e del Lazio Soc. Coop. amounting to 4.2 million euros;
- on July 6, 2009, settlement with Banca di Credito Cooperativo di Bene Vagienna amounting to 0.5 million euros;
- on September 3, 2009, the Irish Court approved the settlement agreement between Parmalat S.p.A. and Eurofood IFSC Limited (in liquidation). Pursuant to this settlement, Eurofood agreed, in exchange for the issuance by Parmalat S.p.A. of 9 million Parmalat shares, to desist from all legal actions pending against Parmalat S.p.A. and to transfer to Parmalat S.p.A. all rights and claims against Parmalat de Venezuela and Indulac, including a claim for a loan of US$80 million, plus interest. This agreement closed on December 22, 2009;
- on October 2, 2009, following the issuance of a contribution bar order by the New York Federal Court on September 22/23, Parmalat completed a settlement with Bank of America. This settlement resulted in:
  - The collection of US$73.5 million, equal to 50.3 million euros;
  - The transfer to Parmalat S.p.A., for a consideration of US$20 million, of the claims related to a loan provided to Indulac originally amounting to US$45 million;
  - The payment, with delayed collection, of an additional US$5 million (3.4 million euros).

Approval of the Settlement of the Class Action Lawsuit

On March 2, 2009, the New York Federal Court approved a settlement reached by Parmalat and the plaintiffs in the class action lawsuit, certifying the Class as inclusive of any members worldwide with any type of claim against Parmalat S.p.A. (and Parmalat S.p.A. under Extraordinary Administration). Pursuant to this settlement, Parmalat allocated 10.5 million of its shares in full satisfaction of any and all claims asserted against it in the class action.

Administrative Proceedings Against the Italian Ministry of Agricultural, Nutritional and Forestry Policies Regarding Financing Provided Pursuant to Legislative Decree No. 173/1998

In February 2008, Parmalat S.p.A. challenged before the Regional Administrative Court of Emilia Romagna, Parma Section, Decree File No. 351/2007 by which the Italian Ministry of Agricultural, Nutritional and Forestry Policies reduced the contribution granted earlier to Parmalat S.p.A. as part of the support system established pursuant to Article 13, Section 1, of Legislative Decree No. 173/1998, lowering the abovementioned contribution from 50.34% to 40% of the allowed expenditures (thereby cutting the contribution by 4,750,254.73 euros). In its complaint, Parmalat S.p.A. asked that the abovementioned Decree be stayed and the Decree be voided in part because it is unlawful and contradictory, lacks motivation and an adequate investigative process, and constitutes an abuse of power.
On May 26, 2009, the Regional Administrative Court of Emilia Romagna, Parma Section, granted in part the appeal filed by Parmalat S.p.A., upholding its right to receive financing at the more favorable rate for the portion of the project completed when the Ministerial Decree subject of the appeal was issued.

Acquisition of Assets in the Fresh Milk Sector from National Foods

Pursuant to an agreement executed on May 20, 2009, later approved by the Australian Competition and Consumer Commission (ACCC), the transfer of fresh milk production and processing assets owned by National Foods in New South Wales (NSW) and South Australia (SA) was completed on July 27, 2009. By virtue of this agreement, Parmalat Food Products Pty Ltd, a wholly owned subsidiary of Parmalat S.p.A., purchased a portfolio of assets in the fresh milk sector located in the abovementioned regions, including the Lidcombe and Clarence Gardens production facilities, trademark distribution licenses and distribution networks in the NSW, SA and the Australian Capital Territory areas. This sale and the attendant trademark licensing contracts were carried out to comply with the divestment commitments undertaken by National Foods at ACCC's behest in connection with its acquisition of Dairy Farmers a year ago. The acquired production operations generated revenues of about 200 million Australian dollars in the 12 months ended June 30, 2008 and included non-current assets valued at more than 60 million Australian dollars on the abovementioned date. The acquisition required a cash payment of about 70 million Australian dollars.

Grant Thornton's Motion for Summary Judgment is Granted

On September 18, 2009, the New York Federal District Court granted the motion for summary judgment filed by Grant Thornton LLP and Grant Thornton International, dismissing the lawsuit filed by Parmalat against the Independent Auditors based on the objection of *in pari delicto* raised by Grant Thornton. Parmalat appealed this decision.

Parmalat Sells a 51% interest in Parmalat Centroamerica S.A. to Productos Lacteos Centroamericanos S.A.

On November 26, 2009, Parmalat Nicaragua S.A., a subsidiary of Parmalat S.p.A., sold a 51% interest in Parmalat Centroamerica S.A. to Productos Lacteos Centroamericanos S.A.
The sales price paid was US$800,000. At the same time, Parmalat Centroamerica S.A. signed a licensing agreement pursuant to which the Parmalat Group will collect a total of US$400,000 over a period of five years.
In 2009, the Nicaraguan subsidiary reported revenues of about 25 million euros, EBITDA of about 400,000 euro and a net loss of 1.2 million euros. At December 31, 2008, its debt exposure totaled 4.5 million euros.

Settlement with Eurofood IFSC

On September 3, 2009, the Irish Court approved the settlement agreement between Parmalat S.p.A. and Eurofood IFSC Limited (in liquidation). Pursuant to this settlement, Eurofood agreed, in exchange for the issuance by Parmalat S.p.A. of 9 million Parmalat shares, to desist from all legal actions pending against Parmalat S.p.A. and to transfer to Parmalat S.p.A. all rights and claims against Parmalat de Venezuela and Indulac, including a claim for a loan of US$80 million, plus interest. This agreement closed on December 22, 2009.

Parmatour - Proposal of Partial Allocation

On September 5, 2009, Parmatour S.p.A. in Amministrazione Straordinaria announced the filing of a Proposal of Partial Allocation with the Court of Parma. The amount allocated to Parmalat S.p.A. is about 49 million euros. Parmalat collected this amount in 2009.

Events Occurring After December 31, 2009

Devaluation of the Bolivar

The Decree entitled "Convenio Cambiario No. 14" setting new exchange rates for the local currency (Bolivar Fuerte) versus the U.S. dollar was published in the *Official Gazette of the Republic of Venezuela* on January 8, 2010.
The previous exchange rate of 2.15 VEF for 1 U.S. dollar, which was in effect since 2005, was replaced with a mixed system of exchange rates, pursuant to which the Venezuelan monetary authorities will allow an exchange rate of 2.60 VEF for 1 U.S. dollar for imports of a limited number of merchandise categories (e.g., food and medicines). The exchange rate for all other transactions will be 4.3 VEF for 1 U.S. dollar.

Centrale del Latte di Roma

On March 1, 2010, the Council of State handed down a ruling upholding the lower court's decision (Regional Administrative Court of Latium No. 7119/2007). By this decision, the Regional Administrative Court of Latium found that the process followed in connection with the sale of a majority equity stake in Centrale del Latte di Roma, subsequently purchased by Parmalat, was unlawful. Parmalat believes that this decision has no bearing on its ownership of the Centrale del Latte shares that it holds.

Business Outlook

In 2010, the Group's operating performance will continue to reflect the impact of the persisting uncertainty that pervades the global economy, affecting different regions with different intensity.

In more mature markets, consumers will probably continue to pay special attention to the price/quality factor in their buying decisions. In the case of consumer staples, this approach ends up placing significant pressure on "premium" products.

The economies of the emerging countries are expected to recover more quickly, providing support for consumer spending. At the same time, the natural development of these markets inevitably results in an increase in competitive pressure, which will make choices regarding prices and discounts the key variable.

Against this backdrop, the Group will focus on addressing potential erosion of sales volumes and, whenever the markets will allow it, on seizing all growth opportunities through the use of a balanced mix of advertising initiatives, the price-discount variable and innovation. These policies will be implemented in a scenario in which the effect of an expected contained rise in the cost of raw milk will be offset with industrial and commercial optimization programs.

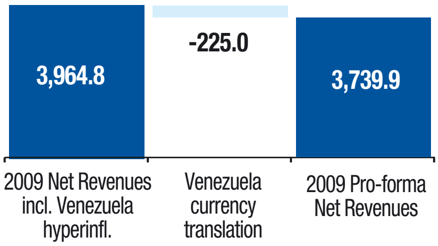
Guidance

The devaluation of the Venezuelan currency, on January 8, 2010, changed the comparison parameters for the 2009 reporting year.

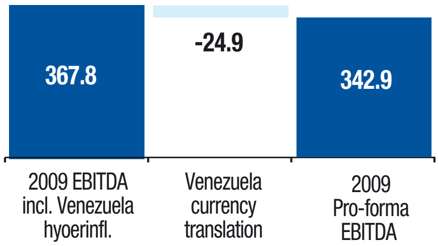
The pro forma Like-for-Like chart provided below shows data for 2009 that have been made homogeneous and comparable with those for 2010 by using the new exchange rate (4.30 VEF for 1 U.S. dollar) when translating them into the Group's reporting currency.

PRO-FORMA LIKE FOR LIKE WITH THE DEVALUATION OF THE VENEZUELAN CURRENCY

Net Revenues (€ m)



EBITDA (€ m)



Based on 2009 pro-forma net revenues of 3,739.9 million euros and on 2009 pro-forma EBITDA of 342.9 million euros, the Group foresees for 2010 progressive results of about 4,000 million euros and of about 365 million euros, respectively, for revenues and EBITDA, except for barring events that could significantly alter the existing scenario.

This report contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for 2010 extrapolate the performance of the fourth quarter of 2009, confirmed by the trend in the early months of 2010.
It is important to keep in mind that the Group's portfolio of equity investments includes companies that operate in Countries that are more susceptible to the effects of the global crisis.
Consequently, should the current crisis significantly deepen in the future, it could have negative impacts on the Group's performance.
In particular it is important to highlight the great economic/financial/currency strain in Venezuela which could have an impact on the 2010 guidance.

Motion Submitted by the Board of Directors to the Shareholders' Meeting

Dear Shareholders:

We recommend that you:

(i) approve the statutory financial statements as at December 31, 2009, which show a net profit of 372,802,014 euros, and the Report on Operations for the same year;
(ii) add to the statutory reserve 5% of the net profit which amounts to 18,640,101 euros;
(iii) appropriate:
   a) to the distribution of dividends the 50% of the net residual profit, which rounded up to 0.104 euro for each share and considering the partial statutory dividend for 2009 of euro 0.041 distributed in September 2009, implies a balance of 0.063 euros for each of the 1,727,300,338 common shares issued on February 24, 2010, with an amount to liquidate of 108,819,921 euros and a total payout (partial statutory dividend plus balance) equal to 178,647,114 euros;
   b) to set aside the remaining 175,514,799 euros to "retained earnings".

The dividend of 0.063 euros per share, which corresponds to Coupon No. 6, will be payable on April 22, 2010, Stock Exchange coupon presentation date of April 19, 2010.

Collecchio, February 25th, 2010

For the Board of Directors

The Chairman	The Chief Executive Officer
(Raffaele Picella)	(Enrico Bondi)

Parmalat S.p.A.

Separate Financial Statements at December 31, 2009

Statement of Financial Position

ASSETS

NOTE	(€)	12.31.2009	12.31.2008
	NON-CURRENT ASSETS	**1,396,638,904**	**1,353,664,922**
(1)	Goodwill	183,994,144	183,994,144
(2)	Trademarks with an indefinite useful life	178,000,000	180,100,000
(3)	Other intangibles	26,948,652	37,400,389
(4)	Property, plant and equipment	151,667,274	153,768,000
(5)	Investments in subsidiaries, joint ventures and affiliated companies	752,821,858	633,037,337
(6)	Other non-current financial assets	71,126,093	140,176,247
	amount of intra-Group financial receivables	*67,935,868*	*138,904,774*
(7)	Deferred-tax assets	32,080,883	25,188,805
	CURRENT ASSETS	**1,855,598,425**	**1,829,685,341**
(8)	Inventories	37,121,339	39,728,047
(9)	Trade receivables	179,999,089	223,969,769
	amount of intra-Group receivables	*15,895,145*	*19,431,789*
(10)	Other current assets	167,905,261	136,241,425
	amount of intra-Group receivables	*27,695,489*	*20,024,731*
(11)	Current financial assets	1,188,124,507	679,215,131
(12)	Cash and cash equivalents	282,448,229	750,530,969
(13)	**Held-for-sale assets**	**0**	**13,722,287**
TOTAL ASSETS		**3,252,237,329**	**3,197,072,550**

LIABILITIES

NOTE	(€)	12.31.2009	12.31.2008
	SHAREHOLDERS' EQUITY	**2,835,449,374**	**2,695,004,825**
(14)	Share capital	1,712,558,142	1,687,397,257
(15)	Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital	168,854,615	193,258,648
(17)	Statutory reserve	62,730,294	31,960,686
(16)	Shares subscribed through the exercise of warrants	41,394	7,903
(17)	Other reserves and retained earnings	588,290,108	297,015,712
(18)	Interim dividend	(69,827,193)	(130,027,544)
(19)	Profit for the year	372,802,014	615,392,163
	NON-CURRENT LIABILITIES	**143,528,058**	**234,593,826**
(20)	Long-term borrowings	4,450,291	3,136,885
(21)	Deferred-tax liabilities	22,887,056	16,296,072
(22)	Provisions for post-employment benefits	26,843,416	27,696,929
(23)	Provisions for risks and charges	84,245,935	179,803,833
(24)	Provision for contested preferential and prededuction claims	5,101,360	7,660,107
	CURRENT LIABILITIES	**273,259,897**	**257,836,824**
(25)	Short-term borrowings	6,995,661	5,035,780
	amount of intra-Group financial payables	*2,272,545*	*2,279,873*
(26)	Trade payables	179,131,666	205,191,805
	amount of intra-Group payables	*16,275,882*	*17,042,049*
(27)	Other current liabilities	48,491,441	47,609,239
	amount of intra-Group payables	*2,012,577*	*399,011*
(28)	Income taxes payable	38,641,129	0
(29)	**Liabilities directly attributable to held-for-sale assets**	**0**	**9,637,075**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,252,237,329**	**3,197,072,550**

Income Statement

NOTE	(€)	2009	2008
	REVENUES	**844,816,273**	**922,457,441**
(30)	Net sales revenues	819,978,274	896,460,236
	amount from transactions with related parties	*31,211,099*	*41,041,035*
(31)	Other revenues	24,837,999	25,997,205
	amount from transactions with related parties	*8,464,070*	*7,410,035*
(32)	Cost of sales	(540,685,380)	(679,711,412)
	amount from transactions with related parties	*(43,431,271)*	*(59,652,049)*
(33)	Distribution costs	(202,221,644)	(202,471,658)
	amount from transactions with related parties	*(11,730,335)*	*(13,927,387)*
(34)	Administrative expenses	(76,726,770)	(73,339,534)
	amount from transactions with related parties	*(150,785)*	*(203,216)*
(35)	*Other (income) expense*	*393,749,065*	*681,812,492*
	amount from transactions with related parties	*49,858,545*	
(36)	Litigation-related legal expenses	(14,711,541)	(47,508,146)
(37)	Allowance for losses of subsidiaries	(17,532,946)	(61,935,405)
	EBIT	**386,687,057**	**539,303,778**
(38)	Financial income	28,193,489	68,420,686
	amount from transactions with related parties	*1,848,434*	*2,056,408*
(38)	Financial expense	(2,351,208)	(4,216,105)
(39)	Other income from (Expense for) equity investments	37,227,384	41,107,954
	amount from transactions with related parties	*35,969,176*	*37,930,254*
	PROFIT BEFORE TAXES	**449,756,722**	**644,616,313**
(40)	Income taxes	(76,954,708)	(29,224,150)
	PROFIT FROM CONTINUING OPERATIONS	**372,802,014**	**615,392,163**
PROFIT FOR THE YEAR		**372,802,014**	**615,392,163**

Statement of Cash Flows

(€ K)	2009	2008
OPERATING ACTIVITIES		
Profit (Loss) from operating activities	372,802	615,392
Depreciation, amortization and writedowns of non-current assets	48,095	92,710
Additions to provisions	115,286	100,327
Interest and other financial expense	2,351	4,216
Non-cash (income) expense items	(105,219)	(27,940)
(Gains) Losses on divestments	0	0
Dividend income	(37,330)	(32,529)
Proceeds from actions to void and actions for damages	(303,820)	(668,442)
Litigation-related legal expenses	14,712	47,508
Cash flows from operating activities before change in working capital	**106,877**	**131,242**
Changes in net working capital and provisions:		
Operating working capital	31,843	13,267
Payments of income taxes on operating results	(2,389)	(30,946)
Other assets/Other liabilities and provisions	(31,176)	(33,281)
Total change in net working capital and provisions	**(1,722)**	**(50,960)**
CASH FLOWS FROM OPERATING ACTIVITIES	**105,155**	**80,282**
INVESTING ACTIVITIES		
Investments:		
- Intangibles	*(7,909)*	*(3,688)*
- Property, plant and equipment	*(25,534)*	*(28,175)*
- Non-current financial assets	*(70,509)*	*(39,202)*
CASH FLOWS FROM INVESTING ACTIVITIES	**(103,952)**	**(71,065)**
PROCEEDS FROM SETTLEMENTS	**286,586**	**667,640**
INCOME TAXES PAID ON SETTLEMENTS	**(30,953)**	**(89,600)**
LITIGATION-RELATED LEGAL EXPENSES	**(27,384)**	**(52,179)**
PROCEEDS FROM DIVESTMENTS AND SUNDRY ITEMS	**9,763**	**16,500**
DIVIDENDS RECEIVED	**34,749**	**32,529**
FINANCING ACTIVITIES		
New loans (finance leases and other transactions)	4,282	1,167
Repayment of principal and interest of borrowings (including finance leases)	(6,356)	(9,206)
Investments in other current assets that mature later than three months after the date of purchase	(508,910)	(90,282)
Dividends paid	(231,853)	(392,889)
Exercise of warrants	757	6,702
Other changes in shareholders' equity	33	(15)
CASH FLOWS FROM FINANCING ACTIVITIES	**(742,047)**	**(484,523)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO DECEMBER 31	**(468,083)**	**99,584**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**750,531**	**650,947**
Increase (decrease) in cash and cash equivalents from January 1 to December 31	**(468,083)**	**99,584**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**282,448**	**750,531**

Net interest income earned during the year: 21,798,129 euros.

Statement of Changes in Shareholders' Equity

The schedule below shows the changes that affected the Company's shareholders' equity in 2008 and 2009:

	SHARE CAPITAL	RESERVE CONVERTIBLE INTO SHARE CAPITAL(1)	OTHER RESERVES	
			STATUTORY RESERVE	RES. FOR DIVIDENDS TO CHALLENGES AND CONDIT. CLAIMS
Balance at January 1, 2008	**1,652,419**	**221,534**	**4,227**	**3,944**
Share capital incr. from convertible reserves	28,276	(28,276)		
Allocation of shares to subscribers of warrants in 2007	23			
Exercise of warrants	6,678			
Appropriation of 2007 profit			27,733	21,668
2007 dividend				(3,870)
2008 interim dividend				
Profit for 2008				
Balance at December 31, 2008	**1,687,397**	**193,259**	**31,960**	**21,742**
Share capital incr. from convertible reserves	24,404	(24,404)		
Allocation of shares to subscribers of warrants in 2008	8			
Exercise of warrants	749			
Appropriation of 2008 profit			30,770	4,798
2008 dividend				
Dividends to shareholders challenging share allocation				(608)
2009 interim dividend				
Profit for 2009				
Balance at December 31, 2009	**1,712,558**	**168,855**	**62,730**	**25,932**
Note	*(14)*	*(15)*	*(17)*	*(17)*

(1) For creditors challenging exclusions and late-filing creditors.

(2) Limited to 65,723,000 euros (35,141,000 euros as per Shareholders' Meeting resolution of April 29, 2007 and 30,582,000 euros as per Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified.

(€ k)

AND PRIOR-PERIOD RESULTS				
SHARES SUBSCRIBED THROUGH EXERCISE OF WARRANTS	SUNDRY RESERVES[2]	INTERIM DIVIDEND	PROFIT (LOSS) FOR THE YEAR	SHAREHOLD. EQUITY
23	**35,141**		**554,666**	**2,471,954**
				0
(23)				0
8				6,686
	240,133		(289,534)	0
			(265,132)	(269,002)
		(130,028)		(130,028)
			615,392	615,392
8	**275,274**	**(130,028)**	**615,392**	**2,695,004**
				0
(8)				0
41				790
	287,085		(322,653)	0
		130,282	(292,740)	(162,458)
		(255)		(863)
		(69,827)		(69,827)
			372,802	372,802
41	**562,358**	**(69,827)**	**372,802**	**2,835,448**
(16)	*(16)*	*(18)*	*(19)*	

Notes to the Separate Financial Statements

FOREWORD

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 16 countries worldwide divided into five geographic regions: Europe, North America, Central and South America, South Africa and Australia. The Group has an extensive and well structured product portfolio organized into three segments: *Milk* (UHT, pasteurized, condensed, powdered and flavored milk; cream and béchamel), *Dairy Products* (yogurt, fermented milk, desserts, cheese and butter) and *Fruit Beverages* (fruit juices, nectars and tea).
The Group is a world leader in the UHT milk and pasteurized milk market segments and has attained a highly competitive position in the rapidly growing market for fruit beverages. The Group benefits from strong brand awareness. The products in its portfolio are sold under global brands (Parmalat and Santàl), international brands (Zymil, Fibresse, PhisiCAL, Omega3 and Vaalia) and a number of strong local brands.
Parmalat is a company with a strong innovative tradition: the Group has been able to develop technologies in the leading segments of the food market, including UHT milk, ESL (extended shelf life) milk, conventional types of milk, functional fruit juices (fortified with wellness supplements) and cream-based white sauces.

The separate financial statements for the year ended December 31, 2009 are denominated in euros, which is the Company's reporting currency. They consist of a consolidate statement of financial position, an income statement, a statement of cash flows, a statement of changes in shareholders' equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted.

PricewaterhouseCoopers S.p.A. audits the separate financial statements in accordance with an assignment it received by a resolution of the Shareholders' Meeting of May 15, 2005, as extended for the 2008-2013 period by the Shareholders' Meeting of April 28, 2007.

The Board of Directors authorized the publication of these separate financial statements on February 25, 2010.

PRESENTATION FORMATS OF THE FINANCIAL STATEMENTS

In the statement of financial position, assets and liabilities are classified in accordance with the "current/non-current" approach, and "Held-for-sale assets" and "Liabilities directly attributable to held-for-sale assets" are shown as two separate line items, as required by IFRS 5.

The income statement is presented in a format with items classified "by destination," which is deemed to be more representative than the presentation by type of expense and is consistent with international practice in the food industry. Moreover, as required by IFRS 5, the profit (loss) from continuing operations is shown separately from the profit (loss) from discontinuing operations.

In the income statement presented in the abovementioned format "by destination," the EBIT breakdown includes separate listings for operating items and for income and expense items that are the result of transactions that occur infrequently in the normal course of business, such as income from actions to void in bankruptcy and actions for damages, litigation-related legal expenses, restructuring costs and any other nonrecurring income and expense items. This approach is best suited for assessing the actual performance of the Company's operations.

The statement of cash flows was prepared in accordance with the indirect method.

Lastly, on the balance sheet, income statement and cash flow statement, the amounts attributable to positions or transactions with related parties are shown separately from the totals for the corresponding line items, as required by Consob Resolution No. 15519 of July 27, 2006.

PRINCIPLES FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

These separate financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") and adopted by the European Commission as they apply to the preparation of the separate financial statements of companies whose equity and/or debt securities are traded on a regulated market in the European Union.

The abbreviation IFRSs means all of the International Financial Reporting Standards; all of the International Accounting Standards ("IAS"); and all of the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"), as approved by the European Commission through the date of the meeting of the Board of Directors convened to approve the financial statements and incorporated in Regulations issued up to that date.

As a general rule, the separate financial statements are prepared in accordance with the historical cost principle, except in the case of those items for which, as explained in the valuation criteria, the IFRSs require a measurement at fair value.

The following accounting principles, amendments and interpretations, as adopted by the European Commission, are being applied by the Group as of January 1, 2009:

IFRS 8 – Operating Segments. Under this principle, which replaces IAS 14, companies are required to base the segment information that they disclose on the same data that management uses to make operating decisions. Consequently, operating segments must be identified based on a company's internal reporting system, which is regularly reviewed by management to allocate resources to the various segments and assess performance. The adoption of this principle has no impact on the valuation of the items listed in the financial statements, requiring only an increase in the number of segments listed. The Company is not required to adopt this principle, since an operating segment disclosure is included in the consolidated financial statements.

Revisions to IAS 1 – Presentation of Financial Statements. This new version of the principle requires companies to disclose in a statement of changes in shareholders' equity all of the changes generated by transactions with shareholders. All transactions generated with third parties (comprehensive income) must be disclosed either in a single statement of comprehensive income or in two statements (income statement and statement of comprehensive income).
Because the Company did not execute transactions with third parties that were recognized directly in equity, it prepared only an income statement, consistent with past practice.

Revisions to IAS 23 – Borrowing Costs. The new version of this principle requires the capitalization of the borrowing costs incurred to purchase, build or produce qualifying assets that normally become ready for use or for sale only after a significant period of time, thereby eliminating the option of recognizing these costs in earnings on an accrual basis. The adoption of this principle had no impact on the Company.

IFRIC 13 – Customer Loyalty Programs. This interpretation deals with the accounting treatment of the liability for rights to receive prizes awarded to customers in connection with customer loyalty programs. The salient points of this interpretation are the following:

- points awarded to customers are deemed to be an element that can be identified separately from the sale of the product or service for which they are awarded and, therefore, represent a right that customers have implicitly paid for;
- the portion of the consideration allocated to the points must be determined based on the points' fair value (i.e., the value at which the points could be sold separately) and recognized as a revenue deferred until the company has fulfilled its obligation.

The impact on the financial statements resulting from the adoption of this interpretation was not material.

Amendments to IFRS 7 – Financial Instruments: Disclosures. This new version of the standard requires enhanced disclosures in the financial statements about the measurement of financial instruments at fair value and liquidity risk. The adoption of this principle had no impact on the valuation of items in the financial statements.

The following principles and interpretations that became applicable on January 1, 2009, as approved by the European Commission, concern situations and issues that do not exist within the Company:

- *Amendments to IAS 32 – Financial Instruments: presentation and amendments to IAS 1 – presentation of financial statements: puttable financial instruments and obligations arising on liquidation.*
- *Amendments to IFRS 2 – Share-based Payments.*
- Minor improvements to IFRS *("IFRS improvements").*
- *IFRIC 15 – Agreements for the Construction of Real Estate.*
- *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.*

The Company opted for the early adoption, effective January 1, 2009, of the revised versions of *IFRS 3 – Business Combinations* and *IAS 27 – Consolidated and Separate Financial Statements.*
The revised version of IFRS 3 requires that incidental costs incurred in connection with a business combination and changes in contingent consideration be recognized in earnings and provides the option of recognizing the full amount of the goodwill generated by the combination, including the goodwill attributable to minority shareholders (full goodwill method).
The revised version of IAS 27 calls for the recognition in equity of the effects of the acquisition (divestment) of an equity interest executed after having obtained control, if it does not result in the loss of control. If the sale of an equity interest results in the loss of control, the carrying amount of the remaining equity interest held must be restated to its fair value, the amount of the restatement included in the gain (loss) resulting from the transaction. These rues had no impact on the separate financial statements.
With the exception of the revised versions of IFRS 3 and IAS 27, the Company did not opt for early adoption of the new accounting principles adopted by the European Commission scheduled to go into effect after December 31, 2009.

Valuation Criteria

The main valuation criteria adopted in the preparation of the consolidated financial statements at December 31, 2009 are reviewed below.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase/production cost or net realizable value, which is the amount that an enterprise expects to receive by selling these items in the normal course of business. The cost of inventories is determined by the weighted average cost method.

The value assigned to inventories includes direct costs for material and labor and a reasonably attributable portion of (fixed and variable) indirect production costs. When appropriate, provisions are recognized to account for obsolete or slow-moving inventory. If the circumstances that justified the recognition of the abovementioned provisions cease to apply or if there are clear indications that the net realizable value of the items in question has increased, the provisions are reversed for the full amount or for a portion thereof, so that the new carrying value is equal to the purchase or production cost of the items in question or their realizable value on the date of the financial statements, whichever is lower.

Financial expense incurred in connection with the purchase or production of an asset in large quantities and on a repetitive basis are charged in full to earnings, even if the asset in question, because of its nature, requires a significant length of time before it can be readied for sale.

Cash and Cash Equivalents

Cash and cash equivalents consist mainly of cash on hand, sight deposits with banks, other highly liquid short-term investments (that can be turned into cash within 90 days from the date of purchase) and overdraft facilities. Overdraft facilities are listed as current liabilities. The components of net cash are valued at fair value and any gains or losses are recognized in earnings.

NON-CURRENT ASSETS

Property, Plant and Equipment

Property, plant and equipment is recognized in accordance with the cost method and carried at purchase or production cost, including directly attributable incidental expenses that are necessary to make the assets available for use. Asset purchase or production costs are shown before deducting attributable capital grants, which are recognized when the conditions for their distribution have been met.

Assets acquired under finance leases, pursuant to which substantially all of the risks and benefits inherent in ownership are transferred to the Company, are recognized as components of property, plant and equipment at their fair value or at the present value of the minimum payments due pursuant to the lease, whichever is lower. The corresponding liability toward the lessor, which is equal to the aggregate principal included in the lease payments that are outstanding, is recognized as a financial liability. When there is no reasonable certainty that the Company will exercise its buyout option, the asset is depreciated over the life of the lease, if it is shorter than the asset's useful life.
Leases that require the lessor to retain substantially all of the risks and benefits inherent in ownership are classified as operating leases. The costs incurred for operating leases are recognized in earnings on a straight line over the life of the lease.

Property, plant and equipment is depreciated on a straight line over the useful life of the assets. The estimated useful life is the length of time during which the Company expects to use an asset. When an asset classified as property, plant and equipment consists of several components, each with a different useful life, each component should be depreciated separately. The amount to be depreciated is the asset's carrying value, less the asset's net realizable value at the end of its useful life, if such value is material and can be reasonably determined.

Land, including land purchased together with a building, is never depreciated.

Costs incurred for improvements and for modernization and transformation projects that increase the useful lives of assets are added to the assets' value and depreciated over their remaining useful lives.

The costs incurred to replace identifiable components of complex assets are recognized as assets and depreciated over their useful lives. The residual carrying value of the component that is being replaced is charged to income. The cost of regular maintenance and repairs is charged to income in the year it is incurred.

When an item of property, plant and equipment is affected by events that are presumed to have impaired its value, the recoverability of the affected asset should be tested by comparing its carrying value with its recoverable value, which is the larger of the asset's fair value, net of disposal costs, and its value in use.

Absent a binding sales agreement, fair value is determined based on the valuations available from recent transactions in an active market or based on the best available information that can be used to determine the amount that the Company could obtain by selling a given asset.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset, if significant and reasonably measurable, and from its disposal at the end of its useful life. Cash flows should be determined based on reasonable and documentable assumptions that represent a best estimate of future economic conditions over the remaining useful life of an asset. The present value is determined by applying a rate that takes into account the risks inherent in the Company's business.

When the reason for a writedown ceases to apply, the affected asset is revalued and the adjustment is recognized in the income statement as a revaluation (reversal of writedown) in an amount equal to the writedown made or the lower of the asset's recoverable value or its carrying value before previous writedowns, but reduced by the depreciation that would have been taken had the asset not been written down.

Depreciation begins when an asset is available for use, i.e., the moment when this condition actually occurs.

The estimated useful lives of the various types of assets are as follows:

	USEFUL LIFE
Buildings	
Plant and machinery	10 - 25 years
Office furniture and equipment	5 - 10 years
Other assets	4 - 5 years
Leasehold improvements	4 - 8 years
	Length of lease

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for use or sale are capitalized until the asset is put into use.

Intangibles

Intangible assets are identifiable, non-monetary assets without physical substance that are controllable and capable of generating future benefits.

Intangibles are recorded at cost, which is determined by using the same criteria as those used for property, plant and equipment.

Intangibles with a finite useful life are amortized on a straight line according to an estimate of the length of time the Company will use them. The recoverability of their carrying value is tested using the criteria provided above for property, plant and equipment.

(i) Goodwill

Goodwill represents the portion of the purchase price paid in excess of the fair value on the date of acquisition of the assets and liabilities that comprise a company or business. Goodwill is not amortized on a straight line. However, its carrying amount should be tested at least once a year for impairment losses. Such tests are carried out based on the individual cash generation units to which goodwill has been allocated. Goodwill is written down when its recoverable value is lower than its carrying amount. Recoverable value is the greater of the fair value of a cash generating unit, net of the cost to sell it, and its value in use, which is equal to the present value of future cash flows generated by the cash generating unit during its years of operation and by its disposal at the end of its useful life. Writedowns of goodwill may not be reversed subsequently.

If a writedown required by the results of an impairment test is greater than the value of the goodwill allocated to a given cash generating unit, the balance is allocated among the assets included in the cash generating unit, proportionately to their carrying amounts. The minimum limit of such an allocation is the greater of the following two amounts:

- the fair value of an asset, net of the cost to sell it;
- an asset's value in use, as defined above.

(ii) Industrial Patents and Intellectual Property Rights, Licenses and Similar Rights
The costs incurred to acquire industrial patents and intellectual property rights, licenses and similar rights are capitalized in the amounts actually paid.

Amortization is computed on a straight line so as to allocate the costs incurred to acquire the abovementioned rights over the expected period of utilization of the rights or the lengths of the underlying contracts, counting from the moment the purchase right is exercisable, whichever is shorter.

(iii) Trademarks
At this point, it is impossible to set a time limit to the cash flow generating ability of trademarks recognized on the consolidated balance sheet that are strategically important and for which a registration application has been on file for at least 10 years. These trademarks are deemed to have an indefinite useful life. Consequently, they are not amortized but are tested for impairment once a year.
Other trademarks that are not deemed to perform an unlimited strategic function for the Company are valued at cost and amortized over five years.

(iv) Software costs
The costs incurred to develop and maintain software are charged to income in the year they are incurred. Costs that can be attributed directly to the development of unique software capable of generating future benefits over a period of more than one year are capitalized as an intangible asset. Direct costs, which must be identifiable and measurable, include labor costs for employees who worked on developing the software in question and an appropriate pro rata share of overhead, if applicable. Amortization is computed over the software's estimated useful life, which is deemed to be five years.

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES

Investments in subsidiaries, joint ventures and affiliated companies are valued at cost, adjusted for impairment losses.

Other investments in other companies are valued at their fair value. When their fair value cannot be determined reliably, investments are valued at cost, adjusted for impairment losses. This item consists primarily of the investment held in Bonatti S.p.A., which is carried at 3.1 million euros.

The risk that arises from losses in excess of an investment's carrying value is recognized in a special reserve in an amount commensurate to the Company's commitment to honor the legal or implied obligations of the investee company or to cover its losses.

FINANCIAL ASSETS

When initially entered in the accounting records, financial assets other than investments in other companies are recognized based on their maturity classified under one of the following categories:

- **Financial Assets Valued at Fair Value, with Changes in Value Recognized in Earnings:** this category includes:
  - financial assets that are purchased mainly to resell them over the short term;
  - financial assets that are earmarked for inclusion in this category upon initial recognition, provided they meet the applicable requirements;

- derivatives, except for derivatives that are designated as cash flow hedges and limited to their effective portion.

Financial assets that are included in this category are measured at fair value and any changes in fair value that occur while the Company owns them are recognized in earnings. Financial instruments included in this category are classified as short term if they are "held for trading" or the Company expects to sell them within one year from the balance sheet date. Derivatives are treated as assets, if their fair value is positive, or as liabilities, if their fair value is negative. The positive and negative fair values generated by outstanding transactions executed with the same counterparty are offset, when contractually permissible.

- **Loans and receivables:** this category includes financial instruments that are primarily related to trade receivables (which are neither derivatives nor instruments traded on an active market) that are expected to produce fixed and determinable payments. They are listed as current assets, unless they are due after one year from the balance sheet date, in which case they are listed as non-current assets. These assets are valued at their amortized cost, which is determined by the effective interest-rate method. When there is objective evidence of the occurrence of impairment, the affected asset is written down by the amount necessary to make its carrying amount equal to the discounted value of future cash flows. Objective evidence that the value of the asset is impaired is deemed to exist when a debtor has significant financial difficulties, there is a possibility that the debtor will be declared bankrupt or become party to composition with creditors proceedings or there are unfavorable changes in payment history, such as an increasing number of payments in arrears. Impairment losses are recognized in earnings. When the reason for a writedown ceases to apply, the affected asset is revalued up to the value at which the asset would have been carried under the amortized cost method, had it not been written down.

- **Held-to-maturity investments:** these are financial instruments other than derivatives that have fixed payments and a fixed maturity and that the Company has the intention and the ability to hold to maturity. When initially recognized, they are valued at their purchase cost, plus incidental transaction costs. Subsequently, held-to-maturity investments are valued by the amortized cost method, using the low effective interest criterion, adjusted for any decrease in value. The same principles described in the Loans and receivables paragraph apply in the event of impairment losses.

- **Held-for-sale investments:** these are financial instruments other than derivatives that are explicitly designated as held for sale or which cannot be classified in any of the other categories. These financial instruments are valued at fair value and any resulting gains or losses are posted to an equity reserve. Their impact is reflected on the income statement only when a financial asset is actually sold or, in the case of cumulative losses, when it becomes evident that the impairment loss recognized in equity cannot be recovered. If their fair value cannot be determined, these instruments are valued at cost, less any impairment losses. Writedowns for impairment losses cannot be reversed if the assets in question are instruments representative of equity capital. The classification of these assets as current or non-current depends on the strategic choices made with regard to their holding period and the actual ability to sell them. They are classified as current assets if they can be sold within one year from the balance sheet date. When there is evidence that a loss that cannot be recovered has occurred (e.g., an extended decline in market value) the corresponding equity reserve is reversed and the loss recognized in earnings.

Financial assets are removed from the balance sheet when the right to receive cash flow from a financial instrument has been extinguished and the Company has transferred substantially all of the risks and benefits inherent in the financial instrument as well as its control over the financial instrument.

FINANCIAL LIABILITIES

Financial liabilities consist of loans payable, including obligations arising from the assignment of receivables, and other financial liabilities, including derivatives and obligations related to assets acquired under finance leases. Initially, financial liabilities other than derivatives are recognized at their fair value, net of transaction costs. Subsequently, financial liabilities that are held to maturity are valued at their amortized cost in accordance with the effective interest rate method. Transaction costs that are incurred directly in connection with the process of incurring the liability are amortized over the useful life of the respective financing facility.
Financial liabilities are removed from the financial statements when the underlying obligations have been satisfied and all of the risks and charges inherent in the instrument in question have been transferred.

DERIVATIVES

Derivatives are classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, monitored periodically, is high. When derivatives are used to hedge the risk of changes in the fair value of the hedged instruments (fair value hedge, such as a hedge against changes in the fair value of assets/liabilities with fixed interest rates), the derivatives are measured at fair value and any resulting gains or losses are recognized in earnings. At the same time, the value of the hedged instruments is adjusted to reflect changes in fair value associated with the hedged risk. When derivatives are used to hedge the risk of changes in the cash flow associated with the hedged instruments (cash flow hedges, such as a hedge against changes in asset/liability cash flows caused by fluctuations in exchange rates or interest rates), the changes in the fair value of the effective derivatives are first recognized in equity and subsequently reflected in the income statements, consistent with the economic effect of the hedged transaction. Changes in the fair value of derivatives that do not qualify as hedges are recognized in earnings.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are established to fund quantifiable charges, the existence of which is certain or probable, but the amount or date of occurrence of which could not be determined as of the close of the reporting period. Additions are made to these provisions when: (i) it is probable that the Company will incur a statutory or implied obligation as a result of a past event; (ii) it is probable that meeting this obligation will be onerous; and (iii) the amount of the obligation can be estimated reliably. Additions are recognized at an amount that represents the best estimate of the sum that the Company will be reasonably expected to pay to satisfy an obligation or transfer it to a third party at the end of the reporting period. When the financial effect of the passing of time is material and the date when an obligation will become due can be reliably estimated, the addition to the provisions should be recognized at its present value.

The costs that the Company expects to incur in connection with restructuring programs should be recognized in the year in which the program is officially approved and there is a settled expectation among the affected parties that the restructuring program will be implemented.

These provisions are updated on a regular basis to reflect changes in estimates of costs, redemption timing and discount rates. Changes in the estimates of provisions are posted to the same income statement item under which the addition was originally recognized. Liabilities attributable to property, plant and equipment are recognized as offsets to the corresponding assets.

The notes to the financial statements contain a disclosure listing the Company's contingent liabilities, which include: (i) possible but not probable obligations that arise from past events, the existence of which will be confirmed only if one or more uncertain total events that are not totally under the Company's control occur or fail to occur; and (ii) existing obligations that arise from past events the amount of which cannot be determined reliably or the performance of which will probably not be onerous.

POST-EMPLOYMENT BENEFITS

(i) Benefits Provided After the End of Employment

Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. Specifically, the liability for severance benefits is recognized in the financial statements at its actuarial value because it can be classified as an employee benefit payable on the basis of a defined-benefit plan. The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company's obligation. The determination of the present value of the Company's obligation is made by an independent actuary, using the projected unit credit method. This method, which is part of a broad category of techniques applicable to vested benefits, treats each period of service provided by an employee to a company as an additional accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship (except for the provision for severance indemnities). If these plans are financed or the Company pays the plan contributions to an outside entity, the plan assets are valued based on their expected rate of return.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Company's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability.

Actuarial gains and losses (defined as the difference between the carrying amount of the Company's liability and the present value of its obligation at the end of the year) that result from changes from the actuarial parameters used in the past are recognized in accordance with the "corridor" method, i.e., only when they exceed 10% of the present value of the Company's obligation at the end of the previous period. In such cases, the amount in excess of 10% is charged to income, based on the average remaining working lives of the employees, counting from the following year.

Until Budget Law No. 296 of December 27, 2006 and the relevant Implementation Decrees became effective, given the uncertainties that existed concerning the time of disbursement, the provision for employee severance benefits was treated as a defined-benefit plan.

As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by the employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

(ii) Benefits Payable to Employees Upon Termination of Employment and Incentives to Resign
Benefits owed to employees upon termination of employment are recognized as a liability and as a labor cost when a company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement age or to provide incentives to the termination of employment in connection with a proposal to address redundancies with incentives to resign voluntarily. Benefits owed to employees due to termination of employment do not provide the Company with future economic benefits and, consequently, they are charged to income when incurred.

INCOME TAXES

Current income taxes are computed on the basis of the taxable income for the year and the applicable tax laws by applying the tax rates in force on the date of the financial statements.

Levies other than income taxes, such as taxes on real estate and net worth, are treated as operating expenses.

Deferred taxes are computed on all temporary differences between the values attributed to assets and liabilities for tax purposes and for financial reporting, with the exception of goodwill and temporary differences that arise from investments in subsidiaries when the Company has control over the timing for the reversal of the difference and it is likely that they will not be reversed over a reasonably foreseeable length of time. The portion of deferred-tax assets, including those stemming from a tax loss carryforward, that is not offset by deferred-tax liabilities is recognized to the extent that it is likely that the Company will generate future earnings against which they may be recovered. Deferred-tax liabilities are computed using the tax rates that are expected to be in force in the years when the temporary difference will be realized or cancelled.

Current and deferred taxes are reflected on the income statement, except for those attributable to items that are debited or credited directly to shareholders' equity.
Tax assets and liabilities, including deferred-tax assets and liabilities that arise from income taxes, can be offset when they are levied by the same tax administration on the same taxpayer, provided the taxpayer has a legally exercisable right to offset the corresponding amounts and plans to exercise that right. Moreover, with regard to current taxes, the offset is permissible when several taxpayers have a legally exercisable right to settle tax assets and liabilities on a net basis and intend to exercise that right.

The Company's tax position and its recognition in the accounting records takes into account the impact of the inclusion of Parmalat Group companies domiciled in Italy into a national consolidated tax return.

The issues related to the filing of such a return are governed by Group Regulations that are based on the principles of neutrality and equal treatment and are designed to ensure that companies that agree to file a consolidated tax return are not penalized in way by such filing. At the consolidated level, the liability toward the tax administration is determined based on the tax liability or tax loss of each company included in the consolidated return and takes into account any taxes withheld from their income and any estimated tax payments they may have made.

HELD-FOR-SALE NON-CURRENT ASSETS

These assets include non-current assets or groups of assets attributable to discontinuing operations the carrying amount of which will be recovered mainly through a sale, rather than through their continuing use. Held-for-sale assets are valued at their net carrying amount or their fair value, net of costs to sell the assets, whichever is lower. When a depreciable or amortizable asset is reclassified under this category, the depreciation or amortization process stops upon reclassification.
The profit or loss attributable to held-for-sale non-current assets is shown separately in the income statement net of the applicable tax effect when the assets in questions are part of discontinued operations. For comparative purposes, the prior year's corresponding amounts are reclassified and shown separately in the income statement net of the applicable tax effect.

RECOGNITION OF REVENUES AND EXPENSES

Initially, revenues are always recognized at the fair value of the consideration received, net of allowances, discounts and trade promotions.
Revenues from the sale of goods are recognized when the Company has transferred to the buyer substantially all of the risks and benefits inherent in the ownership of the goods, which generally coincides with the delivery of the goods.
Proceeds from actions to void and actions for damages are recognized in the income statement upon the closing of the corresponding transactions with the counterparty.
Expenses are recognized in the income statement when they apply to goods and services that were sold or used during the year or allocated over a straight line when their future usefulness cannot be determined.
Expenses incurred to study alternative products and services or incurred in connection with research and development activities that do not meet the requirements for capitalization are deemed to be current expenses and are charged to income in the year they are incurred.

FOREIGN EXCHANGE DIFFERENCES

Revenues and expenses arising from transactions in foreign currencies are recognized at the exchange rate in force on the day the underlying transaction is executed. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate in force at the end of the reporting period and any resulting gains or losses are recognized in earnings. Non-cash assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate and valued at cost.

RECOGNITION OF GOVERNMENT GRANTS

Grants that are the subject of a formal distribution resolution are recognized on an accrual basis, in direct correlation to the costs incurred. Operating grants are reflected on the income statement as Other revenues.

Capital grants that are attributable to property, plant and equipment are recognized as deferred income and posted to the Miscellaneous income and expense account. Such deferred income is recognized in the income statement in equal installments computed on the basis of the useful life of the assets for which the grant was received.

FINANCIAL INCOME AND EXPENSE

Interest is recognized on an accrual basis in accordance with the effective interest method, i.e., using an interest rate that equalizes all incoming and outgoing flows that are part of a given transaction.

DIVIDENDS

Dividends are recognized when shareholders become entitled to receive them. As a rule, this happens when the Shareholders' Meeting approves a resolution to distribute a dividend. The dividend distribution amount is then recognized as a liability on the balance sheet for the period during which the distribution was approved by the Shareholders' Meeting.

USE OF ESTIMATES

When preparing the statutory financial statements, Directors apply accounting principles and methods that, in some cases, are based on difficult and subjective valuations and estimates that are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules, which include a statement of financial position, an income statement and a statement of cash flows, and in additional disclosures. The ultimate amounts of those components of the financial statements for which the abovementioned estimates and assumptions were used could differ from those shown on the financial statements, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period, and is also applied to future periods, when the revision has an impact both on the current period and on future periods.

The financial statement items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions used could have a material impact on the financial statements are those concerning goodwill; writedowns of property, plant and equipment; depreciation and amortization of non-current assets; deferred taxes; provisions for risks; the allowance for doubtful accounts; pension plans and post-employment benefits; and the reserves for creditor challenges and claims of late-filing creditors.

NEW ACCOUNTING PRINCIPLES AND INTERPRETATIONS APPROVED BY THE E.U. BUT NOT YET IN EFFECT

In 2009, the European Commission approved and published the following new accounting principles, amendments and interpretations, which supplement those approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). These new pronouncements apply to situations and events that do not apply to the Company.

Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (applicable as of January 1, 2010)

Amendments to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (applicable as of January 1, 2010)

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement (applicable as of January 1, 2010)

Amendments to IFRIC 9 – Reassessment of embedded derivatives (applicable as of January 1, 2010)

Amendment to IAS 32 – Classification of rights issues (applicable as of January 1, 2011)

IFRIC 17 – Distributions of Non-cash Assets to Owners (applicable as of January 1, 2010)

IFRIC 18 –Transfers of Assets from Customers (applicable to the Company as of January 1, 2010)

Transactions Between Group Companies and with Related Parties

Transactions between Parmalat S.p.A. and other Group companies and between Parmalat S.p.A. and related parties - such as companies that, because of the parties serving on their governance bodies, were deemed to be under common management with those of the Parmalat Finanziaria Group, currently under Extraordinary Administration pursuant to Article 80, Numeral 3, of Legislative Decree No. 270/99 (so-called "daughter" proceedings of the main Parmalat S.p.A. in AS proceedings) - were neither atypical nor unusual and were carried out by the Company in the normal course of business. At December 31, 2009, the Company had positions outstanding with the companies listed below. Receivables are shown net of the corresponding allowances for doubtful accounts.

(€ m)

COMPANY	12.31.2009						
	COUNTRY	TRADE RECEIVABLES(1)	LONG-TERM LOANS RECEIVABLE(1)	SHORT-TERM LOANS RECEIVABLE(1)	TRADE PAYABLES	LOANS PAYABLE	OTHER RECEIVABLES/ PAYABLES
SATA S.r.l.	Italy		14.2				
Dalmata S.r.l.	Italy		0.6				
Latte Sole S.p.A.	Italy	3.3	2.0		(0.5)		
Parmalat Portugal Prod. Alim. Ltda	Portugal	0.1	7.3	3.7			
Curcastle Corporation NV	N. Antilles		4.3	0.5			
Boschi Luigi & Figli S.p.A.	Italy	0.2					(0.5)
Parmalat Canada Inc.	Canada	1.5					
Centrale del Latte di Roma S.p.A.	Italy	4.7			(12.5)		
Parmalat Distribuzione Alim. S.r.l.	Italy	1.1		0.2	(3.2)		
OOO Parmalat MK	Russia	0.4	1.3	3.0			
Parmalat Romania SA	Romania	1.1					
Oao Belgorodskij	Russia			3.0			
Parmalat South Africa (PTY) Ltd	South Africa	0.4		9.2			
Carnini S.p.A.	Italy	1.1					
Parmalat Botswana (PTY) Ltd	Botswana			3.0			
Indulac	Venezuela		14.1				
Parmalat del Ecuador	Ecuador	0.1					(1.4)
Parmalat Colombia	Colombia	0.9					
Parmalat Food Products	Australia		23.5	5.0			
Other companies		1.0	0.6		(0.1)	(2.3)	
Total		**15.9**	**67.9**	**27.6**	**(16.3)**	**(2.3)**	**(1.9)**

(1) Net of the allowance for doubtful accounts.

At the end of 2008, the Company had the following positions, also net of the corresponding allowances for doubtful accounts, outstanding with other Group companies or related parties:

(€ m)

COMPANY	12.31.2008						
	COUNTRY	TRADE RECEIVABLES(1)	LONG-TERM LOANS RECEIVABLE(1)	SHORT-TERM LOANS RECEIVABLE(1)	TRADE PAYABLES	LOANS PAYABLE	OTHER RECEIVABLES/ PAYABLES
Parmalat Austria GmbH	Austria		111.5				
SATA S.r.l.	Italy		15.8				
Dalmata S.r.l.	Italy		0.7				
Latte Sole S.p.A.	Italy	1.0			(0.1)		
Parmalat Portugal Prod. Alim. Ltda	Portugal	2.4	4.6		(0.4)		
Curcastle Corporation NV	N. Antilles		2.2	3.3			
Boschi Luigi & Figli S.p.A.	Italy	0.2					(0.2)
Parmalat Canada Inc.	Canada	4.6	1.3				
Centrale del Latte di Roma S.p.A.	Italy	5.0		0.5	(13.6)		
Parmalat Distribuzione Alim. S.r.l.	Italy	1.5		2.3	(2.7)		
OOO Parmalat MK	Russia	1.2	2.3	0.8			
Parmalat Romania SA	Romania	1.1					
Parmalat South Africa (PTY) Ltd	South Africa	0.6		10.1			
Carnini S.p.A.	Italy	0.8			(0.1)		(0.2)
Parmalat Botswana (PTY) Ltd	Botswana			3.0			
Other companies		1.0	0.5		(0.1)	(2.3)	
Total		**19.4**	**138.9**	**20.0**	**(17.0)**	**(2.3)**	**(0.4)**

(1) Net of the allowance for doubtful accounts.

The table below provides a breakdown of expenses and revenues, classified by type:

(€ m)

COMPANY	2009				
	COUNTRY	SALES REVENUES AND OTHER REVENUES	FINANCIAL INCOME AND INCOME FROM EQUITY INVESTMENTS	COST OF MATERIALS AND SERVICES	OTHER INCOME/ (EXPENSE)
Boschi Luigi & Figli S.p.A.	Italy		3.2		
Centrale del Latte di Roma S.p.A.	Italy	14.4	6.9	43.8	
Latte Sole S.p.A.	Italy	2.4	0.1	0.4	
Parmalat Distribuzione Alimenti S.r.l.	Italy	11.9	0.1	10.7	
SATA S.r.l.	Italy		0.3		
Parmalat Romania	Romania	0.4	0.6		
OOO Parmalat MK	Russia	1.0	0.5	0.2	
Oao Belgorodskij	Russia		2.7		
Parmalat Canada Inc.	Canada	1.7	15.6		
Parmalat Australia Limited	Australia	1.8	3.0		
Parmalat Food Products	Australia		0.4		
Carnini S.p.A.	Italy	3.8	0.2	0.2	
Parmalat Colombia	Colombia	0.9	1.6		
Procesadora de Leches	Colombia		1.0		
Parmalat Portugal Produtos Alimentares Ltda	Portugal	0.4	1.1		
Citrus International Corporation SA	Cuba	0.1			
Parmalat South Africa	Africa	0.5	0.3		
Parmatour S.p.A. in AS	Italy				49.9
Other companies		0.4	0.2		
Total		**39.7**	**37.8**	**55.3**	**49.9**

These transactions were executed on market terms, i.e., on the terms that would have been applied by independent parties, and were carried out in the interest of Parmalat S.p.A.

A breakdown of intra-Group expenses and revenues for 2008 is provided below:

(€ m)

COMPANY	2008			
	COUNTRY	SALES REVENUES AND OTHER REVENUES	FINANCIAL INCOME AND INCOME FROM EQUITY INVESTMENTS	COST OF MATERIALS AND SERVICES
Boschi Luigi & Figli S.p.A.	Italy		4.0	
Centrale del Latte di Roma S.p.A.	Italy	13.0	4.4	46.2
Latte Sole S.p.A.	Italy	1.6	0.1	0.7
Newlat S.p.A.	Italy	9.6		11.2
Parmalat Distribuzione Alimenti S.r.l.	Italy	15.2	0.2	13.7
Dalmata S.r.l.	Italy		0.6	
SATA S.r.l.	Italy		0.8	
Parmalat Romania	Romania	0.9	1.3	
OOO Parmalat MK	Russia	1.3	0.9	0.2
Parmalat Canada Inc.	Canada	1.5	15.3	
Parmalat Australia Limited	Australia	1.5		
Carnini S.p.A.	Italy	2.9	0.3	0.2
Parmalat Colombia	Colombia	0.1	3.5	
Procesadora de Leches	Colombia		3.3	
Parmalat Portugal Produtos Alimentares Ltda	Portugal	0.3	0.6	
Citrus International Corporation SA	Cuba	0.1		1.4
Dalmata due S.r.l.	Italy		3.2	
Other companies		0.4	1.5	0.2
Total		**48.4**	**40.0**	**73.8**

Percentage of Financial Statement Amounts Represented by Transactions with Related Parties

(€ m)

	ASSETS	LIABILITIES	LIQUID ASSETS	REVENUES	COST OF SALES	DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	OTHER INCOME AND EXP.	NET FINANCIAL INCOME
Total	3,252.2	416.8	1,486.8	844.8	540.7	202.2	76.7	393.7	63.1
Amount with related parties	111.5	20.6	(2.3)	39.7	43.4	11.7	0.2	49.9	37.8
Percentage of the total	*3.4%*	*4.9%*	*n.s.*	*4.7%*	*8.0%*	*5.8%*	*0.3%*	*12.7%*	*59.9%*

Notes to the Balance Sheet - Assets

(1) Goodwill

Goodwill amounted to 184.0 million euros, unchanged compared with December 31, 2008.

Pursuant to IAS 36, goodwill is not amortized. However, it is tested for impairment at least once a year or more frequently in response to specific events or circumstances that could indicate that its value has been impaired.

Concurrently with the preparation of the annual financial statements at December 31, 2009 and taking into account the Company's updated three-year plan, goodwill was again tested for impairment to determine if its carrying amount was higher than the corresponding recoverable value. The results of this test showed that no adjustment to the carrying value of goodwill was required.

As was the case earlier in the year, the abovementioned test was performed by an independent advisor.

The recoverable value of goodwill was tested against its value in use, which is the present value of the expected cash flows from operations, before financial components (unlevered discounted cash flow), estimated based on the Company's plan for the next three years. For the years not covered by the plan, the process involved estimating a terminal value, which was computed as the cash flow from operations appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 0.5% and 1%.

Cash flow projections were based on normal conditions of business activity and, consequently, do not include cash flows attributable to extraordinary transactions.

The discount rates used were consistent with current market valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rate used, net of taxes, was 10.8%.
The process of obtaining information about the potential net realizable value of the assets allocated to each cash generating unit also involved the use of stock market multiples to determine the values of publicly traded companies in the same industry, which were used as bechmarks with regard to value in use.

(2) Trademarks with an Indefinite Useful Life

The carrying amounts of these trademarks totaled 178.0 million euros, or 2.1 million euros less than at the end of 2008.

The table below provides a breakdown of trademarks with an indefinite useful life:

(€ m)

	12.31.2009	12.31.2008
Parmalat	121.9	121.9
Santàl	32.6	32.6
Chef	16.2	16.2
Kyr	0.0	2.1
Elena	7.3	7.3
Total	**178.0**	**180.1**

The Company tests the recoverability of trademarks with an indefinite useful life at least once a year or more frequently, when there are indications that their value has been impaired.

Consistent with past practice, the impairment test was performed by an independent advisor.

The recoverable value of trademarks with an indefinite useful life was tested against their value in use by means of the relief from royalty method.

The relief from royalty method was chosen as a valuation method because it is consistent with the widely accepted belief that the value of trademarks is closely related to the contribution that they provide to a company's operating results. Moreover, recent studies by major market research companies have shown that a product's brand is one of the main factors that motivate purchases of groceries.

The relief from royalty method consists of discounting to present value the royalty payments that the owner of a trademark avoids because of the ownership of the right to use that trademark. As a rule, royalties are computed as a percentage of net revenues before the impact of taxes.

The process followed to determine the net royalty flows involved using, for each trademark, the net revenue projections estimated in the Company's strategic plan for the next three years. For the years not covered by the strategic plan, the process involved estimating a terminal value, which was computed as the royalty flow appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 1% and 2%.

The royalty rate that was applied to net revenues was determined based on studies and surveys carried out in this field by research institutions and professionals, as well as on internal analyses of licensing agreements executed in the food industry.

Moreover, since each individual trademark has its own distinctive characteristics relative to the product/market combination, the qualitative (competitive position, name recognition, customer loyalty and quality) and quantitative (profitability percentage) characteristics of the trademarks were also taken into account.

Based on these elements, each trademark was assigned a royalty rate ranging between 2.5% and 3%.

The discount rate used was consistent with current market valuations of the cost of money and took into account the specific risks attributable to the cash generating unit. The rate used, net of taxes, was 10.8%.

In 2009, the Company revised the useful life of the Kyr trademark. Because of a change in strategy, this trademark (valued at 2.1 million euros) no longer qualifies as a trademark with an indefinite useful life. Consequently, it was reclassified in the "Trademarks with a Finite Useful Life" category and is being amortized over its remaining estimated useful life (four years).

(3) Other Intangibles

Other intangibles of 26.9 million euros include the following:

(€ m)

	12.31.2009	12.31.2008
Other trademarks and sundry intangibles	15.3	30.1
Licenses and software	11.6	7.3
Total	**26.9**	**37.4**

This item includes licenses for corporate software and trademarks with a finite useful life (which can be amortized) that are being used in Parmalat's restructured commercial operations. These trademarks are recognized at their fair value on the date of acquisition (October 1, 2005) and are amortized over five years.

Other Trademarks and Sundry Intangibles

(€ m)

	12.31.2009	12.31.2008
Berna	7.5	15.1
Lactis	2.4	4.9
Monza	0.9	2.5
Solac	0.8	2.1
Kyr	1.6	0.0
Stella	0.4	1.2
Torvis	0.3	0.9
Pascolat	0.2	0.7
Dolomiti	0.2	0.5
Sundry trademarks	1.0	2.2
Total	**15.3**	**30.1**

Changes in Other Intangibles

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	TOTAL
Balance at 12.31.2007	**48.4**	**6.1**	**54.5**
- Additions		3.7	3.7
- Amortization (-)	(16.2)	(2.5)	(18.7)
- Writedowns (-)	(2.1)		(2.1)
Balance at 12.31.2008	**30.1**	**7.3**	**37.4**
- Additions		7.9	7.9
- Amortization (-)	(16.3)	(4.2)	(20.5)
- Writedowns (-)			
- Restatements and reclassifications of historical value	(2.4)	1.0	(1.4)
- Restatements and reclassifications of accumulated amortization	3.9	(0.3)	3.6
Balance at 12.31.2009	**15.3**	**11.7**	**26.9**

Restatements and reclassifications refer to the divestment of the “Lodi” business operations and the reclassification of the Kyr trademark, previously classified as a trademark with an indefinite useful life.

(4) Property, Plant and Equipment

Property, plant and equipment totaled 151.7 million euros, broken down as follows:

(€ m)

	12.31.2009	12.31.2008
Land	22.2	22.2
Buildings	67.7	68.9
Plant and machinery	53.1	55.1
Industrial equipment	1.3	1.5
Other assets	5.9	5.0
Construction in progress	1.5	1.1
Total	**151.7**	**153.8**

Some of the properties (Land and Buildings) are encumbered by a voluntary mortgage of up to 33.6 million euros granted to a financial institution to secure a medium-term financing facility of 11.1 million euros it provided to the Company, which matures on December 31, 2010. As of December 31, 2009, 2.2 million euros were owed on this facility.

Property, plant and equipment held under finance leases, which totaled 3.7 million euros, consisted exclusively of items classified as other assets.

Changes in Property, Plant and Equipment

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Balance at 12.31.2007	**23.8**	**66.3**	**45.6**	**1.6**	**6.0**	**10.8**	**154.1**
- Additions		3.7	21.4	0.6	1.5	0.9	28.1
- Divestment of business operations (-)	(0.5)	(1.3)	(0.2)				(2.0)
- Disposals (-)			(0.1)	(0.1)	(0.4)		(0.6)
- Writedowns (-)	(1.3)	(0.8)	(2.6)		(0.1)		(4.8)
- Depreciation (-)		(3.2)	(10.3)	(0.5)	(2.8)		(16.8)
- Other changes	1.5	6.7	1.4		0.7	(10.5)	(0.2)
- Reclassifications to held-for-sale assets	(1.1)	(2.7)	(0.2)				(4.0)
Balance at 12.31.2008	**22.2**	**68.9**	**55.0**	**1.6**	**4.9**	**1.2**	**153.8**
- Additions		1.8	15.5	0.5	5.6	2.1	25.5
- Divestment of business operations (-)							
- Disposals (-)			(0.2)		(0.4)		(0.6)
- Writedowns (-)		(0.5)	(5.8)				(6.3)
- Depreciation (-)		(3.3)	(12.5)	(0.8)	(4.7)		(21.3)
- Other changes		0.8	1.1		0.5	(1.8)	0.6
- Reclassifications							
Balance at 12.31.2009	**22.2**	**67.7**	**53.1**	**1.3**	**5.9**	**1.5**	**151.7**

Additions included the following:

- 1.8 million euros for buildings, used mainly to build the new entry gateway for the Collecchio plant and new production facilities in Albano and Zevio, and for renovations and upgrades of existing buildings to comply with regulatory requirements;
- 15.5 million euros for plant and machinery, used to install new production lines (mainly in Collecchio) and upgrade existing lines;
- 2.6 million euros for industrial equipment, other assets and construction in progress;
- 4.7 million euros in finance leases for refrigerated vans.

Writedowns reflect primarily additions made to provisions, based on conservative estimates of the work that will be required at some production facilities included in the reorganization process, starting in 2010.

The depreciation of property, plant and equipment was computed in accordance with regular annual rates based on their useful lives, which are the same as the rates used the previous year.

5) Investments in Subsidiaries, joint ventures and affiliated companies

A breakdown of this item, which amounted to 752.8 million euros, is as follows:

(€ m)

	12.31.2009	12.31.2008
Subsidiaries	749.3	629.5
Other companies	3.5	3.5
Total	**752.8**	**633.0**

Changes in Investments in Subsidiaries, joint ventures and affiliated companies

(€ m)

	SUBSIDIARIES	OTHER COMPANIES	TOTAL
Balance at 12.31.2007	**615.5**	**3.2**	**618.7**
Additions/Purchases	43.8	0.3	44.1
Reductions/Divestments	(0.3)	0.0	(0.3)
Writedowns	(29.5)	0.0	(29.5)
Balance at 12.31.2008	**629.5**	**3.5**	**633.0**
Additions/Purchases	137.4	0.0	137.4
Reductions/Divestments	(0.1)	0.0	(0.1)
Writedowns	(17.5)	0.0	(17.5)
Balance at 12.31.2009	**749.3**	**3.5**	**752.8**

The main components of additions/purchases of 137.4 million euros are reviewed below:

- 111.5 million euros for the conveyance by the Parmalat Austria subsidiary of a 95.7% interest in Parmalat Africa, as part of Parmalat Austria's liquidation plan. This transaction gave Parmalat S.p.A. direct control of Parmalat Africa (with the ownership percentage rising from 4.3% to 100%);
- 15.5 million euros to underwrite 100% of the share capital of Parmalat Investments Pty Ltd., a newly established Australian subsidiary;
- 2.0 million euros for an advance on future capital contributions provided to the Latte Sole subsidiary;
- capitalizations of Latte Sole (2.0 million euros) and Parmalat Distribuzione Alimenti S.r.l. (3.7 million euros) carried out by forgiving receivables of equal amounts owed by these subsidiaries.

The decrease of 0.1 million euros in investments in subsidiaries reflects the liquidation of Parmalat International, a Swiss subsidiary.

Writedowns of 17.5 million euros were booked as a result of the annual impairment test of investments in subsidiaries and reflects the losses suffered by the investments in Latte Sole (10.5 million euros), Parmalat Distribuzione Alimenti (3.2 million euros), Sata S.r.l. (1.0 million euros) and subsidiaries in Ecuador (2.8 million euros).

A breakdown of the investee companies included under “Investments in subsidiaries” at December 31, 2009 is as follows:

(€ m)

INVESTMENTS IN SUBSIDIARIES	COUNTRY	% INTEREST HELD	TOTAL VALUE
Parmalat Canada Inc.	Canada	100.0	203.9
Parmalat Australia Ltd	Australia	90.0	119.0
Parmalat Africa Ltd	Mauritius	100.0	116.3
Centrale del Latte di Roma S.p.A.	Italy	75.0	104.1
Parmalat Portugal Produtos Alimentares Ltda	Portugal	100.0	41.6
Procesadora de Leches SA	Colombia	94.8	27.9
OAO Belgorodskij	Russia	99.7	20.1
Sata S.r.l.	Italy	100.0	16.6
Parmalat Colombia Ltda	Colombia	91.0	15.8
Parmalat Investments Pty	Australia	100.0	15.5
Latte Sole S.p.A.	Italy	100.0	12.1
Parmalat South Africa Ltd	South Africa	10.8	11.0
Boschi Luigi & Figli S.p.A.	Italy	100.0	10.3
Carnini S.p.A.	Italy	100.0	10.0
OOO Parmalat Mk	Russia	100.0	6.6
Parmalat Romania SA	Romania	100.0	6.3
Dalmata S.r.l.	Italy	100.0	5.0
OOO Urallat	Russia	100.0	4.9
Citrus International Corp.	Cuba	55.0	1.8
Parmalat Austria GmbH and 18 other companies			0.5
Total subsidiaries			**749.3**
INVESTMENTS IN OTHER COMPANIES		**% INTEREST HELD**	**TOTAL VALUE**
Bonatti S.p.A.	Italy	10.3	3.1
Jonicalatte S.r.l.	Italy	18.5	0.3
Sundry companies			0.1
Total other companies			**3.5**
GRAND TOTAL			**752.8**

A complete list of the equity investments held by the Company is annexed to this Report.

The Company prepares consolidated financial statements, which are being provided together with these statutory financial statements and provide information about the performance of the Group as a whole.

(6) Other Non-current Financial Assets

Other non-current financial assets totaled 71.1 million euros. A breakdown is as follows:

(€ m)

	12.31.2009	12.31.2008
Loans receivable from subsidiaries	67.9	138.9
Loans receivable from others	3.2	1.3
Total	**71.1**	**140.2**

The table below and the comments that follow provide an overview of the changes that occurred in 2009.

Changes in Other Non-current Financial Assets

(€ m)

	LOANS RECEIVABLE FROM SUBSIDIARIES	LOANS RECEIVABLE FROM OTHERS	TOTAL
Net carrying amount at 12.31.08	**138.9**	**1.3**	**140.2**
New loans/Adjustments	52.9	1.9	54.8
Repayments	(9.4)		(9.4)
Loan waivers/conversions	(113.5)		(113.5)
Reclassification to current receivables	(2.6)		(2.6)
Addition to the provision for writedowns			
Reversal of the provision for writedowns	1.6		1.6
Net carrying amount at 12.31.09	**67.9**	**3.2**	**71.1**

The main components of New loans/Adjustments of 52.9 million euros regarding subsidiaries are new loans totaling 38.5 million euros (23.5 million euros to Parmalat Food Products, 11 million euros to Parmalat Portugal, 4 million euros to Latte Sole), the capitalization of accrued interest owed by subsidiaries (0.6 million euros) and a loan valued at US$20 million (13.8 million euros) owed by the Indulac subsidiary in Venezuela, which was acquired as part of the settlement with Bank of America.

The main components of New loans/Adjustments of 1.9 million euros regarding other parties is a receivable of 1.6 million euros for royalties owed by customers in Brazil.

Repayments, which totaled 9.4 million euros, refer to the following loans:
- 4.6 million euros owed by the Parmalat Portugal subsidiary;
- 2.9 million euros owed by the Parmalat Canada subsidiary;
- 1.9 million euros for partial repayment of a loan owed by the Sata S.r.l. subsidiary.

The amount shown for Loan waivers/conversions refers to the cancellation of an 111.5-million-euro loan owed by the Parmalat Austria subsidiary in exchange for the conveyance of the interest held by Parmalat Austria in Parmalat Africa, within the framework of Parmalat Austria's liquidation. It also reflects the recapitalization of Latte Sole (2.0 million euros) carried out through the waiver of a portion of a receivable owed by this subsidiary.

The reclassification to current receivables of 2.6 million euros represents the portion of outstanding loans that has to be repaid by the end of 2010.

The Reversal of the provision for writedowns (1.6 million euros) reflects the reversal in earnings of the amounts attributable to Parmalat Canada following the collection of a receivable that earlier had been written down.

(7) Deferred-tax Assets

A breakdown of deferred-tax assets, which amounted to 32.0 million euros, is provided below:

(€ m)

DEFERRED-TAX ASSETS	TAX RATE	TEMPORARY DIFFERENCES AT 12.31.09	BALANCE AT 12.31.09	TAX AMOUNT SET ASIDE	UTILIZATIONS	BALANCE AT 12.31.08
Provisions for restructuring	27.50%	2.5	0.7	0.2	(0.3)	0.8
Provision for prize contests	31.40%	1.8	0.6	0.6	(0.3)	0.3
Maintenance expenses	31.40%	14.7	4.1	1.1	(1.2)	4.2
Prov. for invent. writedowns	31.40%	7.4	2.4	0.3		2.1
Tax-deductible amortization of trademarks	31.40%	42.3	13.3	3.8		9.5
Other corporate income tax items	27.50%	33.0	9.0	2.6		6.4
Other corporate income tax and regional tax items	31.40%	9.6	1.9	0.6	(0.6)	1.9
Total		**111.3**	**32.0**	**9.2**	**(2.4)**	**25.2**

Most of the increases refer to costs incurred in 2009 that will become tax deductible when the financial impact of the underlying transaction actually occurs or, as is the case for Maintenance expenses, within the timeframe allowed under the applicable law.

At this point, the Company believes that it will generate sufficient taxable income in the future to recover the deferred-tax assets it carries on its balance sheet.

(8) Inventories

A breakdown of Inventories, which totaled 37.1 million euros, is as follows:

(€ m)

	12.31.2009	12.31.2008
Raw materials, auxiliaries and supplies	22.3	22.9
Work in progress and semifinished goods	0.0	0.0
Finished goods	16.8	18.2
Provision for inventory writedowns	(2.0)	(1.4)
Total	**37.1**	**39.7**

Changes in Inventories

(€ m)

	RAW MATERIALS, AUXILIARIES AND SUPPLIES	WORK IN PROGRESS AND SEMIFINISHED GOODS	FINISHED GOODS AND MERCHANDISE	TOTAL
Carrying amount at 12.31.2008	**22.9**		**18.2**	**41.1**
Increases/(Decreases)	(0.6)		(1.4)	(2.0)
- Reclassifications to held-for-sale assets				
Gross carrying amount at 12.31.2009	**22.3**		**16.8**	**39.1**
Provision for inventory writedowns at 12.31.2008	**(1.4)**		**0.0**	**(1.4)**
(Additions to)/Utilizations of provision	(0.1)		(0.5)	(0.6)
Other changes	0.1		(0.1)	0.0
Carrying amount of provision for inventory writedowns at 12.31.2009	**(1.4)**		**(0.6)**	**(2.0)**
Net carrying amount at 12.31.2009	**20.9**		**16.2**	**37.1**

The relatively small change in the carrying amount of inventories reflects a decrease in the price paid for milk.

(9) Trade Receivables

Trade receivables amounted to 180.0 million euros. A breakdown is provided below:

(€ m)

	12.31.2009	12.31.2008
Gross trade receivables - Customers	314.4	349.8
Gross trade receivables - Subsidiaries	16.0	19.7
Allowance for doubtful accounts - customers	(150.2)	(145.3)
Allowance for doubtful accounts - subsidiaries	(0.2)	(0.2)
Total	**180.0**	**224.0**

Trade receivables originate from regular sales transactions, usually executed with national operators of supermarket chains, small retailers and business operators (processors and distributors).

The decrease in gross trade receivables from customers at December 31, 2009, compared with the amount at the end of 2008, is due to a reduction in the average number of days to collection and is consistent with the sales trend.

The increase of 4.9 million euros in the allowance for doubtful customer accounts, is the net result of an addition of 8.0 million euros, recognized in the 2009 income statement, and utilizations of the allowance amounting to 3.1 million euros.

Breakdown by Due Date of Net Trade Receivables from Outsiders

A breakdown by due date of net trade receivables from outsiders, the value of which has been impaired is provided below:

(€ m)

	12.31.2009	12.31.2008
Not yet due	108.9	133.1
up to 30 days	15.6	26.2
from 31 to 60 days	19.5	21.0
from 61 to 120 days	11.9	12.3
over 120 days	8.2	11.9
Total	**164.1**	**204.5**

Concentration by Sales Channel of Net Trade Receivables from Outsiders

The table below shows the credit risk exposure arising from net trade receivables at December 31, 2009, broken down by sales channel:

(€ m)

	12.31.2009	12.31.2008
Modern trade	104.5	124.3
Normal trade	19.6	27.7
Dealers	12.2	17.7
HO.RE.CA.	13.9	13.2
Contract production	6.1	9.1
Other	7.8	12.5
Total	**164.1**	**204.5**

Modern trade: sales to supermarket chains;
Normal trade: sales in the traditional channel (e.g., cash & carry outlets);
HO.RE.CA.: sales to hotels, restaurants, cafeterias and catering;
Dealers: sales through franchisees.

The Modern Trade channel accounted for 63.7% of the Company's total credit exposure (60.8% at the end of 2008). However, because the counterparties are large supermarket chains, the collectibility of the corresponding receivables does not present a significant risk.

(10) Other Current Assets

Other current assets amounted to 167.9 million euros. A breakdown is as follows:

(€ m)

	12.31.2009	12.31.2008
Loans receivable from subsidiaries	27.6	19.5
Miscellaneous receivables	139.0	115.6
Accrued income and prepaid expenses	1.3	1.1
Total	**167.9**	**136.2**

Loans receivable from subsidiaries increased by 8.1 million euros, due mainly to short-term financing provided to Group companies. The largest of these loans were provided to the Parmalat Food Products Australian subsidiary (4.8 million euros) and to the Oao Belgorodskij Russian subsidiary (3 million euros).

A breakdown of Miscellaneous receivables is as follows:

(€ m)

	12.31.2009	12.31.2008
Amount receivable for litigation settlements	4.4	2.2
Amount receivable from the tax authorities for VAT	58.5	36.2
Accrued interest on VAT refunds receivable	1.4	1.1
Estimated tax payments and income taxes withheld	65.3	65.4
Amount receivable from the Ministry of Farm Policies	4.4	4.4
Advances to suppliers and sales agents	0.9	0.9
Sundry receivables	4.0	4.9
Amount receivable from subsidiaries included in the national consolidated tax return	0.1	0.5
Total	**139.0**	**115.6**

Amount receivable for litigation settlements refers primarily to a remaining amount owed by Bank of America (US$5.0 million still to be cashed).

The amount shown for receivable from the tax authorities for estimated tax payments and income taxes was reduced by the amount of 36.8 million euros, which was deducted directly from the Company's income tax liability, as allowed by the relevant accounting principles.

The balance shown for Miscellaneous receivables is net of an allowance for doubtful accounts amounting to 7.8 million euros, which has been set aside to cover potential collection risks. The net balance shown above is thus deemed to be fully collectible.

(11) Readily Available Financial Assets

The balance of 1,188.1 million euros includes the following:

(€ m)

	12.31.2009	12.31.2008
Italian Treasury bills	519.0	315.8
Italian Treasury bonds	0.0	114.0
Italian Treasury Credit certificates	100.1	0.0
Foreign Treasury securities (Germany)	27.9	0.0
Reverse repurchase agreements (underlying securities: Treasury credit certificates)	2.0	0.0
Bank time deposits	538.0	245.0
Total short-term investments of liquid assets	**1,187.0**	**674.8**
Accrued interest	1.1	4.4
Total	**1,188.1**	**679.2**

The items listed above represent short-term investments of liquid assets that do not qualify as cash equivalents, as defined in Paragraph 7 of IAS 7, because the overall term of the securities involved was longer than three months at the time of purchase. The change compared with December 31, 2008 (+508.9 million euros) reflects the different choices made in 2009 with regard to the investment of liquid assets in order to increase both yield and diversification.

To further minimize its investment risk, the Company invested a significant portion of its liquid assets in treasury securities.
The table below provides a breakdown by type of the Company's short-term investments of liquid assets and shows the duration and rate of return of these investments.

	AMOUNT	DATE OF PURCHASE	MATURITY	ANNUAL RATE
Italian Treasury bills	127.0	Oct. 2009	2/15/10	0.441%
	42.4	Dec. 2009	3/15/10	0.445%
	50.1	Nov. 2009	4/15/10	0.538%
	79.8	Dec. 2009	5/14/10	0.636%
	75.9	Oct. 2009	1/29/10	0.416%
	49.0	Sept. 2009	2/26/10	0.486%
	44.9	Nov 2009	3/31/10	0.575%
	49.9	Dec. 2009	4/30/10	0.627%
	519.0			
Italian Treasury Credit Certificates	100.1	Oct. 2009	2/1/10	0.479%
	100.1			
Foreign Treasury securities (Germany)	27.9	Sept. 2010	2/17/10	0.346%
	27.9			
Reverse repurchase agreements	**2.0**	Nov 2009	2/28/10	0.860%
Bank time deposits	285.0	Oct. 2009	Feb. 2010	1.148%
	253.0	Nov-Dec. 2009	April 2010	0.838%
	538.0			

(12) Cash and Cash Equivalents

Cash and cash equivalents totaled 282.4 million euros. A breakdown is provided below:

(€ m)

	12.31.2009	12.31.2008
Unrestricted bank deposits	205.7	69.3
Time bank deposits	76.0	370.0
Treasury bills	0.0	309.8
Cash and securities on hand	0.5	0.7
Accrued interest	0.2	0.8
Total	**282.4**	**750.6**

This item includes amounts deposited by the Company in bank accounts, cash on hand and financial assets with an original maturity of three months or less at the time of purchase.
The change compared with the end of 2008 reflects the daily flow of collections and payments and the investment decisions discussed in the previous note.

The Company has no operational short-term credit lines.

The table below provides a breakdown by type of the Company's short-term investments of liquid assets and shows the duration and rate of return of these investments.

	AMOUNT	DATE OF PURCHASE	MATURITY	ANNUAL RATE
Bank time deposits	45.0	Oct 2009	14/01/2010	0.753%
	31.0	Nov 2009	26/02/2010	0.816%
	76.0			

The change in financial position is shown in the Statement of Cash Flows, which should be consulted for additional information.

Credit Quality of Financial Assets (Cash Equivalents and Current Financial Assets)

The table below provides an analysis of the credit quality of outstanding financial assets the value of which has not been impaired:

	RATING	12.31.2009	12.31.2008
Cash equivalents	A or higher	268.5	709.9
	Lower than A	13.3	0.0
	Not rated	0.7	40.7
Current financial assets	A or higher	1,088.1	679.2
	Lower than A	100.0	0.0
Total		**1,470.6**	**1,429.8**

The amounts listed as having a rating lower than A refer mainly to bank accounts and time deposits with an Italian credit institution that was rated triple B by Moody's in 2009.

(13) Held-for-sale Assets

This account, which had a zero balance at December 31, 2009, totaled 13.7 million euros at the end of 2008, when it included the assets of the Lodi business operations, which were divested pursuant to a sales contract executed on January 1, 2009.

Notes to the Balance Sheet - Shareholders' Equity

SUMMARY OF THE SHAREHOLDERS' EQUITY ACCOUNTS

(€ m)

	12.31.2009	12.31.2008
- Share capital	1,712.6	1,687.4
- Reserve for conversion exclusively into share capital of creditor challenges and claims of late-filing creditors	168.8	193.2
- Shares subscribed through the exercise of warrants	0.0	0.0
- Statutory reserve	62.7	32.0
- Other reserves and retained earnings	588.3	297.0
- Interim dividend	(69.8)	(130.0)
- Profit for the year	372.8	615.4
Total	**2,835.4**	**2,695.0**

The financial statements include a Statement of Changes in Shareholders' Equity.

(14) Share Capital

The table below shows a breakdown of the change in the number of shares outstanding (par value 1 euro each) that occurred in 2009:

NUMBER OF SHARES	
Shares outstanding at 1/1/09	**1,687,397,257**
Shares issued for claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose)	24,404,033
Shares issued upon the conversion of warrants	756,852
Shares outstanding at 12/31/09	**1,712,558,142**

Maximum Share Capital Amount

In accordance with the resolutions approved on March 1, 2005, September 19, 2005 and April 28, 2007, the Company's share capital may reach a maximum of 2,025 million euros as a result of the following increases:

- Increase reserved for creditors with unsecured claims included in the lists of verified claims	1,541.1
- Increase reserved for unsecured creditors with conditional claims and/or who are challenging their exclusion from the lists of verified claims	238.9
- Increase reserved for late-filing creditors	150.0
Total increases reserved for creditors	**1,930.0**
- Shares available for the conversion of warrants	95.0
Total capital increase	**2,025.0**

As explained above, the Company's share capital amounted to 1,712.6 million euros at December 31, 2009. As of the writing of these Notes, it had increased by 14.7 million euros to a total of 1,727.3 million euros. The Company, having carried out a detailed analysis of the challenges filed by creditors excluded from the sum of liabilities and of the claims of late-filing creditors, believes that the equity reserves it has established in connection with these claims are adequate. Any additional claims of late-filing creditors that may arise in the future and are verified by a final court decision can be satisfied using the retained earnings.

(15) Reserve for Creditor Challenges and Claims of Late-filing Creditors Convertible into Share Capital

At December 31, 2009, this reserve convertible into share capital amounted to 168.8 million euros. Utilizations for the year totaled 24.4 million euros, causing the share capital to increase by the same amount.

The utilization of this reserve will cause the share capital of Parmalat S.p.A. to increase by an amount equal to the additional verified claims. The remainder of the reserve, equal to the amount of the rejected claims, will become a freely available reserve. As explained before, Parmalat S.p.A. has already approved a capital increase in an amount equal to the balance in this reserve.

With regard to the Citigroup litigation and, more specifically, the decision handed down by the Court of New Jersey this past October, should this decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

(16) Shares Subscribed Through the Exercise of Warrants

This reserve refers to warrants exercised in December 2009, with payment of the corresponding subscribed capital also received in December 2009 (the corresponding 41,394 shares were issued in January 2010).

At December 31, 2009, there were 70,648,417 warrants outstanding, which are exercisable until December 31, 2015.

(17) Other Reserves and Retained Earnings

This reserve amounted to 588.3 million euros, up from 297.0 million euros at the end of 2008.
The statutory reserve also increased, rising to 62.7 million euros (31.9 million euros at December 31, 2008).

The main reason for the increase compared with 2008 is the impact of the Ordinary Shareholders' Meeting of April 9, 2009, which approved motions: (i) to set aside in a statutory reserve 5% of the balance of the net profit earned in 2008, equal to 30.8 million euros; (ii) to appropriate (a) 50% of the balance of the net profit earned in 2008 as a dividend rounded to 0.173 euros per share, which, considering the 2008 interim dividend of 0.077 euros per share distributed in September 2008, leaves a balance of 0.096 euros due on each of the 1,692,267,004 common shares outstanding as of March 17, 2009, for a total balance payable of 162.5 million euros and a total dividend payout (interim plus final dividend) of 292.7 million euros; (b) to a reserve for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares, an amount of up to 4.8 million euros; (c) the balance of 287.1 million euros to retained earnings.

In accordance with resolutions approved by the Shareholders' Meeting in previous years, a portion of the reserves of up to 65.7 million euros may be used to satisfy any additional claims of late-filing creditors or creditors with contested claims, if and when such claims are verified pursuant to a final court decision.

The following disclosure, which is being provided in accordance with the requirements of Article 2427 of the Italian Civil Code, as amended by Legislative Decree No. 6/2003, is being supplied to provide more comprehensive information about the Company's shareholders' equity:

(€ K)

SHAREHOLDERS' EQUITY COMPONENTS	AMOUNT	UTILIZATION OPTIONS	AVAILABLE AMOUNT	SUMMARY OF UTILIZATIONS IN THE PAST THREE YEARS	
				To cover losses	Other
Share capital	**1,712,558**	**-**			
Capital reserves					
Reserve convertible into share capital	*168,855*	*A*	*-*		*56,025*
Shares acquired through warrant conversion	*41*	*A*			*119*
Earnings reserves					
Statutory reserve	*62,730*	*B*	*-*		
Reserve for dividends for challenged and conditional claims (1)	*25,932*	*C*	*-*		*4,484*
Other reserves (2)	*562,358*	*A, B, C*	*496,635*		
2009 interim dividend		*C*	*(69,827)*		
Total	**2,532,474**		**426,808**		
Amount restricted pursuant to Article 109, Section 4, Letter B, of the Uniform Tax Code (3)			*(28,936)*		
REMAINING DISTRIBUTABLE AMOUNT			**397,872**		

A: for capital increase
B: to cover losses
C: for distribution to shareholders

(1) Art. 7.7 of the Proposal of Composition with Creditors: "If dividends and/or reserves are distributed, the Assumptor, drawing from the earnings amount that exceeds the percentage set forth in Section 5.2 above, shall set aside an amount proportionate to the number of shares that could be issued as part of the share capital increase referred to in Section 7.3a above). The amounts thus reserved, shall be used to satisfy the claims o creditors who challenged the exclusion of their claims or hold conditional claims, once their claims are verified."
(2) Limited to the amounts of 35,141,000 euros (Shareholders' Meeting resolution of April 29, 2007) and 30,582,000 euros (Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified, by means of a capital increase.
(3) Amount that, in the event of distribution, is included in taxable income, unless other shareholders' equity reserves or retained earnings in an amount equal to or greater than the distributed amount are available. This amount corresponds to the value of the amortization of deducted value adjustments and provisions compared with those recognized in earnings as of December 31, 2007, net of deferred taxes (Article 109, Section 4, Letter B, of Presidential Decree No. 917/86).

(18) Interim Dividend

On July 30, 2009, the requirements of Article 2443-bis of the Italian Civil Code having been met, the Board of Directors approved the distribution of an interim dividend for 2009 in the amount of 0.041 euros per share, for a payout of about 69.8 million euros. The interim dividend was payable as of September 24, 2009.

(19) Profit for the Year

In 2009, the Company earned a profit of 372.8 million euros.

Notes to the Balance Sheet - Liabilities

(20) Long-term Borrowings

A breakdown of Long-term borrowings, which amounted to 4.5 million euros, is as follows:

(€ m)

	12.31.2009	12.31.2008
IRFIS - Mediocredito Regionale della Sicilia - amount due after one year	0.0	2.2
Obligations under finance leases	4.5	0.9
Total	**4.5**	**3.1**

The indebtedness owed to IRFIS – Mediocredito Regionale della Sicilia is secured by a voluntary mortgage on Company buildings in Collecchio. The loan is to be repaid in equal semiannual installments of 1.1 million euros due at the end of June and the end of December.

Obligations under finance leases, recognized in accordance with IAS accounting principles, represent the remaining indebtedness due after one year owed under outstanding finance leases. The change, compared with 2008, is the net result of the lease payments made and new contracts signed in 2009.

(21) Deferred-tax Liabilities

Deferred-tax liabilities amounted to 22.9 million euros. The table below provides a breakdown of this item and shows the changes that occurred in 2009:

(€ m)

DEFERRED-TAX LIABILITIES	TAX RATE	TEMPORARY DIFFERENCES AT 12.31.2009	BALANCE AT 12.31.2009	ADDITIONAL LIABILITIES RECOGNIZED	UTILIZATIONS	BALANCE AT 12.31.2008
Amortization of goodwill recognized for tax purposes	31.40%	15.1	4.8	4.1		0.7
Amortization of trademarks recognized for tax purposes	31.40%	57.6	17.1	2.6		14.5
Measurement of employee severance benefits in accordance with IAS 19	27.50%	1.2	1.0		(0.1)	1.1
Total		**73.9**	**22.9**	**6.7**	**(0.1)**	**16.3**

Deferred taxes recognized in 2009 were computed on the portion of amortization booked exclusively for tax purposes, since it applies to assets with an indefinite useful life that, as such, cannot be amortized for reporting purposes.

(22) Post-employment Benefits

As a result of the reform of the regulations that govern supplemental retirement benefits introduced the previous year, the Company continued to recognize its liability for the severance benefits that vested up to December 31, 2006 in accordance with the rules for defined-benefit plans. For the severance benefits that vest after January 1, 2007 and are transferable to supplemental retirement benefit funds or the INPS Treasury Fund, it has recognized its liability on the basis of the amounts owed for the period.

The table below provides a breakdown of the Provision for employee severance benefits and shows the changes that occurred in 2009.

The addition to the Provision for employee severance benefits includes 1.4 million euros classified as interest costs in accordance with IAS 19.

Reconciliation of Plan Assets and Liabilities to the Amounts Recognized on the Balance Sheet

Defined-benefit plans (at 12.31.08)	**27.7**
Financial expense	1.4
Benefits paid and/or transferred	(2.3)
Defined-benefit plans (at 12.31.09)	**26.8**

(23) Provisions for Risks and Charges

A breakdown of provisions for risks and charges, which totaled 84.2 million euros, is provided below:

(€ m)

	12.31.2009	UTILIZATIONS/ PAYMENTS AND OTHER CHANGES	REVERSALS IN EARNINGS	ADDITIONS	12.31.2008
Provisions for taxes	5.5	(0.6)	(17.4)	0.9	22.6
Allowance for risks on investee companies	4.8	(2.2)			7.0
Provision for adjust. to equity invest. in Venezuela	55.5		(78.9)		134.4
Allowance for staff downsizing	11.3	(1.8)	(0.2)	5.0	8.3
Provision for disputes with former Group companies	0.2				0.2
Provision for supplemental sales agents benefits	3.8	(0.1)	(1.3)	0.3	4.9
Miscellaneous provisions	3.1	(0.7)	(0.2)	1.6	2.4
Total	**84.2**	**(5.4)**	**(98.0)**	**7.8**	**179.8**

Net of additions, these provisions decreased by 95.6 million euros in 2009.

The largest additions concerned mainly the Company's restructuring programs for its administrative/ general activities and operating areas, including 5.0 million euros for staff downsizing and 1.6 million euros for planned infrastructural projects.

Other additions include 0.3 million euros for the provision for supplemental sales agents benefits and 0.9 million euros added to the provision for taxes to cover potential disputes.

The largest decrease was caused by the reversal in earnings of a portion (78.9 million euros) of the provision for adjustments to equity investments in Venezuela, made possible by the settlements reached with Bank of America on October 2, 2009 and with Eurofood IFSC on December 22, 2009.

As a result of these settlements, the provision covering the debt held by these parties was also reversed.

Another large decrease stems from the reversal of a portion of the provision for taxes amounting to 17.4 million euros, which was set aside in periods before the start of Composition with Creditors Proceedings and can longer be audited under the statute of limitations.

A significant portion of the balance of the provision for taxes amounting to 5.5 million euros at December 31, 2009, covers mainly risks that companies under Extraordinary Administration included in the Composition with Creditors incurred before the date when they qualified for Extraordinary Administration proceedings.

(24) Provision for Preferential and Prededuction Claims

(€ m)

	12.31.2009	DECREASES	12.31.2008
Provision for preferential and prededuction claims	5.1	(2.6)	7.7

The decrease of 2.6 million euros reflects a reversal in earnings of the portion of the provision attributable to creditors with whom a settlement was reached in 2009 or whose lawsuits ended with a final decision favorable to the Company.

CURRENT LIABILITIES

(25) Short-term Borrowings

Short-term borrowings totaled 7.0 million euros. A breakdown is as follows:

(€ m)

	12.31.2009	12.31.2008
IRFIS - Mediocredito Regionale della Sicilia - amount due within one year	2.2	2.2
Obligations under leases - amount due within one year	2.5	0.5
Indebtedness owed to subsidiaries	2.3	2.3
Total	**7.0**	**5.0**

The terms and guarantees of the indebtedness owed to IRFIS (portion due within one year) have been described in the Note to Long-term borrowings. Obligations under leases represent the portion due within one year from the balance sheet date under finance leases at the end of 2009. The corresponding amounts were determined in accordance with international accounting principles, as explained in the note to Non-current financial liabilities.

(26) Trade Payables

A breakdown of trade payables, which totaled 179.1 million euros, is as follows:

(€ m)

	12.31.2009	12.31.2008
Advances	0.0	0.1
Trade payables - Suppliers	161.1	187.1
Liability for prize contests	1.8	1.0
Trade payables - Subsidiaries	16.2	17.0
Total	**179.1**	**205.2**

The decrease in trade payables reflects the impact of a reduction in milk purchases and lower litigation related legal expenses, with substantially stable actual payment terms.

(27) Other Current Liabilities

Other current liabilities of 48.5 million euros included the following:

(€ m)

	12.31.2009	12.31.2008
Amounts owed to the tax authorities	6.1	9.0
Contributions to pension and social security institutions	2.6	2.8
Amounts payable to employees	24.7	23.5
Amounts payable to shareholders for uncollected dividends	8.3	6.9
Amounts payable to subsidiaries under the national consolidated tax return	0.6	0.4
Accrued expenses and deferred income	2.4	2.9
Accounts payable to others	3.8	2.1
Total	**48.5**	**47.6**

The main components of the amounts owed to the tax authorities are income taxes withheld from employees, professionals, agents and other associates.

Accrued expenses and deferred income refer mainly to deferred income that arises from grants approved pursuant to Legislative Decree No. 173/1998, the amount of which decreased due to the recognition of the grants on the income statement (under other income and expenses) based on the useful lives of the individual assets.

(28) Income Taxes Payable

The balance of 38.6 million euros shown for income taxes payable (zero balance at December 31, 2008), which was obtained after reclassifying to this account receivables for estimated tax payments and taxes withheld, reflect the Company's liability for regional taxes (IRAP) and corporate income taxes (IRES) amounting to 2.4 million euros and 36.2 million euros, respectively. Since 2007, the Company has elected to file a Group income tax return (so-called National Consolidated Tax Return) for itself and its principal Italian subsidiaries. Based on this type of return and in accordance with the Intra-Group Regulations for Inclusion in the National Consolidated Tax Return, this item includes a benefit of 1.1 million euros.

(29) Liabilities Directly Attributable to Held-for-sale Assets

This account, which had a zero balance at December 31, 2009, totaled 9.6 million euros at the end of 2008, when it included the liabilities of the Lodi business operations, which were divested pursuant to a sales contract executed on January 1, 2009.

Guarantees and Commitments

(€ m)

	12.31.2009			12.31.2008		
	SURETIES	COLLATERAL	TOTAL	SURETIES	COLLATERAL	TOTAL
Guarantees provided by outsiders on behalf of the Company	335.1	2.2	337.3	364.5	4.4	368.9
Total guarantees	**335.1**	**2.2**	**337.3**	**364.5**	**4.4**	**368.9**

The Guarantees provided by outsiders on behalf of the Company (335.1 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds and with prize contests.

The collateral was provided to secure the outstanding balance of a loan from IRFIS – Mediocredito della Sicilia, which is due on December 31, 2010.

Legal Disputes and Contingent Liabilities at December 31, 2009

The Group is a defendant in civil and administrative proceedings that, based on the information currently available and in view of the provisions that have already been set aside, are not expected to have a material negative impact on the financial statements.
The Company is also a plaintiff in a number of actions for damages, liability actions (both civil and criminal) and actions to void in bankruptcy that could have a positive financial impact of significant magnitude on its income statement and balance sheet.

Challenge to the Composition with Creditors

By a decision dated January 16, 2008, the Bologna Court of Appeals rejected the appeal filed against the decision approving the proposal of composition with creditors. The party whose appeal motion was denied has petitioned the Italian Court of Cassation, which has not yet scheduled a hearing.

* * *

Information about the main proceedings involving the Parmalat Group, updated as of December 31, 2009, is provided below.

CRIMINAL PROCEEDINGS

Criminal Court of Milan

The proceedings for the crime of stock manipulation pending before the lower court ended in December 2008, but resumed at the next level before the Milan Court of Appeals on January 26, 2009. However, these proceedings are no longer relevant to Parmalat Finanziaria S.p.A. under extraordinary administration, since it since reached a settlement with Bank of America.
A sentence was handed down for the Grant Thornton auditors, whose position had been separated from the main proceedings.

With regard to the second segment of the stock manipulation proceedings, which is pending before a different section of the Criminal Court of Milan, oral arguments that began in 2008 are continuing. No Parmalat company has joined these proceedings as a plaintiff seeking damages.

Criminal Court of Parma

Several trials of officers and/or employees of former Group companies and various third parties accused of fraudulent bankruptcy are pending before the Criminal Court of Parma.

One trial, in which the defendants are Directors, Statutory Auditors and former employees of Parmalat Group companies, is still in the discovery phase. Companies of the Parmalat Group under extraordinary administration joined these proceedings as a plaintiffs seeking damages.

In a second trial currently in the oral arguments phase, the defendants are Directors, Statutory Auditors and former employees of companies in the so-called “tourism” operations and officers of some banks. Insofar as these bank officers are concerned, Parmalat has already withdrawn from the proceedings as a plaintiff seeking damages, whenever settlements were reached.

In other proceedings, the defendants are officers and employees of the former Banca di Roma. In these proceedings, the companies of the Parmalat Group under Extraordinary administration, having reached an out-of-court settlement, withdrew the claims they put forth when they joined the proceedings as plaintiffs seeking damages.

As for preliminary hearings, one is currently under way before the Preliminary Hearings Judge in which officers and employees of Citigroup/Citibank are being charged with fraudulent bankruptcy. Parmalat joined the proceedings as a plaintiff seeking damages, summoning the bank as a civilly liable defendant for the actions of Milan, London and New York branches.

Companies of the Parmalat Group under extraordinary administration have withdrawn from preliminary hearings involving officers and/or employees of Deutsche Bank and UBS that the abovementioned companies joined as plaintiffs seeking damages.

Lastly, proceedings targeting employees and/or officers of Standard & Poor’s and JP Morgan in connection with which companies of the Parmalat Group under Extraordinary Administration have the status of injured parties are still in the discovery phase.

Bologna Court of Appeals

On February 9, 2010, subsequent to challenges filed by Maurizio Bianchi, Luciano Del Soldato and Giampaolo Zini against the sentences handed down by the Preliminary Hearings Judge of the Court

of Parma after abbreviated proceedings, the proceedings resumed at the appellate level.
In these proceedings, the companies of the Parmalat Group under Extraordinary Administration that joined the proceedings as plaintiffs seeking damages appealed the provisions of the lower court decision that concerned civil issues.

Florence Court of Appeals

Criminal proceedings against Carlo Alberto Steinhauslin are pending before the Florence Court of Appeals. In proceedings before the lower court, which Parmalat S.p.A. under extraordinary administration joined as a plaintiff seeking damages, Mr. Steinhauslin was found guilty of money laundering. Appellate hearings have not yet been set.

CIVIL LAWSUITS IN THE UNITED STATES OF AMERICA

Parmalat filed the following lawsuits in the United States against certain banks and independent auditors.

Parmalat vs Grant Thornton Int'l et al.

On September 18, 2009, the New York Federal District Court granted the motion for summary judgment filed by Grant Thornton LLP and Grant Thornton International, dismissing the lawsuit filed by Parmalat against the Independent Auditors based on the objection of in pari delicto raised by Grant Thornton. Parmalat appealed this decision.

Parmalat vs Citigroup, Inc. et al.

In the lawsuit filed against Citigroup that is currently pending in the United States, the judge has not yet set a date for oral arguments.

CIVIL PROCEEDINGS FILED AGAINST THE GROUP

Insurance Companies vs. Parmalat Finanziaria S.p.A. in A.S.

By decisions filed on September 25, 2007, the Court of Milan denied motions filed by some insurance companies asking that insurance policies taken out by the previous management of the Parmalat Group that provided protection from the risks inherent in the exercise of the offices of Director, Statutory Auditor and General Manager be declared null and void. An appeal filed by the insurance companies is currently pending before the Milan Court of Appeals.

Giovanni Bonici vs Industria Lactea Venezolana

In February 2005, Giovanni Bonici, the former President of Industria Lactea Venezolana C.A., served a summons on the abovementioned company challenging his dismissal, of which he was informed in 2004. The plaintiff is asking that his dismissal be declared invalid and that Industria Lactea Venezolana C.A. be ordered to pay damages for various reasons totaling about US$20 million (equal to about 14.7 million euros).

Liability Actions

Acting within the statutory deadlines, Parmalat S.p.A. reinstated its civil liability lawsuits against those defendants in the criminal proceedings that agreed to a plea bargaining arrangement. At a hearing held on June 4, 2008, the Court confirmed a decision dismissing the civil liability lawsuits filed by Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. but, insofar as the Assumptor is concerned, ordered the resumption of the lawsuits against the parties included in the reinstatement

decision. In the reinstated proceedings, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to June 9, 2010.
In the other liability action, after the parties exchanged defense briefs, oral arguments followed on June 4, 2008. Subsequently, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report. The next hearing has been scheduled for October 13, 2010.

ACTIONS FOR DAMAGES

The initiatives taken to identify the possible liability of other parties, in addition to the individuals and companies sued in the actions described on earlier occasions, included the filing of additional civil actions with Italian courts. These actions are described in the table provided on the following page. The purpose of these actions is to determine the existence of liability (based on contractual obligations or, when applicable, other obligations) of the defendants who are presumed to have contributed to or aggravated the financial collapse of the plaintiff companies. The purpose of the actions listed in the abovementioned table is to have the courts order the defendants to pay for the damages they caused to the plaintiff companies. The yardstick used to quantify those damages is the magnitude of impairment loss suffered by the plaintiff companies, as well as the part that the plaintiffs played in causing and/or aggravating the impairment loss.

The following additional clarifications also appear to be in order.

As a rule, the defendants have been deemed to be jointly liable, in different manners and with different conditions in the various instances.

It is also important to note that, while the purpose of actions for damages is to effectively restore a plaintiff's assets through the payment of monetary compensation, the payments received as a result of actions for damages reduce the amount of the overall damage suffered by the companies under extraordinary administration based on the principles of joint liability.

Lastly, it is important to keep in mind that by virtue of the court approval of the composition with creditors, the actions for damages filed by the companies under extraordinary administration that were included in the composition with creditors and the right to pursue additional actions have been transferred to Parmalat S.p.A.

ACTIONS FOR DAMAGES FILED BY THE COMPANY THAT ARE CURRENTLY PENDING

(€ m)

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Soparfi SA in A.S.; Parmalat Netherlands BV in A.S.; Parmalat Capital Netherlands BV in A.S.;	JPMorgan Europe Limited; JPMorgan Securities Ltd;	Parma	4,400 plus financial expenses for the bond issues in question (to be quantified in the course of the proceedings) or any other amount awarded by the court.
Parmalat S.p.A. in A.S.	The McGraw-Hill Companies (Standard & Poor's Market Services S.r.l.); The McGraw-Hill Companies (Standard & Poor's Rating Services) SA	Milan	4,074 plus an amount corresponding to the liability for contributing to the financial collapse, which will be determined in the course of the proceeding.
Parmalat S.p.A. in A.S.	J.P. Morgan Chase Bank NA	Parma	2,006.3 or any other amount determined in the course of the proceedings (this amount has been reduced as a result of out-of-court settlements with some defendants).
Pramalat S.p.A. in A.S.; Parmalat S.p.A.	J.P. Morgan Chase Bank NA	Parma	2,000 or any other amount determined in the course of the proceedings (for diversion of corporate assets to the detriment of creditors, in a conspiracy with former Directors and managers).

Actions to Void in Bankruptcy

A total of 10 actions to void in bankruptcy are still pending in the discovery phase.

Boschi Luigi & Figli S.p.A. Liability Action

In 2004, Parmalat S.p.A. in A.S., who at that time owned an interest of 89.44% in Boschi Luigi & Figli S.p.A., sued asking the court to find that the former Directors and Statutory Auditors of Boschi Luigi & Figli S.p.A. were liable for the company's collapse.
Due the death of one of the defendants, the lawsuit was interrupted in 2006, but later resumed. At a hearing held on September 17, 2008, the Court dismissed the lawsuit against another defendant, the parties involved having reached a settlement.
Following the filing of a technical report requested by the court, the lawsuit is continuing against the other defendants. Following the hearing of January 15, 2010, the Court is now expected to hand down a decision.

ADMINISTRATIVE PROCEEDINGS FILED AGAINST THE GROUP

Centrale del Latte di Roma S.p.A.

On November 13, 2008, the Council of State upheld Parmalat's complaint, setting aside a decision by which the Regional Administrative Court of Latium ruled that the sale of Centrale del Latte di Roma S.p.A. to Cirio and its subsequent resale to Eurolat/Parmalat was null and void.
Ariete Fattoria Latte Sano filed a new complaint with the Council of State and the Court of Cassation, challenging its decision of November 13, 2008 (even though it had submitted arguments in its defense at a hearing before the same panel without objection).
By a decision handed down in July 2009, the Court of Cassation sent the proceedings back to the Council of State.

DECISIONS AND INVESTIGATIVE PROCEEDINGS BY THE ITALIAN ANTITRUST AUTHORITIES

On May 21, 2008, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline originally set by Italian Antitrust Authority were beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.
On February 4, 2009, the Regional Administrative Court of Latium handed down a decision denying Parmalat's challenge and upholding the Italian Antitrust Authority's decision. On July 7, 2009, Parmalat filed a complaint challenging this decision before the Council of State.

DISPUTES INVOLVING CHALLENGES TO THE COMPOSITION OF THE LISTS OF LIABILITIES

Challenges and Oppositions

At December 31, 2009, disputes stemming from challenges to the composition of the lists of liabilities of the companies included in the Composition with Creditors and late filings of claims involved 114 lawsuits filed before the Court of Parma and 90 lawsuits pending before the Bologna Court of Appeals. A significant portion of these disputes (over 100 lawsuits pending before the lower courts or at the appellate level) involves issues related to Article 2362 of the Italian Civil Code for the period during which Parmalat Finanziaria S.p.A. was the sole shareholder of Parmalat S.p.A.
As of December 31, 2009, a total of 607 lawsuits had been adjudicated (the deadline for filing an appeal has not yet expired for 60 of these lawsuits).

Notes to the Income Statement

(30) Net sales revenues

Net sales revenues totaled 820.0 million euros in 2009, or 8.5% less than the 896.5 million euros booked in 2008 when, however, the revenue amount included the contribution of the "Lodi" Division, which was divested effective January 1, 2009. If the data are restated on a comparable basis, without this component, the year-over-year decrease is 7.2%.

A breakdown of sales revenues is as follows:

(€ m)

	2009	2008
Gross sales and service revenues	1,593.7	1,733.9
Returns, discounts and trade promotions	(804.9)	(878.4)
Net sales to Group companies	31.2	41.0
Total	**820.0**	**896.5**

A breakdown of revenues by type of product is as follows:

(€ m)

	2009	2008
Milk	616.6	660.0
Fruit beverages	94.9	97.6
Dairy products	80.9	109.0
Other products	27.6	29.9
Total	**820.0**	**896.5**

A breakdown of revenues by geographic region is as follows:

(€ m)

	2009	2008
Italy	807.6	877.2
Other EU countries	7.7	9.6
Other countries	4.7	9.7
Total	**820.0**	**896.5**

(31) Other revenues

A breakdown of other revenues, which amounted to 24.8 million euros is provided below:

(€ m)

	2009	2008
Rebilling of advertising expenses	5.0	7.0
Rebilling and recovery of costs	12.6	9.7
Royalties	3.9	3.8
Rent	0.4	0.4
Gains on asset disposals	0.2	0.4
Miscellaneous revenues	2.7	4.7
Total	**24.8**	**26.0**

EXPENSES

(32) Cost of Sales

Cost of sales of 540.7 million euros included the following:

(€ m)

	2009	2008
Raw materials and finished goods used	423.9	509.2
Services and maintenance	22.5	23.6
Personnel	50.3	54.4
Depreciation, amortization and writedowns	21.9	68.0
Energy, natural gas and water	18.8	22.0
Miscellaneous	3.3	2.5
Total	**540.7**	**679.7**

The cost of raw materials and finished goods reflects the impact of a decrease in the price of raw milk during the first half of 2009.

In 2008, depreciation, amortization and writedowns included a charge for the impairment of goodwill and writedowns of assets included in the “Lodi” business operations for a total of 54.6 million euros. In 2009, this account reflects extraordinary writedowns of 6.3 million euros, which are discussed in the note to property, plant and equipment.

The changes in the other components of the cost of sales also reflect the divestment of the “Lodi” business operations, effective as of January 2009, which also included the transfer of 93 employees.

(33) Distribution Costs

Distribution costs amounted to 202.2 million euros, broken down as follows:

(€ m)

	2009	2008
Advertising and promotions	42.3	32.8
Sales commissions and royalties paid	54.0	57.2
Distribution freight	29.4	31.5
Fees to franchisees	17.3	22.2
Personnel	22.0	21.9
Depreciation, amortization and writedowns	28.4	27.5
Commercial services	5.7	6.1
Other costs	3.1	3.3
Total	**202.2**	**202.5**

The increase in the cost for advertising and promotions was offset by reductions in other types of expenses and by efficiency gains in some services.

(34) Administrative Expenses

A breakdown of Administrative expenses, which totaled 76.7 million euros in 2009, is provided below:

(€ m)

	2009	2008
Personnel	32.5	32.7
Auditing and certification fees	1.6	1.4
Depreciation and amortization	5.7	3.6
Purchases of materials	20.1	19.0
Outside services	10.6	10.0
Fees paid to Directors	1.5	1.5
Fees paid to the Board of Statutory Auditors	0.2	0.1
Other expenses	4.5	5.0
Total	**76.7**	**73.3**

Higher depreciation and amortization and the larger amounts shown for purchases of materials and outside services account for most of the increase in administrative expenses.

(35) Other income and expense

Net other income amounted to 393.7 million euros. A breakdown is as follows:

(€ m)

	2009	2008
Proceeds from settlements and actions to void	303.9	668.4
Reversal in earnings of the provision for Venezuela	78.9	0.0
Reversal in earnings of the provision for preferential/prededuction claims	2.5	13.6
Reversal in earnings of other provisions for risks	17.4	0.0
Addition to provisions for the restructuring of production facilities	(6.5)	0.0
Miscellaneous (income)/expense	(2.5)	(0.2)
Total	**393.7**	**681.8**

Proceeds from settlements and actions to void

The proceeds from settlements and actions to void, which are described in the section of this report that reviews the status of legal actions, include settlements with the following banks (amounts in millions of euros):

Deutsche Bank	74.0
UBI Group	11.0
Banca Popolare di Vicenza	5.1
Banca Pop. Emilia Romagna Group	12.5
Credito Emiliano	10.0
Banco Popolare Group	24.2
Banca Antonveneta (now Monte Paschi Siena)	19.0
Banca CARIGE	5.4
Carifirenze (now Intesa San Paolo) Group	20.0
Banca Popolare dell'Etruria e del Lazio	4.2
BCC di Bene Vagienna	0.5
Bank of America	67.5
Sundry amounts	0.6

Other income and expense also includes 49.9 million euros paid by Parmatour in Extraordinary Administration as the first distribution paid for eligible claims included among the liabilities in the bankruptcy proceedings.

Additional information about other income and expense is provided in the note that reviews changes in the provisions for risks.

(36) Litigation-related Legal Expenses

The balance in this account reflects the fees paid to law firms (14.7 million euros, compared with 47.5 million euros in 2008) retained as counsel in connection with the actions for damages and actions to void filed by the companies under extraordinary administration prior to the implementation of the Composition with Creditors, which the Company is continuing to pursue.

Even though there is no direct timing relationship, the fees paid should be viewed as related to the amounts collected as a result of the actions to void and the actions for damages filed by the Company.

(37) Charge for Losses of subsidiaries

The charge for losses of subsidiaries (17.5 million euros) refers mainly to the amount set aside to recognize the effects of the annual impairment test of the investments in subsidiaries, which included the following amounts: 10.5 million euros for Latte Sole, 3.2 million euros for Parmalat Distribuzione Alimenti, 1.0 million euros for Sata S.r.l. and 2.8 million euros for the Ecuadorian companies.

(38) Financial Income and Financial Expense

The tables below provide breakdowns of the financial income and expense amounts attributable to 2009.

(€ m)

	2009	2008
Income from readily available financial assets	7.2	2.6
Interest and other income from subsidiaries	1.1	1.7
Interest earned on bank accounts	13.9	59.0
Gain on translation of receivables/payables in foreign currencies	1.4	2.0
Interest received from the tax authorities	1.9	2.1
Other financial income	2.7	1.0
Total financial income	**28.2**	**68.4**

(€ m)

	2009	2008
Bank interest and fees paid	0.6	0.8
Interest paid on finance leases	0.5	0.8
Loss on translation of receivables/payable in foreign currencies	1.3	2.5
Other financial expense	0.0	0.1
Total financial expense	**2.4**	**4.2**

(39) Other Income from (Expenses for) Equity Investments

The table below provides a breakdown of income from and expense for equity investments:

(€ m)

	2009	2008
Dividends from subsidiaries	36.1	34.8
Dividends from other companies	1.3	0.0
Gains on the sale of equity investments	0.0	6.3
Losses on the sale of equity investments	(0.2)	0.0
Total	**37.2**	**41.1**

Dividends received from subsidiaries include the amounts paid by Parmalat Canada (15.6 million euros), Parmalat Colombia Ltda and Procesadora de Leches sa (2.6 million euros), Boschi Luigi & Figli S.p.A. (3.2 million euros), Centrale Latte Roma S.p.A. (6.8 million euros), Parmalat Romania sa (0.6 million euros), OAO Belgorodskij Moloknij Kombinat (2.7 million euros), Parmalat Australia (3.0 million euros), OOO Parmalat MK (0.3 million euros), Parmalat Portugal Lda (1.0 million euros), Carnini S.p.A. (0.2 million euros) and sundry companies (0.1 million euros).

(40) Income Taxes

Reconciliation of the Theoretical Tax Liability to the Actual Tax Liability Shown in the Income Statement

(€ k)

	IRES	IRAP	TOTAL
Profit before taxes	449,757	449,757	
Difference in taxable income for IRES and IRAP purposes:			
Non-taxable extraordinary income (incl. proceeds from settlements)	(176,125)	(397,335)	
Financial income	-	(63,172)	
Personnel expense	-	104,821	
Non-deductible additions to provisions and writedowns		14,789	
	273,632	**108,860**	
Applicable tax rate (%)	*27,50%*	*3,90%*	*31,40%*
Theoretical tax liability	75,249	4,246	79,495
Tax savings on dividends and capital gains (taxed at 5%)	(9,914)	-	(9,914)
Effect of filing a consolidated tax return and Tremonti Decree	(1,485)	-	(1,485)
Additional taxes for non-deductible writedowns of investments in subsidiaries	4,991	708	5,699
IRAP reduction for payroll tax relief	0,0	(1,113)	(1,113)
Higher/Lower taxes for deductions not recognized for accounting purposes and other permanent differences	3,984	289	4,273
Actual income tax liability shown on the income statement at December 31, 2009	**72,825**	**4,130**	**76,955**
Actual tax rate (%)	*16.19%*	*0.92%*	*17.11%*

Other Information

MATERIAL NONRECURRING TRANSACTIONS

The Company did not execute material nonrecurring transactions or atypical or unusual transactions.

NET FINANCIAL POSITION

In accordance with the requirements of the Consob Communication of July 28, 2006 and consistent with the CESR's Recommendation of February 10, 2005 *"Recommendations for a Uniform Implementation of the European Commission's Prospectus Regulation,"* a schedule showing the Company's net financial position at December 31, 2009 is provided below:

(€ m)

	12.31.2009	12.31.2008
A) Cash on hand	0.5	0.7
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	281.7	439.3
- Treasury securities (Italian and foreign)	649.0	739.6
- Accrued interest receivable	1.3	5.2
- Time deposits	538.0	245.0
C) Negotiable securities	0.0	0.0
D) Liquid assets (A+B+C)	**1.470.5**	**1.429.8**
E) Current loans receivable	27.7	19.5
F) Current bank debt	0.0	0.0
G) Current portion of non-current indebtedness	(4.7)	(2.7)
H) Other current borrowings	(2.3)	(2.3)
I) Current indebtedness (F+G+H)	**(7.0)**	**(5.0)**
J) Current net financial position (I-E-D)	**1.491.2**	**1.444.3**
K) Non-current bank debt	0.0	(2.2)
L) Debt securities outstanding		0.0
M) Other non-current borrowings (finance leases)	(4.4)	(0.9)
N) Non-current indebtedness (K+L+M)	**(4.4)**	**(3.1)**
O) Net financial position (J+N)	**1,486.8**	**1,441.2**

Breakdown of Labor Costs by Type

A breakdown is as follows:

(€ m)

	2009	2008
Cost of sales	50.3	54.3
Distribution costs	22.0	21.9
Administrative expenses	32.5	32.7
Total	**104.8**	**108.9**

Number of Employees

The table below provides a breakdown by category of the Company's staff at December 31, 2009:

	AT 12.31.2009	AVERAGE FOR 2009	AT 12.31.2008
Executives	63	63	63
Middle managers and office staff	868	861	879
Production staff	780	764	852
Total	**1,711**	**1,678**	**1,794**

The sale of the "Lodi" business operations, which had 93 employees, is the primary reason for the decrease that occurred in 2009.

Depreciation and Amortization

A breakdown is as follows:

DESTINATION	2009		
	AMORTIZATION OF INTANGIBLES	DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
Cost of sales	0.1	15.4	15.5
Distribution costs	16.2	4.2	20.4
Administrative expenses	4.1	1.6	5.7
Total	**20.4**	**21.2**	**41.6**

Fees Paid to the Independent Auditors

As required by Article 149 - *duodecies* of Consob Resolution No. 15915 of May 3, 2007, published on May 15, 2007 in Issue No. 111 of the *Official Gazette of the Italian Republic* (S.O. No. 115), the table below lists the fees attributable to 2009 that were paid for services provided to the Group by its Independent Auditors and by entities included in the network headed by these independent auditors.

TYPE OF SERVICES	2009	2008
A) Auditing assignments	1.2	1.2
B) Assignments involving the issuance of a certification		
C) Other services		
- *Tax services*		
- *Due Diligence*		
- *Other services to support lawsuit settlements*	*0.3*	*1.0*
Total	**1.5**	**2.2**

The amounts listed above represent payments for contractual fees. Additional charges include 0.2 million euros for out-of-pocket costs incurred in connection with auditing assignments.

DISCLOSURES REQUIRED BY IFRS 7

The disclosures about financial instruments provided below are in addition to the information provided in the notes to the financial statements.

Classification of Financial Instruments by Type (Excluding Intra-Group Positions)

(€ m)

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	HEDGING DERIVATIVES	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2009						
Other financial assets	3.2					3.2
Trade receivables	164.1					164.1
Other current assets	13.8					13.8
Cash and cash equivalents	206.4			76.0		282.4
Current financial assets				1,188.1		1,188.1
Total financial assets	**387.5**	**0.0**	**0.0**	**1,264.1**	**0.0**	**1,651.6**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	HEDGING DERIVATIVES	TOTAL
12.31.2009				
Financial liabilities	9.2			9.2
Financial liabilities for derivatives				
Trade payables	162.9			162.9
Total financial liabilities	**172.1**	**0.0**	**0.0**	**172.1**

(€ m)

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	HEDGING DERIVATIVES	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2008						
Other financial assets	1.3					1.3
Trade receivables	204.5					204.5
Other current assets	168.8					168.8
Cash and cash equivalents	69.9			680.6		750.5
Current financial assets				679.2		679.2
Total financial assets	**444.5**	**0.0**	**0.0**	**1,359.8**	**0.0**	**1,804.3**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	HEDGING DERIVATIVES	TOTAL
12.31.2008				
Financial liabilities	5.9			5.9
Financial liabilities for derivatives	0.0			0.0
Trade payables	188.1			188.1
Total financial liabilities	**194.0**	**0.0**	**0.0**	**194.0**

The carrying value of financial assets and liabilities is substantially the same as their fair value.

Financial assets denominated in currencies other than the euro do not represent a material amount.

Contractual Due Dates of Financial Liabilities (Excluding Intra-Group Positions)

The contractual due dates of financial liabilities are summarized below:

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	9.2	9.2	0.6	1.7	2.4	4.0	0.5	
Trade payables	162.9	162.9	137.1	17.8	8.0			
Balance at 12.31.2009	**172.1**	**172.1**	**137.7**	**19.5**	**10.4**	**4.0**	**0.5**	**0.0**

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	5.9	5.9		0.3	2.5	3.1		
Trade payables	188.1	188.1	162.1	18.6	7.4			
Balance at 12.31.2008	**194.0**	**194.0**	**162.1**	**18.9**	**9.9**	**3.1**		

Data Security Planning Document

The Company completed within the deadline set forth in the applicable statute (Legislative Decree No. 196/2003) a planning document for the security of the data it processes. This document defines the tasks and responsibilities applicable to security issues and describes the criteria that were applied to assess risk, with the objective of ensuring the protection of:

a) sites and premises;
b) data integrity;
c) data transmission.

The process of updating the Planning Document has been completed and included the following activities:

- review of the list and of the personal data collection forms together with Data Processing Officers designated by the Company;
- review of the technical forms that identify the assets associated with each data processing event by the Information Systems Department;
- review of the privacy protection organization implemented by Parmalat S.p.A.;
- review of the Risk Analysis activities;
- update of the safety measures adopted to protect the processed data based on the actions taken in 2009.

In addition, the documentation that governs the management of privacy issues at Parmalat S.p.A. is currently being revised.

EQUITY INVESTMENTS HELD BY PARMALAT AT DECEMBER 31, 2009

COMPANY	TYPE	SHARE CAPITAL		EQUITY INVESTMENT			COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
NAME - REGISTERED OFFICE		CURR	AMOUNT	VOTING SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. NO. OF SHARES/ INTERESTS		
EUROPE								
ITALIAN SUBSIDIARIES								
BOSCHI LUIGI & FIGLI S.P.A. Collecchio	CORP	EUR	10,140,000	10,140,000	10,140,000	100.00	12,605,959	12,605,959
CARNINI S.P.A. Villa Guardia (CO)	CORP	EUR	3,300,000	600	600	100.000	8,530,076	8,530,076
CENTRALE DEL LATTE DI ROMA S.P.A. Rome	CORP	EUR	37,736,000	5,661,400	5,661,400	75.013	59,968,623	44,982,464
DALMATA SRL Collecchio	LLC	EUR	120,000	1	1	100.000	4,868,339	4,868,339
LATTE SOLE S.P.A. Collecchio	CORP	EUR	6,000,000	6,000,000	6,000,000	100.000	8,007,244	8,007,244
PARMALAT DISTRIBUZIONE ALIMENTI SRL Collecchio	LLC	EUR	1,000,000	1	1	100.000	2,093,657	2,093,657
PISORNO AGRICOLA SRL Collecchio	LLC	EUR	516,400	5,164	5,164	1.000	30,494,545	304,945
SATA SRL Collecchio	LLC	EUR	500,000	500,000	500,000	100.000	16,297,072	16,297,072
OTHER ITALIAN COMPANIES								
BONATTI S.P.A. Parma	CORP	EUR	28,813,404	572,674	572,674	10.256	N.A.	
JONICA LATTE S.P.A. Taranto	CORP	EUR	1,350,000	250,000	250,000	18.520	N.A.	
CE.PI.M S.P.A. Parma	CORP	EUR	6,642,928	464,193	464,193	0.840	N.A.	
SO.GE.AP S.p.A. Parma	CORP	EUR	3,631,561.64	1.975	1.975	0.725	N.A.	
TECNOALIMENTI SCPA Milan	CORP	EUR	780,000			4.330	N.A.	
COMPAGNIA FINANZIARIA REGGIANA SRL Reggio Emilia	LLC	EUR	600,000	10.329	10.329	1.722	N.A.	

CONTINUED

COMPANY NAME - REGISTERED OFFICE	TYPE	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT	EQUITY INVESTMENT VOTING SHARES/ INTERESTS HELD	EQUITY INVESTMENT NO. OF SHARES/ INTERESTS HELD	EQUITY INVESTMENT % OF TOT. NO. OF SHARES/ INTERESTS	COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
AUSTRIA								
PARMALAT AUSTRIA GMBH								
Vienna	FOR	EUR	36,337	1	1	100.000	2,856,698	2,856,698
BELGIUM								
PARMALAT BELGIUM SA								
Brussels	FOR	EUR	1,000,000	40,000	40,000	100.00	11,396,344	11,396,344
PORTUGAL								
PARMALAT PORTUGAL PROD. ALIMENT. LDA								
Sintra	FOR	EUR	11,651,450.04	11,646,450	11,646,450	99.957	4,313,197	4,311,343
ROMANIA								
LA SANTAMARA SRL								
Baia Mare	FOR	RON	6,667.50	535	535	84.252	36,177	30,479
PARMALAT ROMANIA SA								
Comuna Tunari	FOR	RON	26,089,760	2,608,975	2,608,975	99.999	9,371,731	9,371,637
RUSSIA								
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT								
Belgorod	FOR	RUB	67,123,000	66,958,000	66,958,000	99,754	24,080,801	24,021,605
OOO DEKALAT								
Saint Petersburg	FOR	RUB	100,000	1	1	100.000	-944.804	-944.804
OOO PARMALAT MK								
Moscow	FOR	RUB	81,015,950	1	1	100.000	5,437,113	5,437,113
OOO URALLAT								
Berezovsky	FOR	RUB	129,618,210	1	1	100.000	700,708	700,708
NORTH AMERICA								
CANADA								
PARMALAT CANADA INC.	FOR	CAD	982,479,550	848,019 Class A	744,019	84.700	409,298,563	409.298.563
Toronto				134,460 Class B	134,460	15.300		
MEXICO								
PARMALAT DE MEXICO S.A. de C.V.								
Jalisco	FOR	MXN	390,261,812	390,261,812	390,261,812	100.000	-21,190.686	-21,190.686

COMPANY NAME - REGISTERED OFFICE	TYPE	SHARE CAPITAL CURR	AMOUNT	EQUITY INVESTMENT VOTING SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. NO. OF SHARES/ INTERESTS	COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
CENTRAL AMERICA								
BRITISH VIRGIN ISLANDS								
ECUADORIAN FOODS COMPANY INC								
Tortola	FOR	USD	50,000	50,000	50,000	100.000	0,0	0,0
CUBA								
Citrus International Corporation SA								
Havana	FOR	USD	11,400,000	627	627	55.000	5,919,544	3,255,749
NICARAGUA								
PARMALAT NICARAGUA SA								
Managua	FOR	NIO	2,000,000	57	57	2.850	-4,758,730	-135,624
SOUTH AMERICA								
BRAZIL								
PRM ADMIN E PART DO BRASIL LTDA in liquidation								
São Paulo	FOR	BRL	1,000,000	810,348	810,348	81.035	N.A.	
CHILE								
PARMALAT CHILE SA								
Santiago	FOR	CLP	13,267,315,372	2,096,083	2,096,083	99.999	N.A.	
COLOMBIA								
PARMALAT COLOMBIA LTDA								
Santafè de Bogotá	FOR	COP	20,466,360,000	18,621,581	18,621,581	90.986	17,633,548	16,044,765
PROCESADORA DE LECHES SA (Proleche sa)								
Medellin	FOR	COP	173,062,136	131,212,931	131,212,931	94.773	29,819,681	28,261,006
ECUADOR								
LACTEOSMILK SA								
Quito	FOR	USD	345,344	8,633,599	8,633,599	100.000	-2,799,031	-2,799,031
PARMALAT DEL ECUADOR (form. Lechecotopaxi Lecocem)								
Prov. De Cotopaxi	FOR	USD	6,160,870	100,067,937	100,067,937	64.97	432,532	280,973
PARAGUAY								
PARMALAT PARAGUAY SA								
Asuncion	FOR	PYG	9,730,000,000	9,632	9,632	98.993	-22.867	-22.636

COMPANY NAME - REGISTERED OFFICE	TYPE	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT	EQUITY INVESTMENT VOTING SHARES/ INTERESTS HELD	EQUITY INVESTMENT NO. OF SHARES/ INTERESTS HELD	EQUITY INVESTMENT % OF TOT. NO. OF SHARES/ INTERESTS	COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
URUGUAY								
AIRETCAL SA Montevideo	FOR	UYU	9,198,000	9,198,000	9,198,000	100.000	N.A.	
WISHAW TRADING SA Montevideo	FOR	USD	30,000	50	50	16.667	N.A.	
VENEZUELA								
PARMALAT DE VENEZUELA CA Caracas	FOR	VEB	2,324,134,000	2,324,134	2,324,134	100.000	186,971,903	186,971,903
AFRICA								
MAURITIUS								
PARMALAT AFRICA LIMITED Port Louis	FOR	USD	55,982,304	55,982,304	55,982,304	100.00	59,024,975	59,024,975
SOUTH AFRICA								
PARMALAT SOUTH AFRICA PTY Stellenbosch	FOR	ZAR	1,368,288.73	14,828,873	14,828,873	10.83	117,161,098	12,688,781
ASIA								
CHINA								
PARMALAT (ZHAODONG) DAIRY CORP. LTD Zhaodong	FOR	CNY	56,517,260	53,301,760	53,301,760	94.311	N.A.	
INDIA								
SWOJAS ENERGY FOODS LIMITED in liquidation Shivajinagar	FOR	INR	309,626,500	21,624,311	21,624,311	69.840	N.A.	
OCEANIA								
AUSTRALIA								
PARMALAT AUSTRALIA LTD. South Brisbane	FOR	AUD	222,627,759	200,313,371 pr.	200,313,371	89.97 pr.	237,626,058	213,792,165
PARMALAT INVESTMENT PTY LTD. Queensland	FOR	AUD	27,000,000	27,000,000	27,000,000	100.00	16,866,547	16,866,547

Certification of the Statutory Financial Statements Pursuant to Article 81-ter of Consob Regulation No. 11971 (Which Cites by Reference Article 154-bis, Section 5, of the Uniform Financial Code) of May 14, 1999, as Amended

The undersigned Enrico Bondi, in his capacity as Chief Executive Officer and Pier Luigi De Angelis in his capacity as Dirigente Preposto alla redazione dei documenti contabili (Executive Officer responsible for drawing up the financial reports) of Parmalat SpA, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

ATTEST

1. the adequacy in relation to the company's characteristics (also taking into account any changes during the financial period) and the effective application of the accounting and administrative procedures used for the formation of the statutory accounts during the period 2009. The valuation of the accuracy of the accounting and administrative procedures for the formation of the statutory accounts as at 31 December 2009 has been performed coherently to the model *Internal Control - Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents the reference scheme at international level that is generally accepted;

2. in addition, it is certified that:
   a) the statutory accounts correspond to the books and accounting records;
   b) the statutory accounts are drawn up in accordance with the *International Financial Reporting Standards* adopted by the European Union and with the provisions of Legislative Decree no. 38/2005 and provide a true and fair representation of the assets and liabilities and financial situation of the issuer and of the group of companies included in the consolidation;
   c) the report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

Date: February 25th, 2010

Signature
of the CEO

Signature of
Dirigente Preposto
(Executive Officer responsible
for drawing up the financial reports)

Report of the Independent Auditors

Parmalat S.p.A.

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO. 58 DATED 24 FEBRUARY 1998

To the shareholders of
Parmalat SpA

1 We have audited the financial statements of Parmalat SpA as of 31 December 2009, which comprise the statement of the financial position, the income statement, the statement of cash flows, the statement of changes in shareholders'equity and explanatory notes. The directors of Parmalat SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are fairly presented. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 12 March 2009.

3 In our opinion, the financial statements of Parmalat SpA as of 31 December 2009 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they give a true and fair view of the financial position, results of operations and cash flows of Parmalat SpA for the year then ended.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

4 The directors of Parmalat SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the specific section on corporate governance and ownership matters, limited to the information as required by comma 1, letters c), d), f), l), m) and by comma 2, letter b) of the article 123-bis of the Legislative Decree 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations and the information as required by comma 1, letters c), d), f), l), m) and by comma 2, letter b) of the article 123-bis of the Legislative Decree 58/98 presented in the specific section of the above mentioned Report on Operations are consistent with the financial statements of Parmalat SpA as of 31 December 2009.

Milan, 8 March 2010

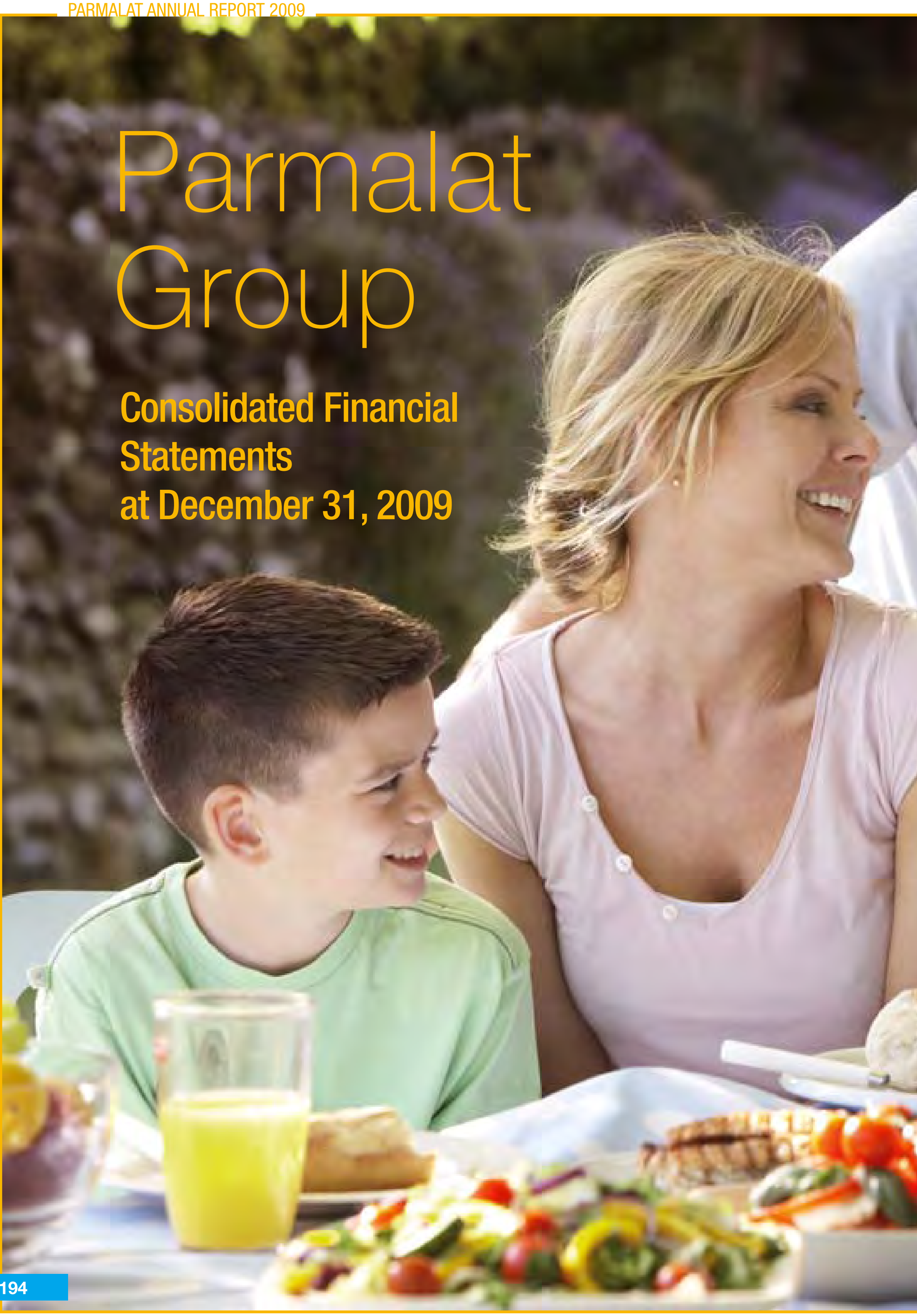
PricewaterhouseCoopers SpA

Signed by
Elena Cogliati
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Parmalat Group

Consolidated Financial Statements at December 31, 2009



Consolidated Statement of Financial Position

ASSETS

NOTE	(€ m)	12.31.2009	12.31.2008
	NON-CURRENT ASSETS	**1,900.1**	**1,698.7**
(1)	Goodwill	452.8	425.1
(2)	Trademarks with an indefinite useful life	561.3	518.2
(3)	Other intangibles	49.4	55.9
(4)	Property, plant and equipment	774.0	646.3
(5)	Investments in associates and other companies	3.5	3.9
(6)	Other non-current financial assets	7.9	4.5
(7)	Deferred-tax assets	51.2	44.8
	CURRENT ASSETS	**2,692.8**	**2,652.9**
(8)	Inventories	376.1	333.6
(9)	Trade receivables	459.9	465.5
(10)	Other current assets	211.8	246.2
(11)	Cash and cash equivalents	428.2	901.2
(12)	Current financial assets	1,216.8	706.4
(13)	**HELD-FOR-SALE ASSETS**	**1.0**	**18.2**
TOTAL ASSETS		**4,593.9**	**4,369.8**

LIABILITIES

NOTE	(€ m)	12.31.2009	12.31.2008
	SHAREHOLDERS' EQUITY	**3,256.8**	**2,842.1**
(14)	Share capital	1,712.6	1,687.4
(15)	Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital	168.8	193.2
	Other reserves and retained earnings:		
(16)	*- Reserve for currency translation differences*	*(42.7)*	*(148.1)*
(17)	*- Shares subscribed upon exercise of warrants*	*0.0*	*0.0*
(18)	*- Cash-flow hedge reserve*	*(1.3)*	*(2.2)*
(19)	*- Miscellaneous reserves*	*945.7*	*543.8*
(20)	Interim dividend	(69.8)	(130.0)
(21)	Profit for the year	519.0	673.1
	Group interest in shareholders' equity	**3,232.3**	**2,817.2**
(22)	**Minority interest in shareholders' equity**	**24.5**	**24.9**
	NON-CURRENT LIABILITIES	**571.8**	**615.1**
(23)	Long-term borrowings	190.0	261.9
	amount from transactions with related parties	*1.1*	*1.2*
(24)	Deferred-tax liabilities	181.2	150.3
(25)	Provisions for employee benefits	92.6	87.1
(26)	Provisions for risks and charges	101.4	106.1
(27)	Provision for contested preferential and prededuction claims	6.6	9.7
	CURRENT LIABILITIES	**765.3**	**902.5**
(23)	Short-term borrowings	70.4	236.9
	amount from transactions with related parties	*4.9*	*5.0*
(28)	Trade payables	492.9	469.9
	amount from transactions with related parties	*0.1*	
(29)	Other current liabilities	135.9	125.1
	amount from transactions with related parties		*0.3*
(30)	Income taxes payable	66.1	70.6
(13)	**Liabilities directly attributable to held-for-sale assets**	**0.0**	**10.1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,593.9**	**4,369.8**

Consolidated Income Statement

NOTE	(€ m)	2009	2008
(31)	**REVENUES**	**3,992.1**	**3,940.0**
	Net revenues	3,964.8	3,910.4
	Other revenues	27.3	29.6
(32)	Cost of sales	(3,069.8)	(3,203.6)
(32)	Distribution costs	(430.2)	(414.7)
(32)	Administrative expenses	(241.6)	(218.2)
	Other (income) expense:		
(33)	- Litigation-related legal expenses	(14.7)	(47.5)
(34)	- Miscellaneous income and expense	431.0	682.8
	amount from transactions with related parties	*50.2*	
EBIT		**666.8**	**738.8**
(35)	Financial income	60.9	84.7
(35)	Financial expense	(66.9)	(71.2)
	amount from transactions with related parties		*(0.1)*
(36)	Other income from (Expense for) equity investments	5.6	5.4
PROFIT BEFORE TAXES		**666.4**	**757.7**
(37)	Income taxes	(144.9)	(82.0)
PROFIT FROM CONTINUING OPERATIONS		**521.5**	**675.7**
PROFIT FOR THE YEAR		**521.5**	**675.7**
Minority interest in (profit) loss		(2.5)	(2.6)
Group interest in profit (loss)		519.0	673.1
Continuing Operations:			
Basic earnings per share		**0.3055**	**0.4042**
Diluted earnings per share		**0.3005**	**0.3958**

Consolidated Statement of Comprehensive Income

NOTE (€ m)	2009	2008
Net profit for the year (A)	**521.5**	**675.7**
Other components of the comprehensive income statement		
Monetary adjustment for hyperinflation	21.9	-
Change in fair value of derivatives, net of tax effect	0.9	(2.4)
Change in fair value of held-for-sale securities, net of tax effect	0.7	0.1
Difference on translation of financial statements in foreign currencies	107.8	(121.1)
Recognition in earnings of the reserve for currency translations upon the sale of equity investments	(2.3)	-
Total other components of the comprehensive income statement, net of tax effect (B)	**129.0**	**(123.4)**
Total comprehensive net profit (loss) for the period (A) + (B)	**650.5**	**552.3**
Total comprehensive net profit (loss) for the period attributable to:		
- Minority shareholders	(3.0)	(2.4)
- Group shareholders	647.5	549.9

Consolidated Statement of Cash Flows

(€ m)	2009	2008
OPERATING ACTIVITIES		
Profit from operating activities	521.5	675.7
Depreciation, amortization and writedowns of non-current assets	117.3	213.1
Additions to provisions	202.4	137.0
Interest and other financial expense	43.4	59.6
Non-cash (income) expense items	(173.1)	(29.3)
(Gains) Losses on divestments	(0.5)	(7.4)
Dividends received	(1.6)	-
Proceeds from actions to void and actions for damages	(304.2)	(668.4)
Litigation-related legal expenses	14.7	47.5
Cash flow from operating activities before change in working capital	**419.9**	**427.8**
Changes in net working capital and provisions:		
Operating working capital	11.5	(12.9)
Payment of claims owed by companies under extraordinary administration	-	(5.8)
Payments of income taxes on operating results	(53.8)	(113.8)
Other assets/Other liabilities and provisions	(61.6)	(36.5)
Total change in net working capital and provisions	**(103.9)**	**(169.0)**
CASH FLOWS FROM OPERATING ACTIVITIES	**316.0**	**258.8**
INVESTING ACTIVITIES		
Investments:		
- Intangibles	*(9.2)*	*(4.2)*
- Property, plant and equipment	*(96.2)*	*(142.4)*
- Non-current financial assets	*(0.3)*	*(0.8)*
- Investments in associates and other companies	-	*(0.2)*
Purchase of minority interest	-	(0.3)
Acquisition of subsidiaries and business operations, net of acquired liquid assets	(33.0)	-
Divestment of business operations	-	1.1
Proceeds from divestments and sundry items	4.8	13.1
Dividends received	1.6	-
CASH FLOWS FROM INVESTING ACTIVITIES	**(132.3)**	**(133.7)**

CONTINUED

(€ m)	2009	2008
PROCEEDS FROM SETTLEMENTS	**286.9**	**667.6**
amount from transactions with related parties	*50.2*	-
LITIGATION-RELATED LEGAL EXPENSES	**(27.4)**	**(52.2)**
INCOME TAXES PAID ON SETTLEMENTS	**(31.0)**	**(89.6)**
FINANCING ACTIVITIES		
New loans and finance leases	9.6	84.6
Repayment of principal and accrued interest of loans and finance leases	(156.6)	(158.5)
Investments in other current assets that mature later than three months after the date of purchase	(514.8)	(121.4)
Dividends paid	(234.7)	(394.5)
Exercise of warrants	0.8	6.7
CASH FLOWS FROM FINANCING ACTIVITIES	**(895.7)**	**(583.1)**
Impact of changes in the scope of consolidation	**-**	**(4.3)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO DECEMBER 31	**(483.5)**	**63.5**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**901.2**	**852.9**
Increase (decrease) in cash and cash equivalents from January 1 to December 31	(483.5)	63.5
Net impact of the translation of cash and cash equivalents denominated in foreign currencies	10.5	(15.2)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**428.2**	**901.2**

Interest income amounted to 21.6 million euros

Statement of Changes in Consolidated Shareholders' Equity

	SHARE CAPITAL	RESERVE CONVERTIBLE INTO SHARE CAPITAL[1]	OTHER RESERVES: STATUTORY RESERVE	OTHER RESERVES: RES. FOR DIVIDENDS TO CHALLENGES AND CONDIT. CLAIMS	OTHER RESERVES: RESERVE FOR TRANSLATION DIFFERENCES
Balance at 01.01.2008	**1,652.4**	**221.5**	**4.2**	**3.9**	**(27.2)**
Profit for the period					
Difference from the translation of financial statements in foreign currencies					(120.9)
Change in fair value of derivatives					
Change in fair value of held-for-sale securities					
Comprehensive profit for the period	**-**	**-**	**-**	**-**	**(120.9)**
Share capital incr. from convertible reserves	28.3	(28.3)			
Exercise of warrants	6.7				
Appropriation of 2007 profit			27.7	21.7	
2007 Dividend					
Dividends to shareholders challenging share allocation				(3.9)	
2008 interim dividend					
Purchase of minority interest					
Balance at 12.31.2008	**1,687.4**	**193.2**	**31.9**	**21.7**	**(148.1)**
Monetary adjustment for hyperinflation					
Profit for the year					
Difference from the translation of financial statements in foreign currencies					107.7
Change in fair value of derivatives					
Change in fair value of held-for-sale securities					
Recognition in earnings of the translation reserve upon the sale of equity investments					(2.3)
Comprehensive profit for the year	**-**	**-**	**-**	**-**	**105.4**
Share capital incr. from convertible reserves	24.4	(24.4)			
Exercise of warrants	0.8				
Appropriation of 2008 profit			30.8	4.8	
2008 Dividend					
Dividends to shareholders challenging share allocation				(0.6)	
2009 interim dividend					
Removal of companies from scope of consolid.					
Purchase of minority interest					
Business combinations					
Balance at 12.31.2009	**1,712.6**	**168.8**	**62.7**	**25.9**	**(42.7)**

1. For creditors challenging exclusions and late-filing creditors

2. Limited to 65,723,000 euros (35,141,000 euros as per Shareholders' Meeting resolution of April 29, 2007 and 30,582,000 euros as per Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified.

(€ m)

	AND RETAINED EARNINGS							
	SHARES SUBSCRIBED THROUGH EXERCISE OF WARRANTS	CASH-FLOW HEDGE RESERVE	SUNDRY RESER-VES[2]	INTERIM DIVIDEND	PROFIT (LOSS) FOR THE YEAR	GROUP INTEREST IN SHAREHOLD. EQUITY	MINORITY INTEREST IN SHAREHOLD. EQUITY	TOTAL SHAREHOLD. EQUITY
	-	**0.2**	**131.2**	**-**	**673.4**	**2,659.6**	**25.7**	**2,685.3**
					673.1	673.1	2.6	675.7
						(120.9)	(0.2)	(121.1)
		(2.4)				(2.4)	-	(2.4)
			0.1			0.1	-	0.1
	-	**(2.4)**	**0.1**	**-**	**673.1**	**549.9**	**2.4**	**552.3**
						-	-	-
						6.7	-	6.7
			358.9		(408.3)	-	-	-
					(265.1)	(265.1)	(1.9)	(267.0)
				(0.1)		(4.0)		(4.0)
				(129.9)		(129.9)	-	(129.9)
						-	(1.3)	(1.3)
	-	**(2.2)**	**490.2**	**(130.0)**	**673.1**	**2,817.2**	**24.9**	**2,842.1**
			21.5			21.5	0.4	21.9
					519.0	519.0	2.5	521.5
						107.7	0.1	107.8
		0.9				0.9	-	0.9
			0.7			0.7	-	0.7
						(2.3)	-	(2.3)
	-	**0.9**	**22.2**	**-**	**519.0**	**647.5**	**3.0**	**650.5**
						-	-	-
						0.8	-	0.8
			344.7		(380.3)	-	-	-
				130.3	(292.8)	(162.5)	(2.5)	(165.0)
				(0.3)		(0.9)	-	(0.9)
				(69.8)		(69.8)	-	(69.8)
						-	(1.9)	(1.9)
						-	0.6	0.6
						-	0.4	0.4
	-	**(1.3)**	**857.1**	**(69.8)**	**519.0**	**3,232.3**	**24.5**	**3,256.8**

Notes to the Consolidated Financial Statements

FOREWORD

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 16 countries worldwide divided into five geographic regions: Europe, North America, Central and South America, South Africa and Australia. The Group has an extensive and well structured product portfolio organized into three segments: *Milk* (UHT, pasteurized, condensed, powdered and flavored milk; cream and béchamel), *Dairy Products* (yogurt, fermented milk, desserts, cheese and butter) and *Fruit Beverages* (fruit juices, nectars and tea).
The Group is a world leader in the UHT milk and pasteurized milk market segments and has attained a highly competitive position in the rapidly growing market for fruit beverages. The Group benefits from strong brand awareness. The products in its portfolio are sold under global brands (*Parmalat* and *Santàl*), international brands (*Zymil, Fibresse, PhisiCAL, Omega3* and *Vaalia*) and a number of strong local brands.
Parmalat is a company with a strong innovative tradition: the Group has been able to develop leading-edge technologies in the leading segments of the food market, including UHT milk, ESL (extended shelf life) milk, conventional types of milk, functional fruit juices (fortified with wellness supplements) and cream-based white sauces.

The consolidated financial statements for the year ended December 31, 2009 are denominated in euros, which is the reporting currency of Parmalat S.p.A., the Group's Parent Company. They consist of a consolidated statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a statement of changes in shareholders' equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted.

PricewaterhouseCoopers S.p.A. audits the consolidated financial statements in accordance with an assignment it received by a resolution of the Shareholders' Meeting of March 15, 2005, as extended for the 2008-2013 period by the Shareholders' Meeting of April 28, 2007.

The Board of Directors authorized the publication of these consolidated financial statements on February 25, 2010.

PRESENTATION FORMATS OF THE FINANCIAL STATEMENTS

In the consolidated statement of financial position, assets and liabilities are classified in accordance with the "current/non-current" approach, and "Held-for-sale assets" and "Liabilities directly attributable to held-for-sale assets" are shown as two separate line items, as required by IFRS 5.

The consolidated income statement is presented in a format with items classified "by destination," which is deemed to be more representative than the presentation by type of expense and is consistent with international practice in the food industry. Moreover, as required by IFRS 5, the profit (loss) from continuing operations is shown separately from the profit (loss) from discontinuing operations.
In the income statement presented in the abovementioned format "by destination," the EBIT breakdown includes separate listings for operating items and for income and expense items that are the result of transactions that occur infrequently in the normal course of business, such as income from actions to void in bankruptcy and actions for damages, litigation-related legal expenses,

restructuring costs and any other nonrecurring income and expense items. This approach is best suited for assessing the actual performance of the Group's operations.

The consolidated statement of cash flows was prepared in accordance with the indirect method.

Lastly, on the balance sheet, income statement and cash flow statement, the amounts attributable to positions or transactions with related parties are shown separately from the totals for the corresponding line items, as required by Consob Resolution No. 15519 of July 27, 2006.

PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") and adopted by the European Commission as they apply to the preparation the consolidated financial statements of companies whose equity and/or debt securities are traded on a regulated market in the European Union.

The abbreviation IFRSs means all of the International Financial Reporting Standards; all of the International Accounting Standards ("IAS"); and all of the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"), as approved by the European Commission through the date of the meeting of the Board of Directors convened to approve the financial statements and incorporated in Regulations issued up to that date.

As a general rule, the consolidated financial statements are prepared in accordance with the historical cost principle, except in the case of those items for which, as explained in the valuation criteria, the IFRSs require a measurement at fair value.

The following accounting principles, amendments and interpretations, as adopted by the European Commission, are being applied by the Group as of January 1, 2009:

IFRS 8 – Operating Segments. Under this principle, which replaces IAS 14, companies are required to base the segment information that they disclose on the same data that management uses to make operating decisions. Consequently, operating segments must be identified based on a company's internal reporting system, which is regularly reviewed by management to allocate resources to the various segments and assess performance. The adoption of this principle has no impact on the valuation of the items listed in the financial statements, requiring only an increase in the number of segments listed.

Revisions to IAS 1 – Presentation of Financial Statements. This new version of the principle requires companies to disclose in a statement of changes in shareholders' equity all of the changes generated by transactions with shareholders. All transactions generated with third parties (comprehensive income) must be disclosed either in a single statement of comprehensive income or in two statements (income statement and statement of comprehensive income).
The Group chose the option of disclosing transactions with third parties in two statements that analyze operating performance during the period, entitled income statement and statement of comprehensive income, respectively. The adoption of this principle had no impact on the valuation of the items listed in the financial statements.

Revisions to IAS 23 – Borrowing Costs. The new version of this principle requires the capitalization of the borrowing costs incurred to purchase, build or produce qualifying assets that normally become ready for use or for sale only after a significant period of time, thereby eliminating the option of recognizing these costs in earnings on an accrual basis. The adoption of this principle had no impact on the Group.

IFRIC 13 – Customer Loyalty Programs. This interpretation deals with the accounting treatment of the liability for rights to receive prizes awarded to customers in connection with customer loyalty programs. The salient points of this interpretation are the following:
- points awarded to customers are deemed to be an element that can be identified separately from the sale of the product or service for which they are awarded and, therefore, represent a right that customers have implicitly paid for;
- the portion of the consideration allocated to the points must be determined based on the points' fair value (i.e., the value at which the points could be sold separately) and recognized as a revenue deferred until the company has fulfilled its obligation.

The impact on the consolidated financial statements resulting from the adoption of this interpretation was not material.

Amendments to IFRS 7 – Financial Instruments: Disclosures. This new version of the standard requires enhanced disclosures in the financial statements about the measurement of financial instruments at fair value and liquidity risk. The adoption of this principle had no impact on the valuation of items in the financial statements.

The following principles and interpretations that became applicable on January 1, 2009, as approved by the European Commission, concern situations and issues that do not exist within the Group:
- *Amendments to IAS 32 – Financial Instruments: presentation and amendments to IAS 1 – presentation of financial statements: puttable financial instruments and obligations arising on liquidation*
- *Amendments to IFRS 2 – Share-based Payments*
- Minor improvements to IFRS (*"IFRS improvements"*)
- *IFRIC 15 – Agreements for the Construction of Real Estate*
- *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.*

The Group opted for the early adoption, effective January 1, 2009, of the revised versions of *IFRS 3 – Business Combinations and IAS 27 – Consolidated and Separate Financial Statements.* The revised version of IFRS 3 requires that incidental costs incurred in connection with a business combination and changes in contingent consideration be recognized in earnings and provides the option of recognizing the full amount of the goodwill generated by the combination, including the goodwill attributable to minority shareholders (full goodwill method).
The revised version of IAS 27 calls for the recognition in equity of the effects of the acquisition (divestment) of an equity interest executed after having obtained control, if it does not result in the loss of control. If the sale of an equity interest results in the loss of control, the carrying amount of the remaining equity interest held must be restated to its fair value, the amount of the restatement included in the gain (loss) resulting from the transaction.

With the exception of the revised versions of IFRS 3 and IAS 27, the Group did not opt for early adoption of the new accounting principles adopted by the European Commission scheduled to go into effect after December 31, 2009.

Principles of Consolidation

The consolidated financial statements include the financial statements of all subsidiaries from the moment control is established until it ceases.

Control is exercised when the Group has the power to determine the financial and operating policies of the investee company, directly or indirectly, and receives the resulting benefits.

The financial statements used for consolidation purposes are the statutory financial statements of the individual companies or the consolidated financial statements of business sectors, as approved by the corporate governance bodies of the various companies, restated when necessary to make them consistent with the accounting principles adopted by the Group.

The financial statements of subsidiaries are consolidated line by line. According to this method, the consolidated financial statements include line by line the assets and liabilities and the revenues and expenses of the consolidated companies, allocating to minority shareholders the interest they hold in consolidated shareholders' equity and profit, when applicable. These items are shown separately on the balance sheet and on the income statement.

The carrying value of equity investments is offset against the corresponding pro rata interests in the shareholders' equities of the investee companies. On the date when control was acquired, the value of shareholders' equities of investee companies was determined by measuring individual assets and liabilities at their current value. Any difference between acquisition cost and current value is recognized as goodwill, if positive, or recognized in earnings, if negative.
Balances resulting from transactions between consolidated companies and unrealized gains or losses generated by transactions with outsiders are eliminated. Unrealized losses are not eliminated when they are indicative of an impairment loss.

The financial statements of companies included in the scope of consolidation that operate outside the euro zone were translated into euros by applying end-of-period exchange rates to assets and liabilities, historical exchange rates to the components of shareholders' equity and average exchange rate for the year to income statement items. As for the currency translation differences that result from the use of different exchange rates for assets and liabilities, shareholders' equity and the income statement, the portion attributable to the Group is posted to the shareholders' equity account entitled "Other reserves," while the portion attributable to minority shareholders is posted to the "Minority interest in shareholders' equity" account. The reserve for currency translation differences is reversed in earnings when an equity investment is sold or the invested capital is reimbursed. In the preparation of the cash flow statement, average exchange rates were used to convert the cash flows of foreign subsidiaries included in the scope of consolidation.

Goodwill and fair value adjustments generated by the acquisition of a foreign company are recognized in the corresponding currency and translated at year-end exchange rates.

If the minority interest in a loss incurred by a consolidated subsidiary is greater than the minority interest in the subsidiary's shareholders' equity, such excess and any other loss attributable to minority shareholders are attributed to the shareholders of the Group's Parent Company, except for any portion of the loss for which there may exist an obligation requiring minority shareholders to cover the loss with an additional investment, provided they are able to make such an investment. If, subsequently, the subsidiary generates earnings, the earnings will be attributable to the shareholders of the Group's Parent Company up to an amount equal to the losses attributable to the minority shareholders that they originally covered.

Insofar as the treatment of the purchase of additional interests in existing subsidiaries is concerned, any difference between the purchase price and the carrying value of the acquired minority interests is recognized in consolidated equity (so-called "economic entity model").

Scope of Consolidation

The equity investments of the Parmalat Group are listed in the schedules provided in the Annex. The guidelines followed in consolidating these equity investments are reviewed below. The scope of consolidation at December 31, 2009 includes the financial statements of the Group's Parent Company and those of the Italian and foreign companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares. Control also exists when the Group's Parent Company holds 50% or less of the votes that may be exercised at a Shareholders' Meeting if:

- it controls more than 50% of the voting rights by virtue of an agreement with other investors;
- it has the power to determine the financial and operating policies of the investee company pursuant to a clause in the Bylaws of the investee company or a contract;
- it has the power to appoint or remove a majority of the members of the Board of Directors or equivalent corporate governance body and said Board or body controls the investee company;
- it has the power to exercise a majority of the votes at meetings of the Board of Directors or equivalent corporate governance body.

Because the Group's Parent Company no longer has the power to determine their financial and operating policies nor benefits from their operations, the following companies are no longer consolidated line by line:

- companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but are now parties to separate bankruptcy proceedings under local laws and their subsidiaries. Companies that have become eligible for extraordinary administration proceedings include: Parmalat Mölkerei GmbH in A.S. (Germany), Deutsche Parmalat GmbH in A.S. (Germany), Dairies Holding International BV in A.S.(Netherlands) and Olex sa in A.S. (Luxembourg). The extraordinary administration proceedings applicable to these companies are nearing completion, pursuant to law. These companies have been included in the list of the Group's equity investments because the Group owns their capital stock. However, at present, there is no expectation of a full or partial recovery of the investments in these companies upon completion of the individual bankruptcy proceedings. There is also no expectation that Parmalat S.p.A. will incur any liability in connection with these investments and there is no commitment or desire on the Company's part to cover the negative equity of these companies.
  On March 13, 2008, the Court of São Paulo declared PPL Participações do Brasil Ltda bankrupt and appointed Capital Consultoria Assessoria Ltda as receiver. Upon being declared bankrupt, PPL Participações do Brasil Ltda was automatically dissolved and its rights and obligations constitute a separate bankrupt estate. The rights of Parmalat S.p.A. as a shareholder have been suspended and will not be exercisable even after the bankruptcy is closed, unless all of the creditors are paid in full. All powers of ordinary and extraordinary administration (including the power to sell assets) have been transferred to the receiver.

- Companies earmarked for liquidation in the best available manner. The only company in this category is Wishaw Trading Sa (Uruguay). It is unlikely that the Group will incur any liability in connection with these investments and there is no commitment or desire on the Group's part to cover the negative equity of these companies. At January 1, 2004, Wishaw Trading SA had liabilities that amounted to 338.3 million euros. Unsecured claims amounting to 47.4 million euros have been verified and claims totaling 253.6 million euros have been excluded, but creditors have challenged these exclusions. Parmalat S.p.A. believes that it is probable that some of these challenges will be upheld. Net of the claim reduction, these claims could total 17.6 million euros and the Company has added this amount to its "Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital." Based on information provided by counsel, Parmalat S.p.A. has learned that, in accordance with current Uruguayan law, the shareholders of a local limited liability company may be held personally responsible under certain conditions. More specifically, the principle of limited liability can be overridden when a company has been used (i) fraudulently to circumvent a law, (ii) to violate public order, (iii) fraudulently to injure the rights of shareholders or outsiders. While it is possible that the conduct of the previous management could result in an extension of liability to other companies of the Parmalat Group, Parmalat S.p.A. — in view of the provisions of Article 4-bis, Section 10 of the Marzano Law, which reaffirms the general principle set forth in Article 135 of the Bankruptcy Law that an approved composition with creditors is binding on all creditors with claims that predate the start of the composition with creditors proceedings and is also binding on all creditors who did not file for claim verification — believes that even if the existence and amount of any claims against it that are related to Wishaw Trading SA should ever be verified, the creditors would be unsecured creditors with claims the title and/or cause of which predates the start of the extraordinary administration proceedings for the companies that are parties to the Proposal of Composition with Creditors and, consequently, would only be entitled to receive shares and warrants of Parmalat S.p.A. based on an amount decreased by the claim reduction, in accordance with Section 7.8 of the Proposal of Composition with Creditors.

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares that are in voluntary liquidation and their subsidiaries. These companies, which are not large in size and operate in several countries, are:
  - PRM Administraçao e Participaçao do Brasil (Brazil);
  - Swojas Energy Foods Limited (India).

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but no longer has the power to determine their financial and operating policies and benefit from their operations and their subsidiaries. These companies, which are not large in size and operate in several countries, are:
  - Airetcal SA (Uruguay);
  - Parmalat Chile SA (Chile);
  - Parmalat (Zhaodong) Dairy Corp. Ltd (China).

The following entries were made in connection with the companies that are no longer consolidated line by line:

- the carrying value of the investments was written off;
- the receivables owed by these companies to other Group companies were written off;
- a provision for risks in connection with indebtedness guaranteed by Group companies was recognized;
- the receivables owed to the companies listed above by Group companies continued to be included in the indebtedness of Group companies.

VENEZUELA

In the second half of 2009, Parmalat reached settlements with Bank of America and Eurofood, pursuant to which it acquired receivables owed to these companies by the Group's Venezuelan companies.

More specifically, Parmalat S.p.A. acquired the following:

- from Bank of America, the rights arising from a loan of US$45 million, plus accrued interest, provided to Indulac, a subsidiary of Parmalat de Venezuela governed by Venezuelan law;
- from Eurofood, the rights arising from a loan of US$78.5 million, plus accrued interest, provided to the Parmalat de Venezuela subsidiary;
- from Eurofood, the rights arising from a loan of US$1.5 million, plus accrued interest, provided to Indulac.

The resolution of disputed prior-period debt positions is a condition precedent for the financial and corporate restructuring of the Venezuelan companies and of their shareholders' equities.
The implementation of the abovementioned restructuring process, which can occur only after the last "prior-period" indebtedness owed to Parmalat Capital Finance is settled, will provide the Venezuelan companies with a corporate structure, balance sheet and financial position consistent with their operating activities, which have been successfully turned around in these past few years.

* * *

Specifically with regard to the industrial results reported in recent years, the income statement and balance sheet data of the Venezuelan subsidiaries, when stated in the local currency, are affected by a rate of inflation that, over the past three years, exceeded the cumulative threshold of 100%, which triggered the adoption of the adjustments required by IAS 29 – Financial Reporting in Hyperinflationary Economies, starting in 2009. According to this principle, the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. All balance sheet amounts that are not stated in terms of the measuring unit current at the balance sheet date must be restated by applying a general price index. All income statement components must be stated in terms of the measuring unit current at the balance sheet date, applying the change in the general price index that occurred since the date when revenues and expenses were originally recognized in the financial statements.
The restatement of the financial statement amounts was carried out using Venezuela's consumer price index (INPC). The average annual index was 1.109 and the year-over-year change in the index was 1.251.

Despite such a high rate of inflation (hyperinflation), the official exchange rate for the U.S. dollar remained unchanged at 2.15 VEF for 1 U.S. dollar set in March 2005.
Parmalat used this exchange rate to translate the income statement and balance sheet data of its subsidiaries for inclusion in the Group's consolidated financial statements at December 31, 2009.

Moreover, in 2009, the local monetary authorities, responding in part to changes in the price of oil and their impact on Venezuela's currency reserves, made U.S. dollars available to businesses at the official exchange rate only for commercial transactions involving food products and medicines.
As a result, the actual cost of foreign currency procured for other commercial transactions — imports of goods and services that do not qualify as necessities — and for financial transactions, such as dividends and royalty payments, fluctuated between 5 and 7 VEF for 1 U.S. dollar.

Early in 2010, as a result of this situation, the Venezuelan government approved a devaluation of the local currency, resetting the reference exchange rate from 2.15 VEF to 4.30 VEF for one U.S. dollar. It also introduced a second official exchange rate, applicable to all transactions involving essential items, which was set at 2.60 VEF for one U.S. dollar.

In order to provide a clearer presentation of the actual impact of the developments described above, the SBU's main income statement and balance sheet data for 2009 were restated (in millions of euros) using the new reference exchange rate of 4.30 VEF for one U.S. dollar.

The table that follows provides an overview of the abovementioned restatements:

(€ m)

	AS IS 2009	2009 PRO FORMA AFTER DEVALUATION	CHANGE
Net revenues	449.4	224.4	(225.0)
EBITDA	49.7	24.8	(24.9)
EBIT	28.0	14.0	(14.0)
Profit for the year	4.8	(97.8)	(102.6)[1]
Net invested capital	57.4	28.7	(28.7)
Shareholders' equity	(102.8)	(148.3)	(45.5)
Net borrowings	160.2	177.0	16.8

1. Amount recomputed taking into account the translation differences resulting from the impact of the devaluation on intra-Group financing facilities in U.S. dollars. These difference were eliminated in the Group's consolidated financial statements.

The information provided above should be carefully considered when assessing growth expectations for the Venezuelan operations and the Group as a whole in 2010.

Valuation Criteria

The main valuation criteria adopted in the preparation of the consolidated financial statements at December 31, 2009 are reviewed below.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase/production cost or net realizable value, which is the amount that an enterprise expects to receive by selling these items in the normal course of business. The cost of inventories is determined by the weighted average cost method.

The value assigned to inventories includes direct costs for material and labor and a reasonably attributable portion of (fixed and variable) indirect production costs. When appropriate, provisions are recognized to account for obsolete or slow-moving inventory. If the circumstances that justified the recognition of the abovementioned provisions cease to apply or if there are clear indications that the net realizable value of the items in question has increased, the provisions are reversed for the full amount or for a portion thereof, so that the new carrying value is equal to the purchase or production cost of the items in question or their realizable value on the date of the financial statements, whichever is lower.

Financial expense incurred in connection with the purchase or production of an asset in large quantities and on a repetitive basis are charged in full to earnings, even if the asset in question, because of its nature, requires a significant length of time before it can be readied for sale (aged cheese).

Cash and Cash Equivalents

Cash and cash equivalents consist mainly of cash on hand, sight deposits with banks, other highly liquid short-term investments (that can be turned into cash within 90 days from the date of purchase) and overdraft facilities. Overdraft facilities are listed as current liabilities. The components of net cash are valued at fair value and any gains or losses are recognized in earnings.

NON-CURRENT ASSETS

Property, Plant and Equipment

Property, plant and equipment is recognized in accordance with the cost method and carried at purchase or production cost, including directly attributable incidental expenses that are necessary to make the assets available for use. Asset purchase or production costs are shown before deducting attributable capital grants, which are recognized when the conditions for their distribution have been met.

Assets acquired under finance leases, pursuant to which substantially all of the risks and benefits inherent in ownership are transferred to the Group, are recognized as components of property, plant and equipment at their fair value or at the present value of the minimum payments due pursuant to the lease, whichever is lower. The corresponding liability toward the lessor, which is equal to the aggregate principal included in the lease payments that are outstanding, is recognized as a financial liability. When there is no reasonable certainty that the Company will exercise its buyout option, the asset is depreciated over the life of the lease, if it is shorter than the asset's useful life.
Leases that require the lessor to retain substantially all of the risks and benefits inherent in ownership are classified as operating leases. The costs incurred for operating leases are recognized in earnings on a straight line over the life of the lease.

Property, plant and equipment is depreciated on a straight line over the useful life of the assets. The estimated useful life is the length of time during which the Company expects to use an asset. When an asset classified as property, plant and equipment consists of several components, each with a different useful life, each component should be depreciated separately. The amount to be depreciated is the asset's carrying value, less the asset's net realizable value at the end of its useful life, if such value is material and can be reasonably determined.

Land, including land purchased together with a building, is never depreciated.

Costs incurred for improvements and for modernization and transformation projects that increase the useful lives of assets are added to the assets' value and depreciated over their remaining useful lives.

The costs incurred to replace identifiable components of complex assets are recognized as assets and depreciated over their useful lives. The residual carrying value of the component that is being replaced is charged to income. The cost of regular maintenance and repairs is charged to income in the year it is incurred.

When an item of property, plant and equipment is affected by events that are presumed to have impaired its value, the recoverability of the affected asset should be tested by comparing its carrying value with its recoverable value, which is the larger of the asset's fair value, net of disposal costs, and its value in use.

Absent a binding sales agreement, fair value is determined based on the valuations available from recent transactions in an active market or based on the best available information that can be used to determine the amount that the Company could obtain by selling a given asset.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset, if significant and reasonably measurable, and from its disposal at the end of its useful life. Cash flows should be determined based on reasonable and documentable assumptions that represent a best estimate of future economic conditions over the remaining useful life of an asset. The present value is determined by applying a rate that takes into account the risks inherent in the Company's business.

When the reason for a writedown ceases to apply, the affected asset is revalued and the adjustment is recognized in the income statement as a revaluation (reversal of writedown) in an amount equal to the writedown made or the lower of the asset's recoverable value or its carrying value before previous writedowns, but reduced by the depreciation that would have been taken had the asset not been written down.

Depreciation begins when an asset is available for use, i.e., the moment when this condition actually occurs.

The estimated useful lives of the various types of assets are as follows:

	USEFUL LIFE
Buildings	10 - 25 years
Plant and machinery	5 - 10 years
Office furniture and equipment	4 - 5 years
Other assets	4 - 8 years
Leasehold improvements	Length of lease

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for use or sale are capitalized until the asset is put into use.

Intangibles

Intangible assets are identifiable, non-monetary assets without physical substance that are controllable and capable of generating future benefits.

Intangibles are recorded at cost, which is determined by using the same criteria as those used for property, plant and equipment.

Intangibles with a finite useful life are amortized on a straight line according to an estimate of the length of time the Company will use them. The recoverability of their carrying value is tested using the criteria provided above for property, plant and equipment.

(i) Goodwill

Goodwill represents the portion of the purchase price paid in excess of the fair value on the date of acquisition of the assets and liabilities that comprise a company or business. Goodwill is not amortized on a straight line. However, its carrying amount should be tested at least once a year for impairment losses. Such tests are carried out based on the individual cash generation units to which goodwill has been allocated. Goodwill is written down when its recoverable value is lower than its carrying amount. Recoverable value is the greater of the fair value of a cash generating unit, net of the cost to sell it, and its value in use, which is equal to the present value of future cash flows generated by the cash generating unit during its years of operation and by its disposal at the end of its useful life. Writedowns of goodwill may not be reversed subsequently.

If a writedown required by the results of an impairment test is greater than the value of the goodwill allocated to a given cash generating unit, the balance is allocated among the assets included in the cash generating unit, proportionately to their carrying amounts. The minimum limit of such an allocation is the greater of the following two amounts:
- the fair value of an asset, net of the cost to sell it;
- an asset's value in use, as defined above.

Goodwill was allocated to the cash generating units, which, consistent with the Group's organizational structure and the methods used to control its operating activities, were identified as the Group's geographic regions, without exceeding the maximum aggregation ceiling, which cannot be larger than the operating segment identified pursuant to IFRS8. The allocation of goodwill was not changed due to the adoption of IFRS 8.

(ii) Industrial Patents and Intellectual Property Rights, Licenses and Similar Rights
The costs incurred to acquire industrial patents and intellectual property rights, licenses and similar rights are capitalized in the amounts actually paid.

Amortization is computed on a straight line so as to allocate the costs incurred to acquire the abovementioned rights over the expected period of utilization of the rights or the lengths of the underlying contracts, counting from the moment the purchase right is exercisable, whichever is shorter.

(iii) Trademarks
At this point, it is impossible to set a time limit to the cash flow generating ability of trademarks recognized on the consolidated balance sheet that are strategically important and for which a registration application has been on file for at least 10 years. These trademarks include "global" trademarks that are registered and used in all of the Group's core countries (Parmalat and Santàl), international trademarks (Chef and PhisiCAL) and a local trademark (Beatrice, Lactantia, Black Diamond, Astro, Pauls, Bonnita, Centrale Latte Roma and other less well-known trademarks). These trademarks are deemed to have an indefinite useful life. Consequently, they are not amortized but are tested for impairment once a year.

Other trademarks that are not deemed to perform an unlimited strategic function for the Group are valued at cost and amortized over five years.

(iv) Software Costs
The costs incurred to develop and maintain software are charged to income in the year they are incurred. Costs that can be attributed directly to the development of unique software capable of generating future benefits over a period of more than one year are capitalized as an intangible asset. Direct costs, which must be identifiable and measurable, include labor costs for employees who worked on developing the software in question and an appropriate pro rata share of overhead, if applicable. Amortization is computed over the software's estimated useful life, which is deemed to be five years.

FINANCIAL ASSETS

When initially entered in the accounting records, financial assets are recognized based on their maturity classified under one of the following categories:

- **Financial Assets Valued at Fair Value, with Changes in Value Recognized in Earnings:** This category includes:
  - financial assets that are purchased mainly to resell them over the short term;
  - financial assets that are earmarked for inclusion in this category upon initial recognition, provided they meet the applicable requirements;
  - derivatives, except for derivatives that are designated as cash flow hedges and limited to their effective portion.

  Financial assets that are included in this category are measured at fair value and any changes in fair value that occur while the Company owns them are recognized in earnings. Financial instruments included in this category are classified as short term if they are "held for trading" or the Company expects to sell them within one year from the balance sheet date. Derivatives are treated as assets, if their fair value is positive, or as liabilities, if their fair value is negative. The positive and negative fair values generated by outstanding transactions executed with the same counterparty are offset, when contractually permissible.

- **Loans and receivables:** This category includes financial instruments that are primarily related to trade receivables (which are neither derivatives nor instruments traded on an active market) that are expected to produce fixed and determinable payments. They are listed as current assets, unless they are due after one year from the balance sheet date, in which case they are listed as non-current assets. These assets are valued at their amortized cost, which is determined by the effective interest-rate method. When there is objective evidence of the occurrence of impairment, the affected asset is written down by the amount necessary to make its carrying amount equal to the discounted value of future cash flows. Objective evidence that the value of the asset is impaired is deemed to exist when a debtor has significant financial difficulties, there is a possibility that the debtor will be declared bankrupt or become party to composition with creditors proceedings or there are unfavorable changes in payment history, such as an increasing number of payments in arrears. Impairment losses are recognized in earnings. When the reason for a writedown ceases to apply, the affected asset is revalued up to the value at which the asset would have been carried under the amortized cost method, had it not been written down.

- **Held-to-maturity investments:** These are financial instruments other than derivatives that have fixed payments and a fixed maturity and that the Group has the intention and the ability to hold to maturity. When initially recognized, they are valued at their purchase cost, plus incidental transaction costs. Subsequently, held-to-maturity investments are valued by the amortized cost method, using the low effective interest criterion, adjusted for any decrease in value. The same principles described in the Loans and receivables paragraph apply in the event of impairment losses.

- **Held-for-sale investments:** These are financial instruments other than derivatives that are explicitly designated as held for sale or which cannot be classified in any of the other categories. These financial instruments are valued at fair value and any resulting gains or losses are posted to an equity reserve. Their impact is reflected on the income statement only when a financial asset is actually sold or, in the case of cumulative losses, when it becomes evident that the impairment loss recognized in equity cannot be recovered. If their fair value cannot be determined, these instruments are valued at cost, less any impairment losses. Writedowns for impairment losses cannot be reversed if the assets in question are instruments representative of equity capital. The classification of these assets as current or non-current depends on the strategic choices made with regard to their holding period and the actual ability to sell them. They are classified as current assets if they can be sold within one year from the balance sheet date. When there is evidence that a loss that cannot be recovered has occurred (e.g., an extended decline in market value) the corresponding equity reserve is reversed and the loss recognized in earnings.

Financial assets are removed from the balance sheet when the right to receive cash flow from a financial instrument has been extinguished and the Group has transferred substantially all of the risks and benefits inherent in the financial instrument as well as its control over the financial instrument.

FINANCIAL LIABILITIES

Financial liabilities consist of loans payable, including obligations arising from the assignment of receivables, and other financial liabilities, including derivatives and obligations related to assets acquired under finance leases. Initially, financial liabilities other than derivatives are recognized at their fair value, net of transaction costs. Subsequently, financial liabilities that are held to maturity are valued at their amortized cost in accordance with the effective interest rate method. Transaction costs that are incurred directly in connection with the process of incurring the liability are amortized over the useful life of the respective financing facility.
Financial liabilities are removed from the financial statements when the underlying obligations have been satisfied and all of the risks and charges inherent in the instrument in question have been transferred.

DERIVATIVES

The Group uses derivatives exclusively to hedge interest rate and currency risks.
Derivatives are assets and liabilities that are measured at fair value.
Derivatives are classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, monitored periodically, is high. When derivatives are used to hedge the risk of changes in the fair value of the hedged instruments (fair value hedge, such as a hedge against changes in the fair value of assets/liabilities with fixed interest rates), the derivatives are measured at fair value and any resulting gains or losses are recognized in earnings. At the same time, the value of the hedged instruments is adjusted to reflect changes in fair value associated with the hedged risk. When derivatives are used to hedge the risk of changes in the cash flow associated with the hedged instruments (cash flow hedges, such as a hedge against changes in asset/liability cash flows caused by fluctuations in exchange rates or interest rates), the changes in the fair value of the effective derivatives are first recognized in equity and subsequently reflected in the income statements, consistent with the economic effect of the hedged transaction. Changes in the fair value of derivatives that do not qualify as hedges are recognized in earnings.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are established to fund quantifiable charges, the existence of which is certain or probable, but the amount or date of occurrence of which could not be determined as of the close of the reporting period. Additions are made to these provisions when: (i) it is probable that the Company will incur a statutory or implied obligation as a result of a past event; (ii) it is probable that meeting this obligation will be onerous; and (iii) the amount of the obligation can be estimated reliably. Additions are recognized at an amount that represents the best estimate of the sum that the Company will be reasonably expected to pay to satisfy an obligation or transfer it to a third party at the end of the reporting period. When the financial effect of the passing of time is material and the date when an obligation will become due can be reliably estimated, the addition to the provisions should be recognized at its present value.

The costs that the Group expects to incur in connection with restructuring programs should be recognized in the year in which the program is officially approved and there is a settled expectation among the affected parties that the restructuring program will be implemented.

These provisions are updated on a regular basis to reflect changes in estimates of costs, redemption timing and discount rates. Changes in the estimates of provisions are posted to the same income statement item under which the addition was originally recognized. Liabilities attributable to property, plant and equipment are recognized as offsets to the corresponding assets.

The notes to the financial statements contain a disclosure listing the Group's contingent liabilities, which include: (i) possible but not probable obligations that arise from past events, the existence of which will be confirmed only if one or more uncertain total events that are not totally under the Group's control occur or fail to occur; and (ii) existing obligations that arise from past events the amount of which cannot be determined reliably or the performance of which will probably not be onerous.

POST-EMPLOYMENT BENEFITS

(i) Benefits Provided After the End of Employment

The Group recognizes different types of defined-benefit and defined-contribution pension plans, in accordance with the terms and practices normally applied in Italy and the other countries where such pension plans are available. Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrued that year.

Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method, which is part of a broad category of techniques applicable to vested benefits, treats each period of service provided by an employee to a company as an additional accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship (except for the provision for severance indemnities). If these plans are financed or the Group pays the plan contributions to an outside entity, the plan assets are valued based on their expected rate of return.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability.

Actuarial gains and losses (defined as the difference between the carrying amount of the Group's liability and the present value of its obligation at the end of the year) that result from changes from the actuarial parameters used in the past are recognized in accordance with the "corridor" method, i.e., only when they exceed 10% of the present value of the Company's obligation at the end of the previous period. In such cases, the amount in excess of 10% is charged to income, based on the average remaining working lives of the employees, counting from the following year.

Until Budget Law No. 296 of December 27, 2006 and the relevant Implementation Decrees became effective, given the uncertainties that existed concerning the time of disbursement, the provision for employee severance benefits was treated as a defined-benefit plan.
As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by the employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

(ii) Benefits Payable to Employees Upon Termination of Employment and Incentives to Resign
Benefits owed to employees upon termination of employment are recognized as a liability and as a labor cost when a company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement age or to provide incentives to the termination of employment in connection with a proposal to address redundancies with incentives to resign voluntarily. Benefits owed to employees due to termination of employment do not provide the Company with future economic benefits and, consequently, they are charged to income when incurred.

INCOME TAXES
Current income taxes are computed on the basis of the taxable income for the year and the applicable tax laws by applying the tax rates in force on the date of the financial statements.

Levies other than income taxes, such as taxes on real estate and net worth, are treated as operating expenses.

Deferred taxes are computed on all temporary differences between the values attributed to assets and liabilities for tax purposes and for financial reporting, with the exception of goodwill and temporary differences that arise from investments in subsidiaries when the Group has control over the timing for the reversal of the difference and it is likely that they will not be reversed over a reasonably foreseeable length of time. The portion of deferred-tax assets, including those stemming from a tax loss carryforward, that is not offset by deferred-tax liabilities is recognized to the extent that it is likely that the Company will generate future earnings against which they may be recovered. The balance of any offset is shown under Deferred-tax assets, if positive, or under Deferred tax liabilities, if negative, and is posted to the account of the same name. Deferred-tax liabilities are computed using the tax rates that are expected to be in force in the years when the temporary difference will be realized or cancelled.

Current and deferred taxes are reflected on the income statement, except for those attributable to items that are debited or credited directly to shareholders' equity.

Tax assets and liabilities, including deferred-tax assets and liabilities that arise from income taxes, can be offset when they are levied by the same tax administration on the same taxpayer, provided the taxpayer has a legally exercisable right to offset the corresponding amounts and plans to exercise that right. Moreover, with regard to current taxes, the offset is permissible when several taxpayers have a legally exercisable right to settle tax assets and liabilities on a net basis and intend to exercise that right.

HELD-FOR-SALE NON-CURRENT ASSETS

These assets include non-current assets or groups of assets attributable to discontinuing operations the carrying amount of which will be recovered mainly through a sale, rather than through their continuing use. Held-for-sale assets are valued at their net carrying amount or their fair value, net of costs to sell the assets, whichever is lower. When a depreciable or amortizable asset is reclassified under this category, the depreciation or amortization process stops upon reclassification.
The profit or loss attributable to held-for-sale non-current assets is shown separately in the income statement net of the applicable tax effect when the assets in questions are part of discontinued operations. For comparative purposes, the prior year's corresponding amounts are reclassified and shown separately in the income statement net of the applicable tax effect.

RECOGNITION OF REVENUES AND EXPENSES

Initially, revenues are always recognized at the fair value of the consideration received, net of allowances, discounts and trade promotions.
Revenues from the sale of goods are recognized when the Company has transferred to the buyer substantially all of the risks and benefits inherent in the ownership of the goods, which generally coincides with the delivery of the goods.
Proceeds from actions to void and actions for damages are recognized in the income statement upon the closing of the corresponding transactions with the counterparty.
Expenses are recognized in the income statement when they apply to goods and services that were sold or used during the year or allocated over a straight line when their future usefulness cannot be determined.
Expenses incurred to study alternative products and services or incurred in connection with research and development activities that do not meet the requirements for capitalization are deemed to be current expenses and are charged to income in the year they are incurred.

FOREIGN EXCHANGE DIFFERENCES

Revenues and expenses arising from transactions in foreign currencies are recognized at the exchange rate in force on the day the underlying transaction is executed. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate in force at the end of the reporting period and any resulting gains or losses are recognized in earnings. Non-cash assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate and valued at cost.

RECOGNITION OF GOVERNMENT GRANTS

Grants that are the subject of a formal distribution resolution are recognized on an accrual basis, in direct correlation to the costs incurred. Operating grants are reflected on the income statement as Other revenues.
Capital grants that are attributable to property, plant and equipment are recognized as deferred income and posted to the Miscellaneous income and expense account. Such deferred income is recognized in the income statement in equal installments computed on the basis of the useful life of the assets for which the grant was received.

FINANCIAL INCOME AND EXPENSE

Interest is recognized on an accrual basis in accordance with the effective interest method, i.e., using an interest rate that equalizes all incoming and outgoing flows that are part of a given transaction.

DIVIDENDS

Dividends are recognized when shareholders become entitled to receive them. As a rule, this happens when the Shareholders' Meeting approves a resolution to distribute a dividend. The dividend distribution amount is then recognized as a liability on the balance sheet for the period during which the distribution was approved by the Shareholders' Meeting.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing the group's interest in net profit or loss for the year by the weighted average of the number of shares outstanding during the year. When computing diluted earnings per share, the weighted average of the number of shares outstanding is adjusted to reflect the conversion of all potential shares that could have a dilutive effect.

USE OF ESTIMATES

When preparing the statutory financial statements (and the consolidated financial statements), Directors apply accounting principles and methods that, in some cases, are based on difficult and subjective valuations and estimates that are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules, which include a statement of financial position, an income statement and a statement of cash flows, and in additional disclosures. The ultimate amounts of those components of the financial statements for which the abovementioned estimates and assumptions were used could differ from those shown on the financial statements, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period,

and is also applied to future periods, when the revision has an impact both on the current period and on future periods.
The financial statement items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions used could have a material impact on the financial statements are those concerning goodwill; writedowns of property, plant and equipment; depreciation and amortization of non-current assets; deferred taxes; provisions for risks; the allowance for doubtful accounts; pension plans and post-employment benefits; and the reserves for creditor challenges and claims of late-filing creditors.

NEW ACCOUNTING PRINCIPLES AND INTERPRETATIONS APPROVED BY THE E.U. BUT NOT YET IN EFFECT

In 2009, the European Commission approved and published the following new accounting principles, amendments and interpretations, which supplement those approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). These new pronouncements apply to situations and events that do not apply to the Group.

Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards (applicable as of January 1, 2010)

Amendments to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (applicable as of January 1, 2010)

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement (applicable as of January 1, 2010)

Amendments to IFRIC 9 – Reassessment of embedded derivatives (applicable as of January 1, 2010)

Amendment to IAS 32 – Classification of rights issues (applicable as of January 1, 2011)

IFRIC 17 – Distributions of Non-cash Assets to Owners (applicable as of January 1, 2010)

IFRIC 18 –Transfers of Assets from Customers (applicable as of January 1, 2010).

BUSINESS COMBINATIONS

On May, 20, 2009, the Group entered into a binding agreement to acquire from National Foods some fresh milk production and processing assets located in New South Wales and South Australia. Pursuant to this agreement, Parmalat Food Products Pty Ltd, a wholly owned subsidiary of Parmalat S.p.A., purchased a portfolio of assets in the fresh milk sector located in the abovementioned regions, including the Lidcombe and Clarence Gardens production facilities, trademark distribution licenses and distribution networks in New South Wales, South Australia and the Australian Capital Territory.
The acquisition was approved by the Australian Antitrust Authority on June 26, 2009 and the transfer of the abovementioned assets was completed on July 27, 2009.
The acquisition required a cash payment of 35.6 million euros.
Incidental acquisition costs of 3.9 million euros were recognized in the consolidated income statement under "Administrative expenses."

Because of the time physically needed to value the acquired assets and liabilities, the price of 35.6 million euros paid for the acquired assets and liabilities was allocated on a provisional basis. The provisional fair value of the acquired assets and liabilities, which was in line with their carrying amount, is listed below:

(€ m)

	PROVISIONAL FAIR VALUE OF THE ACQUIRED ASSETS AND LIABILITIES
Property, plant and equipment	35.2
Deferred-tax assets	0.9
Inventories	2.0
Trade receivables	1.2
Cash and cash equivalents	0.5
Total acquired assets	**39.8**
Non-current financial liabilities	(0.7)
Provisions for employee benefits	(3.3)
Trade payables	(0.3)
Other current liabilities	(1.2)
Total acquired liabilities	**(5.5)**
Total acquired shareholders' equity	**34.3**
Minority interest in shareholders' equity	(0.4)
Goodwill recognized	1.7
Price paid	**35.6**

The goodwill of 1.7 million euros recognized in connection with this transaction reflects the synergies that the Group expects to realize with the existing businesses and the opportunity to introduce Parmalat brands (i.e., Ice Break, Physical and Smarter Milk) in new regions of the country. The Company does not believe that the goodwill recognized will be tax deductible.

Since the date of acquisition, these operations contributed 69.2 million euros to consolidated net revenues, -2.8 million euros to consolidated EBITDA and -1.9 million euros to consolidated net profit. The negative contributions to EBITDA and net profit reflect the impact of acquisition costs amounting to 3.9 million euros.
These contributions cannot be extrapolated on an annualized basis because the transaction in question involved the purchase of individual assets within different cash generating units.

Transactions Between Group Companies and with Related Parties

Transactions between Group companies and with related parties were neither atypical nor unusual and were carried out by the Company in the normal course of business. Currently, the Group executes transactions with the following related parties:

- companies in which the Group has a majority equity stake but over which it no longer has control and, consequently, have been excluded from the scope of consolidation as explained in the Scope of Consolidation section of this Report.

A breakdown of receivables and payables by type is provided below:

(€ m)

COMPANY	12.31.2009						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
PPL Participações Ltda	Brazil					3.7	
Wishaw Trading sa	Uruguay					2.3	
Total		**-**	**-**	**-**	**-**	**6.0**	

(1) After allowance for doubtful accounts.

(€ m)

COMPANY	12.31.2008						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
PPL Participações Ltda	Brazil					3.9	0.3
Wishaw Trading sa	Uruguay					2.3	
Total		**-**	**-**	**-**	**-**	**6.2**	**0.3**

(1) After allowance for doubtful accounts.

Revenues and expenses and any writedowns of receivables recognized in 2009 or 2008 were not material.

- Companies that are currently included in the investment portfolios of Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. in A.S and companies that, because of the parties serving on their governance bodies, were deemed to be under common management with those of the Parmalat Finanziaria Group, currently under Extraordinary Administration pursuant to Article 80, Numeral 3, of Legislative Decree No. 270/99 (so-called “daughter” proceedings of the main Parmalat S.p.A. in AS proceedings).

A breakdown of receivables and payables by type is provided below:

(€ m)

COMPANY	12.31.2009						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Eliair S.r.l. in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4	0.2			
Parmalat Capital Finance Ltd	Cayman		3,432.0			1.8	
Bonlat Financing Corporation	Cayman		788.0			1.7	
Parmalat S.p.A. in A.S.	Italy			2.5			
Sundry items (less than €1 million)					0.1		
Total²		**-**	**4,285.0**	**3.0**	**0.1**	**3.5**	**-**

(1) After allowance for doubtful accounts. *(2) Amounts written off.*

(€ m)

COMPANY	12.31.2008						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Eliair S.r.l. in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4	0.2			
Parmalat Capital Finance Ltd	Cayman		3,432.0			1.8	
Bonlat Financing Corporation	Cayman		788.0			1.8	
Parmalat S.p.A. in A.S.	Italy			3.0			
Sundry items (less than €1 million)							
Total²		**-**	**4,285.0**	**3.5**	**-**	**3.6**	**-**

(1) After allowance for doubtful accounts. *(2) Amounts written off.*

The table below provides a breakdown of revenues and expenses by type and shows the writedowns of receivables booked during the year:

(€ m)

	2009						
COMPANY	COUNTRY	NET SALES REVENUES AND OTHER REVENUES	OTHER INCOME AND EXPENSE	FINANCIAL INCOME	COST OF MATERIALS AND SERVICES USED	WRITEDOWNS OF RECEIVABLES	OTHER PAYABLES
Parmatour S.p.A. in A.S.	Italy		50.2				
Total		**-**	**50.2**	**-**	**-**	**-**	

Other income and expense refers to the amounts paid by Parmatour S.p.A. in A.S. to Parmalat S.p.A (49.9 million euros) and Sata Srl (0.3 million euros) as an initial distribution against the verified claims included in the sum of liabilities.

The data concerning the breakdown of revenues and expenses by type and the writedowns of receivables booked in 2008 are not meaningful.

While not required to do so pursuant to law, the Group discloses that, considering who will be the shareholders of Parmalat S.p.A. following the approval of the Composition with Creditors, the Group engages in commercial and financial transactions with numerous former creditors of its member companies.
The transactions executed with these counterparties are neither atypical nor unusual and are carried out by the Company in the normal course of business.

These transactions are executed on market terms, i.e., on terms that would have been agreed to by independent parties, and were carried out in the interest of the Group headed by Parmalat S.p.A.
Lastly, the Group has filed a series of legal actions against former creditors of companies under extraordinary administration. These lawsuits are discussed in detail in the section of the Report on Operations entitled Legal Disputes and Contingent Liabilities at December 31, 2009.

Percentage of Total Amounts Attributable to Transactions with Related Parties

(€ m)

	CONSOLIDATED ASSETS	CONSOLIDATED LIABILITIES	NET FINANCIAL ASSETS	OTHER INCOME AND EXPENSE
Total consolidated amount	4,593.9	1,337.1	1,381.2	431.0
Amount with related parties	-	6,0	(6.0)	50.2
Percentage of the total	*n.m.*	*0.5%*	*n.m.*	*11.6%*

Notes to the Statement of Financial Position - Assets

(1) GOODWILL

Goodwill amounted to 452.8 million euros. The changes that occurred in 2009 and 2008 are listed below:

(€ m)

	GOODWILL
Balance at 12.31.2007	**539.9**
- Writedowns (-)	(82.8)
- Currency translation differences	(32.0)
Balance at 12.31.2008	**425.1**
- Business combinations	1.7
- Currency translation differences	26.0
Balance at 12.31.2009	**452.8**

The amount of 1.7 million euros shown for business combinations refers to the acquisition from National Foods of fresh milk production and processing operations. As allowed by IFRS 3 revised, the acquisition was recognized using provisional fair value measurements for the acquired net assets. The difference between the price paid and the value of the acquired net assets was allocated to goodwill on a provisional basis. The final allocation will take place within one year from the date of acquisition.

As explained in the "Valuation Criteria" section of these notes, goodwill was allocated to cash generating units which correspond to the Group's geographic regions.

Goodwill was allocated to the following cash generating units:

(€ m)

	12.31.2009	12.31.2008
Parmalat S.p.A.	184.0	184.0
Parmalat Canada Inc.	119.5	106.4
Parmalat Australia Ltd	61.9	48.9
Centrale del Latte di Roma S.p.A.	41.7	41.7
Parmalat Portugal Produtos Alimentares Ltda	34.2	34.2
Other smaller companies	11.5	9.9
Total	**452.8**	**425.1**

Pursuant to IAS 36, goodwill is not amortized. However, it is tested for impairment at least once a year or more frequently in response to specific events or circumstances that could indicate that its value has been impaired.

The recoverable value of goodwill was tested against its value in use, which is the present value of the expected cash flows from operations, before financial components (unlevered discounted cash flow), estimated based on the Group's plan for the next three years. For the years not covered by the plan, the process involved estimating a terminal value, which was computed as the cash flow from operations appropriately normalized to maintain regular operating business conditions, assuming a growth rate ranging between 0.5% and 1%.
Cash flow projections were based on normal conditions of business activity and, consequently, do not include cash flows attributable to extraordinary transactions.
The discount rates used were consistent with current market valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rates, net of taxes, range between 8% and 12% for the mature countries and between 12% and 25% for the emerging countries with higher rates of inflation.
The process of obtaining information about the potential net realizable value of the assets allocated to each cash generating unit also involved the use of stock market multiples to determine the values of publicly traded companies in the same industry, which were used as benchmarks with regard to value in use.

Based on the impairment tests performed, there were no indications that the goodwill values carried by the Group had been impaired and no writedowns were required.

Consistent with past practice, the abovementioned tests were performed with the support of an independent advisor.

(2) TRADEMARKS WITH AN INDEFINITE USEFUL LIFE

Trademarks with an indefinite useful life were valued at 561.3 million euros. The following changes occurred in 2008 and 2009:

(€ m)

	TRADEMARKS WITH AN INDEFINITE USEFUL LIFE
Balance at 12.31.2007	**612.1**
- Writedowns (-)	(28.6)
- Other changes	(5.8)
- Currency translation differences	(59.5)
Balance at 12.31.2008	**518.2**
- Writedowns (-)	(0.8)
- Other changes	(2.1)
- Currency translation differences	46.0
Balance at 12.31.2009	**561.3**

In 2009, the Group revised the useful life of the Kyr trademark. Because of a change in strategy, this trademark (valued at 2.1 million euros) no longer qualifies as a trademark with an indefinite useful life. Consequently, it was reclassified in the "Trademarks with a Finite Useful Life" category and is being amortized over its remaining estimated useful life (four years).

Trademarks with an indefinite useful life, valued at 561.3 million euros, included the following:

(€ m)

	12.31.2009	12.31.2008
Parmalat	161.7	157.9
Beatrice (Canada)	78.0	69.4
Lactantia (Canada)	64.3	57.3
Pauls (Australia)	44.9	35.4
Santàl	39.4	40.4
Black Diamond (Canada)	29.2	26.0
Centrale del Latte di Roma (Italy)	26.1	26.1
Astro (Canada)	21.6	19.2
Chef (Italy)	16.2	16.2
Bonnita (South Africa)	13.2	10.8
Sundry trademarks	66.7	59.5
Total	**561.3**	**518.2**

Trademarks that qualify as having an indefinite useful life pursuant to IAS 36 are not amortized. Instead, the Group tests the recoverability of these trademarks at least once a year or more frequently, in response to specific events or circumstances that could indicate that their value had been impaired.

The recoverable value of trademarks with an indefinite useful life was tested against their value in use by means of the relief from royalty method.
The relief from royalty method was chosen as a valuation method because it is consistent with the widely accepted belief that the value of trademarks is closely related to the contribution that they provide to a company's operating results. Moreover, recent studies by major market research companies have shown that a product's brand is one of the main factors that motivate purchases of groceries.
The relief from royalty method consists of discounting to present value the royalty payments that the owner of a trademark avoids because of the ownership of the right to use that trademark. As a rule, royalties are computed as a percentage of net revenues before the impact of taxes.
The process followed to determine the net royalty flows involved using, for each trademark, the net revenue projections estimated in the Group's plan for the next three years. For the years not covered by the strategic plan, the process involved estimating a terminal value, which was computed as the royalty flow appropriately normalized to maintain regular operating business conditions, assuming a growth rate ranging between 1% and 2%.
The royalty rate that was applied to net revenues was determined based on studies and surveys carried out in this field by research institutions and professionals, as well as on internal analyses of licensing agreements executed in the food industry. Moreover, since each individual trademark has its own distinctive characteristics relative to the product/market combination, the qualitative

(competitive position, name recognition, customer loyalty and quality) and quantitative (profitability percentage) characteristics of the trademarks were also taken into account. Based on these elements, each trademark was assigned a royalty rate ranging between 2.5% and 3%.
The discount rates used were consistent with current valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rates, net of taxes, range between 8% and 11% for mature countries and between 11% and 12% for the emerging countries with higher rates of inflation.

Based on the impairment tests performed, there were no indications that the goodwill values of the trademarks with an indefinite useful life had been impaired, with the exception of the *Santàl* Portugal trademark, which was written down by 0.8 million euros. This writedown was recognized mainly as a result of the challenges that the fruit beverage operations are facing in the Portuguese market due to strong growth by private labels.

Consistent with past practice, the abovementioned tests were performed with the support of an independent advisor.

(3) OTHER INTANGIBLES

Other intangibles of 49.4 million euros include capitalized costs incurred by Parmalat S.p.A. and its subsidiaries, which are expected to produce benefits over several years.

The table below provides a breakdown of Other intangibles and shows the changes that occurred in 2008 and 2009:

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	MISCELLANEOUS INTANGIBLES	WORK IN PROGRESS	TOTAL
Balance at 12.31.2007	**67.3**	**10.8**	**3.6**	**-**	**81.7**
- Cos. removed from the scope of consolidation (-)	(10.9)	(0.2)			(11.1)
- Additions		3.5	0.7		4.2
- Amortization (-)	(17.5)	(3.1)	(0.6)		(21.2)
- Writedowns (-)	(2.1)				(2.1)
- Other changes	5.8	0.7			6.5
- Currency translation differences	(1.1)	(0.7)	(0.3)		(2.1)
Balance at 12.31.2008	**41.5**	**11.0**	**3.4**	**-**	**55.9**
- Monetary adjustment for hyperinflation	4.3				4.3
- Additions		8.2	0.2	0.8	9.2
- Amortization (-)	(17.2)	(4.8)	(0.5)		(22.5)
- Writedowns (-)		(1.3)	(1.3)		(2.6)
- Other changes	1.5	1.0		0.1	2.6
- Currency translation differences	1.4	0.7	0.3	0.1	2.5
Balance at 12.31.2009	**31.5**	**14.8**	**2.1**	**1.0**	**49.4**

Additions of 9.2 million euros refer mainly to SAP usage licenses purchased by the Parent Company.

Writedowns of 2.6 million euros reflect mainly the impairment of commercial licenses.

The table that follows provides a breakdown of gross carrying value, accumulated writedowns and accumulated amortization at December 31, 2008 and 2009:

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	MISCELLANEOUS INTANGIBLES	WORK IN PROGRESS	TOTAL
Gross carrying value	95.7	37.2	10.2		143.1
Accumulated writedowns			(1.1)		(1.1)
Accumulated amortization	(54.2)	(26.2)	(5.7)		(86.1)
Balance at 12.31.2008	**41.5**	**11.0**	**3.4**	**-**	**55.9**
Gross carrying value	99.1	50.3	10.8	1.0	161.2
Accumulated writedowns		(1.5)	(2.2)		(3.7)
Accumulated amortization	(67.6)	(34.0)	(6.5)		(108.1)
Balance at 12.31.2009	**31.5**	**14.8**	**2.1**	**1.0**	**49.4**

“Trademarks with a finite life” includes Italian trademarks (Berna, Lactis, Kyr, Monza, Solac, Stella, Torvis, Pascolat and Dolomiti) and foreign trademarks (Vaalia, Biely Gorod, Simonsberg and Melrose) that are used by the Group’s commercial operations.

(4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment totaled 774.0 million euros. The table below provides a breakdown of this item and shows the changes that occurred in 2008 and 2009:

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL
Balance at 12.31.2007	**117.9**	**218.8**	**233.1**	**10.7**	**36.6**	**61.1**	**678.2**
- Companies removed from the scope of consolidation (-)	(11.7)	(7.7)	(10.2)	(0.3)	(0.5)		(30.4)
- Additions	0.9	12.3	54.6	1.1	10.0	63.5	142.4
- Sale of business operations	(0.5)	(1.3)	(0.3)				(2.1)
- Disposals (-)	(0.3)		(1.6)	(0.2)	(1.1)		(3.2)
- Writedowns (-)	(0.9)	(1.2)	(2.8)		(0.2)		(5.1)
- Depreciation (-)		(12.5)	(43.7)	(4.1)	(12.5)		(72.8)
- Other changes	1.6	13.7	37.0	3.9	5.9	(63.1)	(1.0)
- Reclassifications to held-for-sale assets	(1.2)	(2.6)	(0.2)				(4.0)
- Currency translation differences	(5.1)	(13.0)	(23.9)	(1.2)	(4.7)	(7.8)	(55.7)
Balance at 12.31.2008	**100.7**	**206.5**	**242.0**	**9.9**	**33.5**	**53.7**	**646.3**
- Monetary adjustment for hyperinflation	7.5	19.6	11.0		0.9	0.1	39.1
- Additions	0.1	5.2	23.6	0.8	9.6	56.9	96.2
- Business combinations	13.9	11.1	10.0		0.2		35.2
- Disposals (-)	(0.5)	(1.2)	(0.9)	(0.1)	(0.9)		(3.6)
- Companies removed from the scope of consolidation (-)	(0.4)	(0.4)	(1.1)	(0.1)	(0.7)		(2.7)
- Writedowns (-)		(1.3)	(5.9)	(0.5)	(0.4)		(8.1)
- Depreciation (-)		(14.4)	(49.8)	(3.8)	(15.3)		(83.3)
- Other changes	11.3	4.0	39.1	3.2	4.2	(62.0)	(0.2)
- Reclassifications from held-for-sale assets	3.6	0.4					4.0
- Currency translation differences	7.0	12.4	21.8	1.2	3.7	5.0	51.1
Balance at 12.31.2009	**143.2**	**241.9**	**289.8**	**10.6**	**34.8**	**53.7**	**774.0**

Information about the Group's investments in property, plant and equipment is provided in the Report on Operations.

Business combinations refers to the acquisition from National Foods of fresh milk production and processing operations. This business combination also involved the acquisition of property, plant and equipment valued at 35.2 million euros.

The amount of 2.7 million euros shown for Companies removed from the scope of consolidation refers to the divestment of Parmalat Centroamerica sa in 2009.

Writedowns of 8.1 million euros reflect primarily an impairment of the value of property, plant and equipment at three production facilities that are currently being restructured.

Reclassifications to held-for-sale assets of 4.0 million euros refer to a building adjacent to a plant in South Brisbane (Australia) used as a warehouse, which the Group no longer plans to sell.

The table that follows shows the gross carrying value, accumulated writedowns and accumulated depreciation at December 31, 2008 and 2009:

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS AND ADVANCES	TOTAL
Gross carrying value	100.8	317.1	658.8	28.9	116.8	53.7	1,276.1
Accumulated writedowns	(0.1)	(0.2)	(1.8)	(0.1)	(0.3)		(2.5)
Accumulated depreciation		(110.4)	(415.0)	(18.9)	(83.0)		(627.3)
Balance at 12.31.2008	**100.7**	**206.5**	**242.0**	**9.9**	**33.5**	**53.7**	**646.3**
Gross carrying value	143.3	399.7	858.9	33.0	143.8	53.7	1,632.4
Accumulated writedowns	(0.1)	(1.5)	(5.0)	(0.4)	(0.4)		(7.4)
Accumulated depreciation		(156.3)	(564.1)	(22.0)	(108.6)		(851.0)
Balance at 12.31.2009	**143.2**	**241.9**	**289.8**	**10.6**	**34.8**	**53.7**	**774.0**

A breakdown of property, plant and equipment acquired under finance leases totaling 12.7 million euros is as follows:

(€ m)

	12.31.2009	12.31.2008
Land	-	-
Buildings	1.0	-
Plant and machinery	4.8	5.4
Other assets	6.9	6.4
Construction in progress and advances	-	-
Total property, plant and equipment acquired under finance leases	**12.7**	**11.8**

(5) INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES

The net carrying amount of the Group's investments in associates and other companies totaled 3.5 million euros. The table below shows the changes that occurred in 2009:

(€ m)

	INVESTMENTS VALUED		TOTAL
	BY THE EQUITY METHOD (AFFILIATED COMPANIES)	AT COST	
Balance at 12.31.2008 (A)	**-**	**3.9**	**3.9**
Changes in 2009:			
- Inclusion of Dalmata Due in the scope of consolidations		(0.2)	(0.2)
- Distribution from the liquidation of Parmalat International		(0.2)	(0.2)
Total changes (B)	**-**	**(0.4)**	**(0.4)**
Balance at 12.31.2009 (A+B)	**-**	**3.5**	**3.5**

A breakdown of Investments valued at cost is as follows:

(€ m)

	12.31.2009		12.31.2008	
	NET VALUE	% INTEREST HELD	NET VALUE	% INTEREST HELD
Bonatti S.p.A.	3.1	10.26%	3.1	10.26%
Parmalat International SA in liquidation	-	-	0.2	100%
Dalmata Due S.r.l.	-	-	0.2	100%
Jonicalatte S.p.A.	0.2	18.25%	0.2	18.25%
Sundry investments	0.2	-	0.2	-
Total	**3.5**		**3.9**	

(6) OTHER NON-CURRENT FINANCIAL ASSETS

The net carrying amount of Other non-current financial assets was 7.9 million euros. The table below shows the changes that occurred in 2009:

(€ m)

	RECEIVABLES OWED BY OTHERS	OTHER SECURITIES	TOTAL
Balance at 12.31.2008 (A)	**3.8**	**0.7**	**4.5**
Changes in 2009:			
- Increases	2.5	-	2.5
- Decreases (-)	-	0.9	0.9
- Writedowns (-)	(0.2)	-	(0.2)
- Currency translation differences	0.1	0.1	0.2
Total changes (B)	**2.4**	**1.0**	**3.4**
Balance at 12.31.2009 (A+B)	**6.2**	**1.7**	**7.9**

Receivables owed by others of 6.2 million euros includes the following:
- advances provided to outsiders (2.7 million euros);
- restricted deposits (1.6 million euros);
- guarantee deposits (1.3 million euros);
- security deposits (0.6 million euros).

Other securities of 1.7 million euros refers to shares of a company traded on the Moscow Stock Exchange and securities that have been earmarked to benefit milk research programs.

(7) DEFERRED-TAX ASSETS

Deferred-tax assets of 51.2 million euros are shown net of offsettable deferred-tax liabilities. The changes that occurred in 2009 are shown below:

(€ m)

Balance at 12.31.2008 (A)	**44.8**
Changes in 2009:	
- Monetary adjustment for hyperinflation	(4.0)
- Business combinations	0.9
- Increases	11.0
- Utilizations (-)	(7.8)
- Reclassifications to held-for-sale assets	4.1
- Offsets against deferred-tax liabilities (-)	(1.0)
- Currency translation differences	3.2
Total changes (B)	**6.4**
Balance at 12.31.2009 (A+B)	**51.2**

Increases of 11.0 million euros reflect mainly tax-deductible amortization of trademarks (3.7 million euros), writedowns of trade receivables (1.8 million euros), maintenance expense (1.2 million euros) and additions to the provision for prize contests (0.6 million euros).

Utilizations of 7.8 million euros refer mainly to the cancellation of temporary differences originating from previous provisions for risks (4.2 million euros), maintenance expense (1.2 million euros) and mark-to-market valuation of derivatives (0.6 million euros).

The amount shown for deferred-tax assets corresponds to the expected benefit of a reduction in tax liability that temporary differences between the values assigned to assets and liabilities for reporting and tax purposes are expected to generate in the future.

The main sources of these temporary differences are listed below:

(€ m)

	12.31.2009	12.31.2008
Amortization of trademarks with a finite useful life	13.3	9.6
Personnel related provisions	9.2	7.3
Writedown of doubtful accounts	5.8	3.9
Maintenance expense	4.2	4.2
Depreciation of plant and equipment	3.0	2.0
Provision for inventory writedowns	2.4	2.0
Provisions for risks and charges	1.5	2.4
Provision for prize contests	0.8	0.3
Provisions for staff restructuring	0.7	0.8
Recoverable tax losses	0.5	0.1
Sundry items	9.8	12.2
Total	**51.2**	**44.8**

At December 31, 2009, the Group also had a tax loss carryforward of 187.9 million euros attributable mainly to operations in Italy, Austria, Venezuela and Australia, which had not resulted in the recognition of deferred-tax assets, as the recoverability of this amount was viewed as unlikely.

Moreover, most of these losses were incurred by financial companies and a portion of the tax loss carryforward of Parmalat Austria Ltd. can be used only to offset taxable income derived from a capital gain.

A breakdown by year of expiration is as follows:

(€ m)

	12.31.2009
Year of expiration	
2010	64.0
2011	16.2
2012	2.5
2013	7.7
2014	0.2
Amount expiring after 2014	1.9
Amount without expiration	95.4
Total tax loss carryforward	**187.9**

(8) INVENTORIES

Inventories totaled 376.1 million euros, or 42.5 million euros more than at December 31, 2008.

(€ m)

	12.31.2009	12.31.2008
Raw materials, auxiliaries and supplies	127.5	104.1
Work in progress and semifinished goods	21.1	14.8
Finished goods and merchandise	219.5	220.3
Advances	12.5	3.4
Provision for inventory writedowns	(4.5)	(9.0)
Total inventories	**376.1**	**333.6**

The main items that account for the year-over-year changes include:

- 27.0 million euros for the loss of value of the euro versus the main currencies of the countries in which the Group operates;
- 26.2 million euros for increased purchases of powdered milk, packaging materials and fruit concentrate by the Venezuelan operations in anticipation of import restrictions and a reduced availability of foreign currency.

A portion of these increases (15.8 million euros) was offset thanks to the introduction of a more efficient inventory management system by the Canadian subsidiary, which improved the inventory turnover rate, particularly for aged cheese.

The decrease in the provision for inventory writedowns was made possible by the higher margins earned on some batches of aged cheese in excess of the projections used in the previous year's depletion plan.

(9) TRADE RECEIVABLES

Trade receivables totaled 459.9 million euros, or 5.6 million euros less than at December 31, 2008.

The amount of 459.9 million euros shown for Trade receivables owed by customers is net of an Allowance for doubtful accounts of 176.0 million euros. The table that follows shows the changes that occurred in this allowance in 2009:

(€ m)

Balance at 12.31.2008 (A)	**165.8**
Changes in 2009:	
- Companies removed from the scope of consolidation (-)	(0.1)
- Additions	15.4
- Utilizations (-)	(6.0)
- Other changes	0.1
- Currency translation differences	0.8
Total changes (B)	**10.2**
Balance at 12.31.2009 (A+B)	**176.0**

An analysis of the status of Trade receivables owed by customers is provided below:

(€ m)

	12.31.2009	PAST DUE AND WRITTEN DOWN RECEIVABLES	PAST DUE BUT NOT WRITTEN DOWN RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE OR WRITTEN DOWN
Gross receivables owed by customers	635.9	351.9	-	284.0
Allowance for doubtful accounts	(176.0)	(176.0)	-	-
Net receivables owed by customers	**459.9**	**175.9**	**-**	**284.0**

Past due and written down receivables refer primarily to disputes that arose prior to the October 1, 2005 date of acquisition or disputes with companies in composition with creditor proceedings.

The Group does not believe that its at-risk exposure amounts to 175.9 million euros, because most of the past due but not written down trade receivables (about 83% of the total) are less than 60 days past due.

A breakdown by maturity of trade receivables owed by outsiders the value of which has been permanently impaired is provided below:

(€ m)

	12.31.2009	12.31.2008
Not yet past due	284.0	318.8
up to 30 days past due	112.3	81.0
31 days to 60 days past due	34.5	34.2
61 days to 120 days past due	16.6	16.3
over 120 days past due	12.5	15.2
Total	**459.9**	**465.5**

Trade receivables are denominated mainly in the following currencies:

(€ m)

	12.31.2009
EUR	209.1
CAD	76.6
AUD	80.1
ZAR	41.6
VEF	18.9
Other currencies	33.6
Total	**459.9**

The Group has limited exposure to the foreign exchange risk because, due to the nature of its core business, sales are denominated for the most part in the currency of the country in which each company operates.

A breakdown by sales channel of the credit risk exposure related to trade receivables outstanding at the end of the year is as follows:

(€ m)

	12.31.2009	12.31.2008
Modern trade	286.5	286.6
Normal trade	42.3	51.5
Dealers	42.6	43.1
HO.RE.CA.	29.5	24.7
Contract production	8.8	10.8
Other	50.2	48.7
Total	**459.9**	**465.5**

Modern trade: sales to mass retailers.
Normal trade: sales to traditional retailers (e.g.: cash & carry).
HO.RE.CA.: sales to hotels, restaurants, cafeterias and catering businesses.
Dealers: sales through franchisees.

The modern trade channel represents 62.3% of the Group's total credit exposure. However, because the counterparties are mass retailers, the collectibility of these receivables is not deemed to be at risk.

The Group did not execute transactions involving the derecognition of financial assets, such as assignments of receivables without recourse to factors.

(10) OTHER CURRENT ASSETS

Other current assets totaled 211.8 million euros, or 34.4 million euros less than at December 31, 2008:

(€ m)

	12.31.2009	12.31.2008
Amount receivable from the tax authorities for VAT	92.5	63.7
Receivables from tax authorities for tax advances	35.4	73.0
Dividend tax credits	38.2	38.2
Other amounts receivable from the tax authorities	6.6	22.1
Sundry receivables	22.2	31.2
Receivables for litigation-related settlements	4.4	2.2
Accrued income and prepaid expenses	12.5	15.8
Total	**211.8**	**246.2**

The decrease in Other current assets reflects the use of 121.4 million euros in income tax credits and taxes withheld on income from invested liquidity to offset income tax liabilities, compensated in part by estimated tax payments of 62.9 million euros (including 31.0 million euros on proceeds from actions for damages) and 28.8 million euros in additional VAT overpayments receivable from the revenue administration.

Dividend tax credits of 38.2 million euros refers to dividends collected prior to the start of the extraordinary administration proceedings.

Sundry receivables of 22.2 million euros includes 9.3 million euros for a receivable owed by the Ministry of Farming and Forestry Policies for grants for new facilities awarded in accordance with Legislative Decree No. 173 of April 30, 1998 that have not yet been disbursed; 1.8 million euros for advances to suppliers; and 0.5 million euros for advances to employees.

Receivables for litigation-related settlements reflects the amounts still owed by the parties with whom the Company reached a settlement to end pending disputes. Essentially, the receivables in question are those owed by Bank of America, Deloitte & Touche S.p.A. and Dianthus S.p.A., which the Group is scheduled to collect in 2010.

A breakdown of Accrued income and prepaid expenses, which totaled 12.5 million euros, is as follows:

(€ m)

	12.31.2009	12.31.2008
Accrued income:		
- Other accrued income	0.4	0.4
Prepaid expenses:		
- Rent and rentals	1.1	1.2
- Insurance premiums	1.3	1.1
- Sundry prepaid expenses	9.7	13.1
Total accrued income and prepaid expenses	**12.5**	**15.8**

Sundry prepaid expenses of 9.7 million euros refer mainly to advances paid to customers in the mass retailing channel on awards for achieving a guaranteed sales minimum. If the assigned targets are not achieved, the Company is entitled to a refund of all or part of the advanced amount.

(11) CASH AND CASH EQUIVALENTS

Cash and investments in financial assets with an original maturity of three months or less at the time of purchase amounted to 428.2 million euros, for a decrease of 473 million euros compared with December 31, 2008:

(€ m)

	12.31.2009	12.31.2008
- Bank and postal accounts	423.4	587.4
- Cash and securities on hand	1.7	1.3
- Italian treasury bills	-	310.6
- Financial assets	3.1	1.9
Total cash and cash equivalents	**428.2**	**901.2**

Bank and postal accounts of 423.4 million euros represent deposits held at top banking and financial institutions with a high credit rating.

Financial assets, which totaled 3.1 million euros, consist of term deposits.

The decrease of 473 million euros in Cash and cash equivalents reflects the investment of the cash generated by the Group's operations and the proceeds from litigation settlements in short-term, interest-bearing assets that are highly liquid.

There are no circumstances under which available cash and cash equivalents would not be freely usable by the Group.

(12) CURRENT FINANCIAL ASSETS

Current financial assets totaled 1,216.8 million euros, or 510.4 million euros more than at December 31, 2008:

(€ m)

	12.31.2009	12.31.2008
- Italian treasury bills	519.0	331.3
- Italian treasury bonds	-	114.0
- Italian Treasury Credit certificates	100.1	-
- Foreign Treasury securities (Germany)	27.9	-
- Reverse repurchase agreements	2.0	-
- Bank time deposits	552.4	245.0
- Accrued interest	1.1	4.4
- Derivatives	-	3.9
- Other financial assets with an original maturity of more than three months but less than 12 months	14.3	7.8
Total current financial assets	**1,216.8**	**706.4**

The increase of 510.4 million euros reflects primarily the investment in income-producing assets of the cash generated by the Group's operations and litigation settlements in 2009.

A list of the main financial assets, broken down by interest rate and maturity, is provided below:

(€ m)

	AMOUNT	PURCHASE DATE	MATURITY	ANNUALIZED RATE
Italian treasury bills	39.9	9/11/09	2/26/10	0.49%
	9.1	9/11/09	2/26/10	0.49%
	76.9	10/1/09	2/15/10	0.43%
	75.9	10/1/09	1/29/10	0.42%
	49.9	10/2/09	2/15/10	0.46%
	0.2	10/7/09	2/15/10	0.45%
	44.9	11/2/09	3/31/10	0.58%
	50.1	11/2/09	4/15/10	0.54%
	12.0	12/1/09	3/15/10	0.11%
	49.9	12/1/09	4/30/10	0.63%
	30.4	12/2/09	3/15/10	0.58%
	64.8	12/3/09	5/14/10	0.63%
	15.0	12/7/09	5/14/10	0.65%
	519.0			
Italian Treasury Credit certificates	100.1	10/1/09	2/1/10	0.48%
	100.1			
Foreign Treasury securities (Germany)	19.9	9/11/09	2/17/10	0.35%
	8.0	9/11/09	2/17/10	0.35%
	27.9			
Reverse repurchase agreements	**2.0**	11/5/09	2/28/10	0.87%
Bank time deposits	50.0	9/30/09	2/1/10	1.60%
	50.0	10/1/09	2/1/10	1.60%
	60.0	10/1/09	2/1/10	0.97%
	25.0	10/6/09	2/8/10	0.92%
	50.0	10/6/09	2/8/10	0.89%
	50.0	10/14/09	2/15/10	0.83%
	14.0	11/11/09	5/11/10	1.6%
	0.4	11/13/09	5/13/10	0.99%
	82.0	11/30/09	4/30/10	0.91%
	60.0	12/15/09	4/15/10	0.80%
	20.0	12/24/09	4/26/10	0.90%
	91.0	12/31/09	4/30/10	0.79%
	552.4			

The Company uses derivatives to hedge risks related to interest rates and foreign currencies. Derivatives, with a notional amount of 178.0 million euros, include the following:

- 44.6 million euros for an Australian subsidiary that agreed to pay for three years, starting in 2008, a fixed annual rate of 7.5% in Australian dollars on a principal amount of 50 million Australian dollars and 7.47% on a principal amount of 25 million Australian dollars, while the bank counterpart provides a variable three-month Bank Bill Swap Reference Rate (BBSW) in Australian dollars.
- 114.4 million euros for a Canadian subsidiary that in October 2006 agreed to pay until 2011 a fixed annual rate of 4.19% on a principal amount of 173.0 million Canadian dollars, while the bank counterpart provides a variable three-month Bank Acceptance rate.
- 9.7 million euros for a South African subsidiary that, in October 2009, executed a forward contract to buy euros, with monthly due dates until November 2010 tied to the amortization schedule of a loan provided by the Group's Parent Company.
- 9.3 million euros for a Canadian subsidiary that between April and December 2009 executed forward currency contracts that are due on different dates in 2010. This company, which purchases raw materials and services primarily from the Unites States, is exposed to the foreign exchange risk, which it hedges with forward contracts.

In 2009, the Canadian subsidiary repaid ahead of schedule notes due in 2010 and 2012 and closed out the contracts that cross hedged the corresponding foreign exchange and interest rate risks.

Transactions concerning interest rates were executed concurrently with the signing of the corresponding loan agreements, determining at the outset the applicable interest rate in 50% of the cases.

The table below shows the amounts recognized in the financial statements following the measurement of derivatives at fair value:

(€ m)

	12.31.2009			12.31.2008		
	ASSETS FAIR VALUE	**LIABILITIES FAIR VALUE(1)**	**NOTIONAL AMOUNT(2)**	**ASSETS FAIR VALUE**	**LIABILITIES FAIR VALUE**	**NOTIONAL AMOUNT(2)**
Interest rate risk hedges	-	7.1	159.0		11.0	146.3
Foreign exchange risk hedges	-	1.0	19.0	0.3		2.6
Foreign exchange risk and interest rate risk cross hedges	-	-	-	3.6		44.3
Total current and non-current liabilities	**-**	**8.1**	**178.0**	**3.9**	**11.0**	**193.2**

(1) Amount included in financial liabilities (5.8 million euros non-current and 2.3 million euros current).
(2) Notional amount: Amount used to compute the performance of the obligations arising from a derivative or a security used as the underlying reference in the pricing of a derivative.

The valuation of derivatives at December 31, 2009, compared with December 31, 2008, did not have a material impact on the income statement or the balance sheet.

Credit Quality of Financial Assets (Liquid Assets and Current Financial Assets)
The table below shows the credit quality of financial assets that were outstanding at the end of the year. The value of these assets had not been impaired.

	RATING	12.31.2009	12.31.2008
Cash and cash equivalents	A and higher	402.1	841.8
	Lower than A	13.5	-
	Not rated	12.6	59.4
Current financial assets	A and higher	1,101.9	705.5
	Lower than A	114.0	-
	Not rated	0.9	0.9
Total		**1,645.0**	**1,607.6**

The amounts listed as having a rating lower than A refer mainly to bank accounts and time deposits with an Italian credit institution that was rated triple B by Moody's in 2009.

(13) HELD-FOR-SALE ASSETS AND LIABILITIES DIRECTLY ATTRIBUTABLE TO HELD-FOR-SALE ASSETS

Held-for-sale assets of 1.0 million euros refer to the Barquisimeto factory in Venezuela, the sale of which to a government-owned company had been the subject of a letter of intent signed in 2007. In 2009, even though the sale had not yet closed, the buyer continued to indicate that it intended to purchase the facility. For this reason, the management of the Venezuelan subsidiary did not interrupt the sale negotiations, even though it received offers from other buyers. A liability of 0.4 million euros for indemnities payable to the employees prior to the sale of the facility was recognized in 2009.

At December 31, 2008, held-for-sale assets and liabilities directly attributable to held-for-sale assets also included the following items:

- Business operations located in Lodi that engage in the production and distribution of cheese and other dairy products. The business operations consisted of real property and real property rights, personal property, liquid assets, trademarks, liabilities toward employees and a provision for restructuring charges and risks. The sales contract was executed on December 23, 2008, effective as of January 1, 2009.
- A building adjoining the South Brisbane plant, which originally was used as a warehouse but was no longer used after the restructuring of the local operations. In 2007, the Australian subsidiary began the process of divesting this asset and was actively engaged in seeking a buyer and completing the sale. However, since the conditions required to complete the divestment process did not materialize in 2009, this asset was reclassified to property, plant and equipment.

Notes to the Statement of Financial Position - Shareholders' Equity

At December 31, 2009, the Group's shareholders' equity totaled 3,232.3 million euros.

(14) SHARE CAPITAL

The share capital amounted to 1,712,558,142 euros. The change that occurred compared with December 31, 2008 is the result of the following items: (i) the amount of the claims of late-filing creditors and/or of creditors who challenged successfully the exclusion of their claims (charged against reserves established for this purpose), which totaled 24,404,033 euros; and (ii) the amount generated by the exercise of warrants, which totaled 756,852 euros.

The table below shows a breakdown of the change in the number of shares outstanding (par value 1 euro each) that occurred in 2009:

	NUMBER OF SHARES
Shares outstanding at 01.01.2009	**1,687,397,257**
Shares issued for claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose)	24,404,033
Shares issued upon the conversion of warrants	756,852
Shares outstanding at 12.31.2009	**1,712,558,142**

Maximum Share Capital Amount

In accordance with the resolutions approved on March 1, 2005, September 19, 2005 and April 28, 2007, the Company's share capital may reach a maximum of 2,025 million euros as a result of the following increases:

- Increase reserved for creditors with unsecured claims included in the lists of verified claims	1,541.1
- Increase reserved for unsecured creditors with conditional claims and/or who are challenging their exclusion from the lists of verified claims	238.9
- Increase reserved for late-filing creditors	150.0
Total increases reserved for creditors	**1,930.0**
- Shares available for the conversion of warrants	95.0
Total capital increase	**2,025.0**

As explained above, the Company's share capital amounted to 1,712.6 million euros at December 31, 2009. As of the writing of these Notes, it had increased by 14.7 million euros to a total of 1,727.3 million euros. The Group's Parent Company, having carried out a detailed analysis of the challenges filed by creditors excluded from the sum of liabilities and of the claims of late-filing creditors, believes that the equity reserves it has established in connection with these claims are adequate. Any additional claims of late-filing creditors that may arise in the future and are verified by a final court decision can be satisfied using the retained earnings.

(15) RESERVE FOR CREDITOR CHALLENGES AND CLAIMS OF LATE-FILING CREDITORS CONVERTIBLE INTO SHARE CAPITAL

At December 31, 2009, this reserve convertible into share capital amounted to 168.8 million euros. Utilizations for the year totaled 24.4 million euros, causing the share capital to increase by the same amount.
The utilization of this reserve will cause the share capital of Parmalat S.p.A. to increase by an amount equal to the additional verified claims. The remainder of the reserve, equal to the amount of the rejected claims, will become a freely available reserve. As explained before, Parmalat S.p.A. has already approved a capital increase in an amount equal to the balance in this reserve.
With regard to the Citigroup litigation and, more specifically, the decision handed down by the Court of New Jersey this past October, should this decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such a demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

(16) RESERVE FOR CURRENCY TRANSLATION DIFFERENCES

The Reserve for currency translation differences, negative by 42.7 million euros, is used to record differences generated by the translation into euros of the financial statements of companies that operate in countries using a currency other than the euro.

(17) SHARES SUBSCRIBED THROUGH THE EXERCISE OF WARRANTS

This reserve refers to warrants exercised in December 2009, with payment of the corresponding subscribed capital also received in December 2009 (the corresponding 41,394 shares were issued in January 2010).

At December 31, 2009, there were 70,648,417 warrants outstanding, which are exercisable until December 31, 2015.

(18) CASH FLOW HEDGE RESERVE

The balance in this reserve, negative by 1.3 million euros, reflects changes in the fair value of the effective portion of cash flow hedge derivatives outstanding at December 31, 2009.

The table below shows the changes that occurred in the cash flow hedge reserve:

(€ m)

	GROSS RESERVE	DEFERRED-TAX LIABILITIES	NET RESERVE
Reserve at January 1, 2009	**(3.2)**	**1.0**	**(2.2)**
Change in 2009	1.9	(0.6)	1.3
Currency translation differences	(0.6)	0.2	(0.4)
Reserve at December 31, 2009	**(1.9)**	**0.6**	**(1.3)**

(19) OTHER RESERVES AND RETAINED EARNINGS

The Ordinary Shareholders' Meeting of April 9, 2009 approved motions: (i) to set aside in a statutory reserve 5% of the balance of the net profit earned in 2008, equal to 30.8 million euros; (ii) to appropriate (a) 50% of the balance of the net profit earned in 2008 as a dividend rounded to 0.173 euros per share, which, considering the 2008 interim dividend of 0.077 euros per share distributed in September 2008, leaves a balance of 0.096 euros due on each of the 1,692,267,004 common shares outstanding as of March 17, 2009, for a total balance payable of 162.5 million euros and a total dividend payout (interim plus final dividend) of 292.7 million euros; (b) to a reserve for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares, an amount of up to 4.8 million euros; (c) the balance of 287.1 million euros to retained earnings.
At December 31, 2009, Other reserves of 945.7 million euros, included the following: (i): retained earnings of 580.9 million euros; (ii) a statutory reserve of 62.7 million euros; (iii) a reserve of 25.9 million euros for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares; (iv) a reserve of 0.9 million euros for the fair value measurement of held-for-sale securities; and (v) for the balance, a reserve of 275.3 million euros that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision, up to a maximum amount of 65.7 million euros.

(20) INTERIM DIVIDEND

On July 30, 2009, the requirements of Article 2443-bis of the Italian Civil Code having been met, the Board of Directors approved the distribution of an interim dividend for 2009 in the amount of 0.041 euros per share, for a payout of about 69.8 million euros. The interim dividend was payable as of September 24, 2009.

(21) PROFIT FOR THE YEAR

The Group's interest in the profit for the year amounted to 519.0 million euros.

Reconciliation of the Shareholders' Equity of Parmalat S.p.A. to Group Interest in Shareholders' Equity

(€ m)

	SHAREHOLDERS' EQUITY BEFORE RESULT FOR THE YEAR	RESULT FOR THE YEAR	SHAREHOLDERS' EQUITY
Shareholders' equity of Parmalat S.p.A. at 12.31.2009	**2,462.6**	**372.8**	**2,835.4**
Elimination of the carrying value of consolidated investments in subsidiaries			
- Difference between the carrying amount and the pro rata interest in the underlying shareholders' equity	276.4	-	276.4
- Pro rata interest in the results of investee companies	-	239.2	239.2
- Reserve for currency translation differences	(42.7)	-	(42.7)
Other adjustments:			
- Elimination of writedowns of subsidiaries	-	14.3	14.3
- Elimination of losses by subsidiaries	5.0	3.2	8.2
- Elimination of writedowns of receivables owed by subsidiaries	12.0	4.4	16.4
- Elimination of dividends	-	(36.1)	(36.1)
- Elimination of partial reversal of Venezuela equity provision	-	(78.8)	(78.8)
Group Interest in Shareholders' Equity at 12.31.2009	**2,713.3**	**519.0**	**3,232.3**
Minority interest in shareholders' equity and result for the period	22.0	2.5	24.5
Consolidated shareholders' equity at 12.31.2009	**2,735.3**	**521.5**	**3,256.8**

(22) MINORITY INTEREST IN SHAREHOLDER'S EQUITY

At December 31, 2009, the Minority interest in shareholders' equity totaled 24.5 million euros. This amount is represented almost entirely by the interest held by minority shareholders in the following companies:

(€ m)

	12.31.2009	12.31.2008
Centrale del Latte di Roma S.p.A.	13.2	12.9
Citrus International SA	3.8	4.6
Industria Lactea Venezolana CA (Indulac)	2.1	0.8
Parmalat Colombia ltda	1.9	2.0
Parmalat Centroamerica SA	-	1.9
Sundry companies	3.5	2.7
Total	**24.5**	**24.9**

Notes to the Statement of Financial Position - Liabilities

(23) LONG-TERM BORROWINGS

Long-term borrowings totaled 190.0 million euros. The table below shows the changes that occurred in 2009:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO RELATED PARTIES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Balance at 12.31.2008 (A)	**198.7**	**47.7**	**5.9**	**1.2**	**0.6**	**7.8**	**261.9**
Changes in 2009:							
- Business combinations	-	-	0.7	-	-	-	0.7
- Companies removed from the scope of consolidation (-)	(0.7)	-	(0.2)	-	-	-	(0.9)
- New borrowings	-	-	8.2	-	-	-	8.2
- Repayments (principal and interest) (-)	(58.8)	(46.2)	(2.0)	-	-	-	(107.0)
- Accrued interest	4.7	12.0	-	-	-	-	16.7
- Discounting to present value	0.1	-	-	-	-	-	0.1
- Mark to market	-	-	-	-	-	(2.8)	(2.8)
- Foreign exchange differences on borrowings in foreign currencies	-	(7.2)	0.1	(0.1)	-	-	(7.2)
- Reclassifications from non-current to current (-)	(8.1)	-	(4.2)	-	-	-	(12.3)
- Currency translation differences	27.7	3.9	0.1	-	0.1	0.8	32.6
Total changes (B)	**(35.1)**	**(37.5)**	**2.7**	**(0.1)**	**0.1**	**(2.0)**	**(71.9)**
Balance at 12.31.2009 (A+B)	**163.6**	**10.2**	**8.6**	**1.1**	**0.7**	**5.8**	**190.0**

The amount of 0.9 million euros shown for companies removed from the scope of consolidation refers to the sale of Parmalat Centroamerica sa in 2009.

New borrowings of 8.2 million euros refers to the execution of new finance leases for plant, equipment and vehicles.

Repayments of 107.0 million euros include the following:

- Early repayment of notes denominated in Canadian and U.S. dollars, with principal and accrued interest totaling 73.2 million Canadian dollars. The corresponding hedging contracts were also closed out.
- A voluntary payment of 51.5 million Canadian dollars to pay down a syndicated loan due in July 2011.

- Reduced utilization of a facility that expires in February 2011 and interest payments for 42.7 million Australian dollars.

Short-term borrowings totaled 70.4 million euros. The following changes occurred in 2009:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO RELATED PARTIES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVA-TIVES	TOTAL
Balance at 12.31.2008 (A)	**219.2**	**6.3**	**3.2**	**5.0**	**-**	**3.2**	**236.9**
Changes in 2009:							
- Monetary adjustment for hyperinflation	(2.2)	-	-	-	-	-	(2.2)
- Companies removed from the scope of consolidation (-)	(1.9)	-	(0.1)	-	-	-	(2.0)
- New borrowings	1.1	-	0.3	-	-	-	1.4
- Repayments (principal and interest) (-)	(45.4)	(0.1)	(4.1)	-	-	-	(49.6)
- Accrued interest	30.9	0.1	0.9	-	-	-	31.9
- Intra-Group consolidation of debt formerly owed to Bank of America and Eurofood IFSC Limited in liquidation	(151.3)	-	-	-	-	-	(151.3)
- Marked to market	-	-	-	-	-	(1.6)	(1.6)
- Translation differences on borrowings in foreign currencies	0.1	0.1	0.1	(0.1)	-	-	0.2
- Reclassif. from non-current to current (-)	8.1	-	4.2	-	-	-	12.3
- Currency translation differences	(6.1)	(0.3)	0.1	-	-	0.7	(5.6)
Total changes (B)	**(166.7)**	**(0.2)**	**1.4**	**(0.1)**	**-**	**(0.9)**	**(166.5)**
Balance at 12.31.2009 (A+B)	**52.5**	**6.1**	**4.6**	**4.9**	**-**	**2.3**	**70.4**

The amount of 2.0 million euros shown for companies removed from the scope of consolidation refers to the sale of Parmalat Centroamerica sa in 2009.

Repayments of 49.6 million euros include the following:

- Payment of the current portion and accrued interest (35.6 million Canadian dollars) of a syndicated facility due in July 2011.
- Early repayment by the Portuguese subsidiary of a syndicated loan amounting to 9.4 million euros.
- In October 2009, closing out of a loan amounting to 42.5 million rand provided by a local bank and payment of the current installment of 16.0 million rand due on a loan provided by the same bank in 2008 and maturing in 2013.

In 2009, Parmalat S.p.A. reached out-of-court settlements with Bank of America and Eurofood IFSC Limited in liquidation. As part of the settlement, Parmalat acquired receivables owed to the abovementioned companies by the Group's Venezuelan companies.

More specifically, Parmalat S.p.A. acquired the following:

- from Bank of America, the rights arising from a US$45-million loan, plus accrued interest, provided to Indulac, a subsidiary of Parmalat de Venezuela governed by Venezuelan law;
- from Eurofood, the rights arising from a US$78.5-million loan, plus accrued interest, provided to the Parmalat de Venezuela subsidiary;
- from Eurofood, the rights arising from a US$1.5-million loan, plus accrued interest, provided to Indulac.

The execution of these settlement agreements resulted in the intra-Group consolidation of borrowings totaling 151.3 million euros.

The table below provides a breakdown by interest rate intervals of the Group's gross indebtedness, taking into account the impact of any derivative hedges:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO RELATED PARTIES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Up to 5%	121.0	16.2	6.9	6.0	0.7	8.1	158.9
From 5% to 6%	-	-	2.3	-	-	-	2.3
From 6% to 7%	-	-	2.9	-	-	-	2.9
From 7% to 8%	47.6	0.1	-	-	-	-	47.7
From 8% to 9%	42.8	-	0.7	-	-	-	43.5
Over 9%	4.7	-	0.4	-	-	-	5.1
Total current and non-current financial liabilities	**216.1**	**16.3**	**13.2**	**6.0**	**0.7**	**8.1**	**260.4**

(The interest rate includes the credit spread charged over the base rate)

A breakdown by maturity of the Group's gross indebtedness is as follows:

(€ m)

	12.31.2009				12.31.2008			
	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL
Due to banks	52.5	163.6	-	216.1	219.2	198.7	-	417.9
Due to other lenders	6.1	0.1	10.1	16.3	6.3	47.3	0.4	54.0
Obligations under finance leases	4.6	8.6	-	13.2	3.2	5.2	0.7	9.1
Due to related parties	4.9	-	1.1	6.0	5.0	-	1.2	6.2
Liabilities represented by credit instruments	-	0.7	-	0.7	-	0.6	-	0.6
Liabilities from derivatives	2.3	5.8	-	8.1	3.2	7.8	-	11.0
Total current and non-current financial liabilities	**70.4**	**178.8**	**11.2**	**260.4**	**236.9**	**259.6**	**2.3**	**498.8**

The table below provides a breakdown of gross indebtedness based on the original transaction currency:

(€ m)

		INTEREST RATE						TOTAL
		UP TO 5%	FROM 5% TO 6%	FROM 6 TO 7%	FROM 7% TO 8%	FROM 8% TO 9%	OVER 9%	
Country	**Currency**							
Canada	CAD	120.1	1.7	-	-	-	-	121.8
	USD	9.7	-	-	-	-	-	9.7
Australia	AUD	1.9	-	-	47.7	0.7	-	50.3
Venezuela	USD	-	-	-	-	42.8	-	42.8
South Africa	ZAR	0.4	-	-	-	-	4.7	5.1
Portugal	EUR	3.7	-	-	-	-	-	3.7
Nicaragua	USD	3.5	-	-	-	-	-	3.5
Russia	EUR	-	-	1.5	-	-	-	1.5
Italy	EUR	12.9	0.4	1.4	-	-	-	14.7
Other countries		6.7	0.2	-	-	-	0.4	7.3
Total current and non-current financial liabilities		**158.9**	**2.3**	**2.9**	**47.7**	**43.5**	**5.1**	**260.4**

(The interest rate includes the credit spread charged over the base rate)

In 2009, the Group's average borrowing cost improved, compared with 2008, decreasing to about 6.70%. The beneficial impact that the out-of-court settlement reached with regard to the indebtedness of the Venezuelan subsidiaries and the early repayment of a portion of its financing facilities by the Canadian subsidiary will have on the average borrowing cost will be felt fully in 2010.

Some of the financing facilities provided to Group companies have been collateralized with corporate assets. More specifically, collateralized loans include: 113.7 million euros received by the Canadian subsidiaries, 46.9 million euros received by the Australian subsidiaries, 9.4 million euros received by Parmalat Portugal, 4.7 million euros received by Parmalat South Africa and 2.2 million euros received by Parmalat S.p.A.

(24) DEFERRED-TAX LIABILITIES

Deferred-tax liabilities of 181.2 million euros are shown net of offsettable deferred-tax assets. The table below shows the changes that occurred in this account in 2009:

(€ m)

Balance at 12.31.2008 (A)	**150.3**
Changes in 2009:	
- Monetary adjustment for hyperinflation	6.8
- Increases	14.7
- Utilizations (-)	(5.1)
- Amount offset against deferred-tax assets (-)	(1.0)
- Other changes	(0.1)
- Currency translation differences	15.6
Total changes (B)	**30.9**
Balance at 12.31.2009 (A+B)	**181.2**

Increases of 14.7 million euros refer mainly to the tax liability computed on the amortization of goodwill (4.1 million euros), plant and machinery (3.3 million euros) and trademarks (2.6 million euros).

Utilizations of 5.1 million euros reflect primarily changes in the tax rate in Canada (from 31.03% to 29.45%) and in Russia (from 24% to 20%).

The Deferred-tax liabilities account reflects the amounts set aside for deferred taxes on temporary differences between reported and taxable asset and liability amounts involving mainly the following items:

(€ m)

	12.31.2009	12.31.2008
- Trademarks and other intangibles	126.9	111.8
- Land	8.9	7.6
- Buildings	6.3	7.6
- Plant and machinery	11.3	7.0
- Present value of subordinated debt	14.3	13.4
- Monetary adjustment for hyperinflation	6.6	-
- Other items	6.9	2.9
Total	**181.2**	**150.3**

(25) PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits totaled 92.6 million euros. The table below shows the changes that occurred in this account in 2009:

(€ m)

	PROVISION FOR EMPLOYEE SEVERANCE BENEFITS	DEFINED-BENEFIT PLANS	DEFINED-CONTRIBUTION PLANS	OTHER BENEFIT PLANS	TOTAL
Balance at 12.31.2008 (A)	**32.7**	**34.3**	**0.2**	**19.9**	**87.1**
Changes in 2009:					
- Business combinations	-	-	-	3.3	3.3
- Companies removed from the scope of consolidation (-)	-	-	-	(0.9)	(0.9)
- Increases	1.7	7.6	5.6	22.4	37.3
- Decreases (-)	(2.7)	(15.7)	(5.8)	(19.8)	(44.0)
- Other changes	-	1.0	-	(1.0)	-
- Reclassifications to liabilities directly attributable to held-for-sale assets (-)	-	-	-	0.5	0.5
- Currency translation differences	-	5.0	-	4.3	9.3
Total changes (B)	**(1.0)**	**(2.1)**	**(0.2)**	**8.8**	**5.5**
Balance at 12.31.2009 (A+B)	**31.7**	**32.2**	**-**	**28.7**	**92.6**

Group companies provide post-employment benefits to their employees both directly and through contributions to funds outside the Group.
The manner in which these benefits are provided varies based on the statutory requirements, tax laws and economic conditions that exist in the various countries in which the Group operates. As a rule, benefits are based on an employee's level of compensation and years of service. The resulting obligations refer both to active and retired employees.

Group companies provide post-employment benefits both through defined-contribution plans and defined-benefit plans.

In the case of defined-contribution plans, Group companies pay contributions to private-sector or public insurance entities in accordance with statutory or contractual requirements or on a voluntary basis. The payment of the abovementioned contributions absolves the companies from all obligations.

Defined-benefit plans can be unfunded or partially or fully funded with contributions provided by the employer and, in some cases, by employees to a company or fund legally separate from the employer that disburses the employee benefits.

Defined-benefit plans are computed using actuarial techniques to estimate the amount of future benefits accrued by employees during the reporting period and in previous years. The computation is made by an independent actuary, using the projected unit credit method.

The provision for employee severance benefits, which is governed by Article 2120 of the Italian Civil Code, reflects the vested benefits earned by employees in Italy in the course of their employment, which are payable at the end of the employment relationship.
Because this system constitutes an unfunded plan, there are no dedicated plan assets.

As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by the employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

The main Group companies that provide defined-benefit plans to their employees are located in Italy, Australia and Canada. The Australian and Canadian companies hold assets that are earmarked as dedicated plan assets.

FINANCIAL ASSUMPTIONS	AUSTRALIA	CANADA	ITALY
Discount rate (before taxes)	6.0%	6.0%	5.0%
Annual rate of wage increases	5.0%	3.5%	-
Projected return on plan assets (after taxes)	5.0%	7.0%	N/A

Reconciliation of Plan Assets and Liabilities to the Amounts Recognized on the Balance Sheet

(€ m)

	AUSTRALIA	CANADA	ITALY
Defined-benefit plans (at 12.31.2008)	**43.5**	**93.1**	**32.7**
Cost related to current employment	2.6	2.9	-
Financial expense	1.7	6.5	1.7
Contributions to the plan	1.4	0.3	-
Actuarial (gains) losses	(1.0)	12.5	-
Currency translation differences	11.5	12.3	-
Benefits paid	(6.0)	(7.0)	(2.7)
Cost related to past employment	-	0.3	-
Impact of any plan eliminations or reductions	-	0.5	-
Defined-benefit plans (at 12.31.2009)	**53.7**	**121.4**	**31.7**
Fair value of plan assets (at 12.31.2008)	**32.6**	**69.3**	**-**
Projected return on plan assets	1.4	5.2	-
Actuarial (gains) losses	-	6.1	-
Currency translation differences	9.2	9.3	-
Contributions to the plan	1.4	0.3	-
Contributions by plan members	7.9	7.6	-
Benefits paid	(6.3)	(7.0)	-
Fair value of plan assets (at 12.31.2009)	**46.2**	**90.8**	**-**
(Assets) Liabilities (12.31.2009)	**7.5**	**30.6**	**31.7**
Unrecognized actuarial gains (losses)	(0.9)	(10.2)	-
Unrecognized amounts in excess of asset ceiling	-	0.1	-
Total (assets) liabilities recognized on the balance sheet (12.31.2009)	**6.6**	**20.5**	**31.7**
Total (assets) liabilities recognized on the balance sheet (12.31.2008)	**9.3**	**22.1**	**32.7**
Total costs recognized on the income statement	3.2	3.4	1.7
Contributions paid	(7.9)	(7.6)	(2.7)
Currency translation differences	2.0	2.6	-
Total (assets) liabilities recognized on the balance sheet (12.31.2009)	**6.6**	**20.5**	**31.7**

Breakdown of Dedicated Plan Assets by Type

(€ m)

	AUSTRALIA	CANADA	ITALY
Third-party equity instruments	46.2	51.7	-
Third-party debt instruments	-	38.1	-
Cash and cash equivalents	-	1.0	-
Total	**46.2**	**90.8**	**-**

The effective return earned on dedicated plan assets was 1.5 million euros in Australia and 11.3 million euros in Canada.

Restatements Required by Experience

The table below shows the difference between previous actuarial estimates and current estimates for 2009 and the previous three years:

(€ m)

	DECEMBER 2009	DECEMBER 2008	DECEMBER 2007	DECEMBER 2006
Defined-benefit plans	180.0	140.8	184.8	172.0
Fair value of plan assets	141.8	105.8	158.5	149.0
Deficit/(Surplus)	**38.2**	**35.0**	**26.3**	**23.0**
Total actuarial losses (gains) generated by experience adjustments on plan liabilities	(11.3)	(19.5)	(5.1)	(8.3)
Total actuarial losses (gains) generated by experience adjustments on plan assets	6.1	20.1	1.9	6.2

The best estimate of the expected pension plan contribution for the 12 months ending December 31, 2010 is 3.7 million euros.

Total Current Costs Recognized on the Income Statement

(€ m)

	AUSTRALIA		CANADA		ITALY	
	2009	2008	2009	2008	2009	2008
Cost related to current employment	2.9	2.5	2.9	4.2	-	-
Financial expense	1.7	2.6	6.5	6.5	1.7	2.0
Projected return on dedicated plan assets	(1.4)	(3.3)	(5.2)	(6.5)	-	-
Actuarial (gains) losses	-	(0.5)	(0.1)	0.2	-	-
Cost related to past employment	-	-	0.3	0.7	-	-
Impact of any elimination or reduction of dedicated plan assets	-	-	(1.0)	-	-	-
Total	**3.2**	**1.3**	**3.4**	**5.1**	**1.7**	**2.0**

(26) PROVISION FOR RISKS AND CHARGES

Provisions for risks and charges totaled 101.4 million euros. The changes that occurred in 2009 are shown below:

(€ m)

	PROVISION FOR TAX-RELATED RISKS AND CHARGES	PROVISION FOR OTHER RISKS AND CHARGES	TOTAL
Balance at 12.31.2008 (A)	**65.7**	**40.4**	**106.1**
Changes in 2009:			
- Monetary adjustment for hyperinflation	(1.3)	0.2	(1.1)
- Inclusion of Dalmata Due in scope of consolidation	1.0	0.4	1.4
- Increases	15.2	11.1	26.3
- Decreases (-)	(1.2)	(6.4)	(7.6)
- Reversals (-)	(17.5)	(3.8)	(21.3)
- Other changes	(0.8)	(0.5)	(1.3)
- Currency translation differences	(1.2)	0.1	(1.1)
Total changes (B)	**(5.8)**	**1.1**	**(4.7)**
Balance at 12.31.2009 (A) + (B)	**59.9**	**41.5**	**101.4**

Provision for Tax-related Risks and Charges

The Provision for tax-related risks and charges refers mainly to tax risks affecting the Venezuelan companies (44.4 million euros), Parmalat S.p.A. (6.0 million euros), and companies in Canada (4.0 million euros) and Colombia (3.0 million euros).

The changes that occurred in 2009 are essentially a reflection of a revision of the estimates of the probable tax liabilities of Parmalat S.p.A. and of the Venezuelan companies.

An analysis of the most significant legal disputes involving Group companies is provided in the section of this Report entitled "Legal Disputes and Contingent Liabilities at December 31, 2009."

Provision for Other Risks and Charges

The Provision for other risks and charges of 41.5 million euros covers the following:

(€ m)

	12.31.2009	12.31.2008
Staff downsizing programs	13.8	9.3
Supplemental sales agent benefits	7.5	8.1
Legal disputes with employees	5.0	5.3
Risks on investee companies	4.8	7.0
Litigation	2.4	2.6
Risks on divestments of business operations	0.8	1.1
Disputes with former Group companies	0.2	0.2
Miscellaneous	7.0	6.8
Total provision for other risks and charges	**41.5**	**40.4**

The provision for staff downsizing programs is related to a program to provide resignation incentives to employees of Parmalat S.p.A. and Parmalat Distribuzione Alimenti S.r.l. to which the unions have agreed.
A total of 5.0 million euros was added in 2009 in connection with restructuring programs for the administrative and logistics areas.

The provision for supplemental sales agent benefits covers an estimate of the risk for benefits payable to sales agents and sales representatives whenever their contracts with the Company is cancelled due to reasons for which they are not responsible.

The provision for legal disputes with employees is in anticipation of the settlement of disputes that are currently pending in some countries with former Group managers.

The provision for risks on investee companies covers the contingent liabilities that may arise from the liquidation and sale of certain Group companies.
The decrease of 2.2 million euros reflects the payment of the administrative fine that the Italian antitrust authorities levied on Parmalat S.p.A. on May 21, 2008 for its failure to sell Newlat S.p.A. within the required deadline of October 30, 2007. The Company challenged the decision of the antitrust authorities to impose the abovementioned fine before the Regional Administrative Court of Latium but, unfortunately, without success. An appeal is currently pending before the Council of State.

The provision for risks on divestments of business operations covers the contingent liabilities that may arise in connection with the sale of some non-strategic business operations.

An analysis of the most significant legal disputes involving Group companies is provided in the section of this Report entitled “Legal Disputes and Contingent Liabilities at December 31, 2009.”

(27) PROVISION FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS

The Provision for contested preferential and prededuction claims totaled 6.6 million euros. A breakdown of the changes that occurred in 2009 is as follows:

(€ m)

Balance at 12.31.2008 (A)	**9.7**
Changes in 2009:	
- Decreases (-)	(3.1)
Total changes (B)	**(3.1)**
Balance at 12.31.2009 (A+B)	**6.6**

The provision represents the amount set aside by Parmalat S.p.A. and Boschi Luigi & Figli S.p.A based on the challenges filed by creditors with verified unsecured claims who are seeking prededuction or preferential status.

If such prededuction or preferential status is granted by a final court decision or as a result of a settlement, the corresponding claims will have to be satisfied in cash for the full amount.

The decrease of 3.1 million euros reflects the reversal of the portion of the provision corresponding to creditors with whom the Company reached settlements in 2008 or creditors who filed legal actions that ended with a final decision benefiting the Group’s Parent Company.

Various challenges are in the process of being heard, but no additional information about their outcome is currently available.

(28) TRADE PAYABLES

Trade payables totaled 492.9 million euros, or 23.0 million euros more than at December 31, 2008. A breakdown is as follows:

(€ m)

	12.31.2009	12.31.2008
- Trade payables owed to suppliers	491.8	468.9
- Trade payables owed to related parties	0.1	-
- Advances	1.0	1.0
Total	**492.9**	**469.9**

The main items that account for the change that occurred in 2009 include:

- the loss of value of the euro versus the main currencies of the countries where the Group operates (28.5 million euros);
- the start of operations by Parmalat Food Products, after it acquired a portfolio of fresh milk activities from National Foods (16.2 million euros).

Offset in part by:

- a decrease in the price of raw milk and a reduction in litigation related legal expenses incurred by Parmalat S.p.A. in 2009 (25.2 million euros).

(29) OTHER CURRENT LIABILITIES

A breakdown of Other current liabilities, which totaled 135.9 million euros (10.8 million euros more than at December 31, 2008), is provided below:

(€ m)

	12.31.2009	12.31.2008
- Taxes payable	17.9	22.5
- Contributions to pension and social security institutions	5.5	6.2
- Other payables	69.7	59.3
- Accrued expenses and deferred income	42.8	37.1
Total	**135.9**	**125.1**

The main components of taxes payable of 17.9 million euros are the income taxes withheld from employees and independent contractors (7.3 million euros) and VAT payable (3.7 million euros).

Other payables of 69.7 million euros consist mainly of amounts owed at December 31, 2009 to employees (53.4 million euros) and members of the corporate governance bodies of Parmalat

S.p.A. and its subsidiaries (1.2 million euros) and of uncollected dividends payable (8.3 million euros).

Accrued expenses and deferred income totaled 42.8 million euros, broken down as follows:

(€ m)

	12.31.2009	12.31.2008
Accrued expenses:		
- Rent and rentals	0.5	0.2
- Insurance premiums	0.2	0.1
- Sundry and miscellaneous accrued expenses	31.8	26.8
Deferred income:		
- Rent and rentals	1.9	1.8
- Sundry and miscellaneous deferred income	8.4	8.2
Total accrued expenses and deferred income	**42.8**	**37.1**

Sundry and miscellaneous accrued expenses of 31.8 million euros consist mainly of advertising, promotional and marketing expenses and customer discounts that were already incurred but are payable at a later date.

Sundry and miscellaneous deferred income of 8.4 million euros refers mainly to the deferral over the lives of the corresponding assets of grants toward the construction of production facilities received pursuant to Legislative Decree No. 173 of April 30, 1998 (4.5 million euros) and of the operating grant received from POR Sicilia (3.6 million euros).

(30) INCOME TAXES PAYABLE

The balance of 66.1 million euros is lower by 4.5 million euros compared with December 31, 2008. This decrease is the net result of the following items:

- an addition of 139.2 million euros to recognize the liability for the period, including the tax liability on the proceeds from settlements of actions for damages collected in 2009 and the amount received from Parmatour S.p.A. under Extraordinary Administration (35.2 million euros);
- the utilization of income tax credits and taxes withheld on income from invested liquid assets to offset the income tax liability for the year (121.4 million euros);
- payments of 21.9 million euros (8.6 million euros by the Venezuelan subsidiaries, 4.8 million euros by the Australian subsidiaries, 2.1 million euros by the Russian subsidiaries and 1.8 million euros by the Portuguese subsidiary), with sundry payments accounting for the balance.

Guarantees and Commitments

GUARANTEES

(€ m)

	12.31.2009			12.31.2008		
	SURETIES	COLLATERAL	TOTAL	SURETIES	COLLATERAL	TOTAL
provided on behalf of Group companies	-	-	-	-	0.4	**0.4**
provided on behalf of the Company	371.1	167.5	538.6	398.1	226.8	**624.9**
Total guarantees	**371.1**	**167.5**	**538.6**	**398.1**	**227.2**	**625.3**

The guarantees provided by outsiders on behalf of the Company (371.1 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds and with prize contests.

Collateral of 167.5 million euros was provided to banks and other credit institutions to secure financing facilities and consists of assets of the companies receiving the financing facilities or their subsidiaries. The largest collateralized loans were owed by the Canadian subsidiary (about 113.7 million euros) and the Australian subsidiary (about 46.9 million euros).

COMMITMENTS

(€ m)

	12.31.2009	12.31.2008
Commitments:		
- Operating leases	71.3	64.6
within 1 year	*13.2*	*10.7*
from 1 to 5 years	*32.9*	*28.1*
after 5 years	*25.2*	*25.8*
- Other commitments	28.3	36.3
Total commitments	**99.6**	**100.9**

Commitments under operating leases apply mainly to the Group companies in Canada (34.7 million euros), Africa (20.1 million euros) and Australia (16 million euros).

Other commitments of 28.3 million euros refer mainly to short-term contracts to purchase raw materials, packaging materials and non-current assets signed by Parmalat Canada (24.0 million euros), Group companies in Africa (3.1 million euros) and Parmalat Australia (0.9 million euros).

In 2004, Parmalat Dairy and Bakery (PDBI, now Parmalat Canada Inc.) signed a loan agreement, the terms of which included an obligation to pay the lenders an amount equal to 10% of PDBI's equity value, should there be a change of control for PDBI or its Parent Company, Parmalat S.p.A. Effective January 1, 2008, PDBI and Parmalat Canada Inc. carried out an amalgamation transaction. The amalgamated company is called Parmalat Canada Inc. However, the amalgamation is irrelevant for change of control purposes.

The Group believes that there is only a remote possibility that the events referred to in the loan agreement may occur. Accordingly, it recognized only a nominal amount in its memorandum accounts to reflect the impact of this clause.

Legal Disputes and Contingent Liabilities at December 31, 2009

The Group is a defendant in civil and administrative proceedings that, based on the information currently available and in view of the provisions that have already been set aside, are not expected to have a material negative impact on the financial statements.
The Company is also a plaintiff in a number of actions for damages, liability actions (both civil and criminal) and actions to void in bankruptcy that could have a positive financial impact of significant magnitude on its income statement and balance sheet.

Challenge to the Composition with Creditors

By a decision dated January 16, 2008, the Bologna Court of Appeals rejected the appeal filed against the decision approving the proposal of composition with creditors. The party whose appeal motion was denied has petitioned the Italian Court of Cassation, which has not yet scheduled a hearing.

* * *

Information about the main proceedings involving the Parmalat Group, updated as of December 31, 2009, is provided below.

CRIMINAL PROCEEDINGS

Criminal Court of Milan

The proceedings for the crime of stock manipulation pending before the lower court ended in December 2008, but resumed at the next level before the Milan Court of Appeals on January 26, 2009. However, these proceedings are no longer relevant to Parmalat Finanziaria S.p.A. under extraordinary administration, since it since reached a settlement with Bank of America.
A sentence was handed down for the Grant Thornton auditors, whose position had been separated from the main proceedings.

With regard to the second segment of the stock manipulation proceedings, which is pending before a different section of the Criminal Court of Milan, oral arguments that began in 2008 are continuing. No Parmalat company has joined these proceedings as a plaintiff seeking damages.

Criminal Court of Parma

Several trials of officers and/or employees of former Group companies and various third parties accused of fraudulent bankruptcy are pending before the Criminal Court of Parma.

One trial, in which the defendants are Directors, Statutory Auditors and former employees of Parmalat Group companies, is still in the discovery phase. Companies of the Parmalat Group under extraordinary administration joined these proceedings as a plaintiffs seeking damages.

In a second trial currently in the oral arguments phase, the defendants are Directors, Statutory Auditors and former employees of companies in the so-called “tourism” operations and officers of some banks. Insofar as these bank officers are concerned, Parmalat has already withdrawn from the proceedings as a plaintiff seeking damages, whenever settlements were reached.

In other proceedings, the defendants are officers and employees of the former Banca di Roma. In these proceedings, the companies of the Parmalat Group under Extraordinary administration, having reached an out-of-court settlement, withdrew the claims they put forth when they joined the proceedings as plaintiffs seeking damages.

As for preliminary hearings, one is currently under way before the Preliminary Hearings Judge in which officers and employees of Citigroup/Citibank are being charged with fraudulent bankruptcy. Parmalat joined the proceedings as a plaintiff seeking damages, summoning the bank as a civilly liable defendant for the actions of Milan, London and New York branches.

Companies of the Parmalat Group under extraordinary administration have withdrawn from preliminary hearings involving officers and/or employees of Deutsche Bank and UBS that the abovementioned companies joined as plaintiffs seeking damages.

Lastly, proceedings targeting employees and/or officers of Standard & Poor's and JP Morgan in connection with which companies of the Parmalat Group under Extraordinary Administration have the status of injured parties are still in the discovery phase.

Bologna Court of Appeals

On February 9, 2010, subsequent to challenges filed by Maurizio Bianchi, Luciano Del Soldato and Giampaolo Zini against the sentences handed down by the Preliminary Hearings Judge of the Court of Parma after abbreviated proceedings, the proceedings resumed at the appellate level.
In these proceedings, the companies of the Parmalat Group under Extraordinary Administration that joined the proceedings as plaintiffs seeking damages appealed the provisions of the lower court decision that concerned civil issues.

Florence Court of Appeals

Criminal proceedings against Carlo Alberto Steinhauslin are pending before the Florence Court of Appeals. In proceedings before the lower court, which Parmalat S.p.A. under extraordinary administration joined as a plaintiff seeking damages, Mr. Steinhauslin was found guilty of money laundering. Appellate hearings have not yet been set.

CIVIL LAWSUITS IN THE UNITED STATES OF AMERICA

Parmalat filed the following lawsuits in the United States against certain banks and independent auditors.

Parmalat vs Grant Thornton Int'l et al.

On September 18, 2009, the New York Federal District Court granted the motion for summary judgment filed by Grant Thornton LLP and Grant Thornton International, dismissing the lawsuit filed by Parmalat against the Independent Auditors based on the objection of in pari delicto raised by Grant Thornton. Parmalat appealed this decision.

Parmalat vs Citigroup, Inc. et al.

In the lawsuit filed against Citigroup that is currently pending in the United States, the judge has not yet set a date for oral arguments.

CIVIL PROCEEDINGS FILED AGAINST THE GROUP

Insurance Companies vs. Parmalat Finanziaria S.p.A. in A.S.

By decisions filed on September 25, 2007, the Court of Milan denied motions filed by some insurance companies asking that insurance policies taken out by the previous management of the

Parmalat Group that provided protection from the risks inherent in the exercise of the offices of Director, Statutory Auditor and General Manager be declared null and void. An appeal filed by the insurance companies is currently pending before the Milan Court of Appeals.

Giovanni Bonici vs Industria Lactea Venezolana

In February 2005, Giovanni Bonici, the former President of Industria Lactea Venezolana C.A., served a summons on the abovementioned company challenging his dismissal, of which he was informed in 2004. The plaintiff is asking that his dismissal be declared invalid and that Industria Lactea Venezolana C.A. be ordered to pay damages for various reasons totaling about US$20 million (equal to about 14.7 million euros).

Liability Actions

Acting within the statutory deadlines, Parmalat S.p.A. reinstated its civil liability lawsuits against those defendants in the criminal proceedings that agreed to a plea bargaining arrangement. At a hearing held on June 4, 2008, the Court confirmed a decision dismissing the civil liability lawsuits filed by Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. but, insofar as the Assumptor is concerned, ordered the resumption of the lawsuits against the parties included in the reinstatement decision. In the reinstated proceedings, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to June 9, 2010.
In the other liability action, after the parties exchanged defense briefs, oral arguments followed on June 4, 2008. Subsequently, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report. The next hearing has been scheduled for October 13, 2010.

Actions for Damages

The initiatives taken to identify the possible liability of other parties, in addition to the individuals and companies sued in the actions described on earlier occasions, included the filing of additional civil actions with Italian courts. These actions are described in the table provided on the following page. The purpose of these actions is to determine the existence of liability (based on contractual obligations or, when applicable, other obligations) of the defendants who are presumed to have contributed to or aggravated the financial collapse of the plaintiff companies. The purpose of the actions listed in the abovementioned table is to have the courts order the defendants to pay for the damages they caused to the plaintiff companies. The yardstick used to quantify those damages is the magnitude of impairment loss suffered by the plaintiff companies, as well as the part that the plaintiffs played in causing and/or aggravating the impairment loss.

The following additional clarifications also appear to be in order.
As a rule, the defendants have been deemed to be jointly liable, in different manners and with different conditions in the various instances.

It is also important to note that, while the purpose of actions for damages is to effectively restore a plaintiff's assets through the payment of monetary compensation, the payments received as a result of actions for damages reduce the amount of the overall damage suffered by the companies under extraordinary administration based on the principles of joint liability.

Lastly, it is important to keep in mind that by virtue of the court approval of the composition with creditors, the actions for damages filed by the companies under extraordinary administration that were included in the composition with creditors and the right to pursue additional actions have been transferred to Parmalat S.p.A.

ACTIONS FOR DAMAGES FILED BY THE COMPANY THAT ARE CURRENTLY PENDING

(€ m)

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Soparfi SA in A.S.; Parmalat Netherlands BV in A.S.; Parmalat Capital Netherlands BV in A.S.;	JPMorgan Europe Limited; JPMorgan Securities Ltd;	Parma	4,400 plus financial expenses for the bond issues in question (to be quantified in the course of the proceedings) or any other amount awarded by the court.
Parmalat S.p.A. in A.S.	The McGraw-Hill Companies (Standard & Poor's Market Services S.r.l.); The McGraw-Hill Companies (Standard & Poor's Rating Services) SA	Milan	4,074 plus an amount corresponding to the liability for contributing to the financial collapse, which will be determined in the course of the proceeding.
Parmalat S.p.A. in A.S.	J.P. Morgan Chase Bank NA	Parma	2,006.3 or any other amount determined in the course of the proceedings (this amount has been reduced as a result of out-of-court settlements with some defendants).
Pramalat S.p.A. in A.S.; Parmalat S.p.A.	J.P. Morgan Chase Bank NA	Parma	2,000 or any other amount determined in the course of the proceedings (for diversion of corporate assets to the detriment of creditors, in a conspiracy with former Directors and managers).

ACTIONS TO VOID IN BANKRUPTCY

A total of 10 actions to void in bankruptcy are still pending in the discovery phase.

Boschi Luigi & Figli S.p.A. Liability Action.

In 2004, Parmalat S.p.A. in A.S., who at that time owned an interest of 89.44% in Boschi Luigi & Figli S.p.A., sued asking the court to find that the former Directors and Statutory Auditors of Boschi Luigi & Figli S.p.A. were liable for the company's collapse.
Due the death of one of the defendants, the lawsuit was interrupted in 2006, but later resumed. At a hearing held on September 17, 2008, the Court dismissed the lawsuit against another defendant, the parties involved having reached a settlement.
Following the filing of a technical report requested by the court, the lawsuit is continuing against the other defendants. Following the hearing of January 15, 2010, the Court is now expected to hand down a decision.

ADMINISTRATIVE PROCEEDINGS FILED AGAINST THE GROUP

Centrale del Latte di Roma S.p.A.

On November 13, 2008, the Council of State upheld Parmalat's complaint, setting aside a decision by which the Regional Administrative Court of Latium ruled that the sale of Centrale del Latte di

Roma S.p.A. to Cirio and its subsequent resale to Eurolat/Parmalat was null and void.
Ariete Fattoria Latte Sano filed a new complaint with the Council of State and the Court of Cassation, challenging its decision of November 13, 2008 (even though it had submitted arguments in its defense at a hearing before the same panel without objection).
By a decision handed down in July 2009, the Court of Cassation sent the proceedings back to the Council of State.

Decisions and Investigative Proceedings by the Italian Antitrust Authorities

On May 21, 2008, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline originally set by Italian Antitrust Authority were beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.
On February 4, 2009, the Regional Administrative Court of Latium handed down a decision denying Parmalat's challenge and upholding the Italian Antitrust Authority's decision. On July 7, 2009, Parmalat filed a complaint challenging this decision before the Council of State.

DISPUTES INVOLVING CHALLENGES TO THE COMPOSITION OF THE LISTS OF LIABILITIES

Challenges and Oppositions

At December 31, 2009, disputes stemming from challenges to the composition of the lists of liabilities of the companies included in the Composition with Creditors and late filings of claims involved 114 lawsuits filed before the Court of Parma and 90 lawsuits pending before the Bologna Court of Appeals. A significant portion of these disputes (over 100 lawsuits pending before the lower courts or at the appellate level) involves issues related to Article 2362 of the Italian Civil Code for the period during which Parmalat Finanziaria S.p.A. was the sole shareholder of Parmalat S.p.A.
As of December 31, 2009, a total of 607 lawsuits had been adjudicated (the deadline for filing an appeal has not yet expired for 60 of these lawsuits).

* * *

Information about the tax status of Parmalat S.p.A. and the Group's main Italian and foreign subsidiaries is provided below.

At December 31, 2009, the provision for tax-related risks of Parmalat S.p.A. amounted to 5.5 million euros. The removal of contingent tax-related risks related to transactions executed before the composition with creditors is the main reason for the decrease in this provision.

In 2009, Parmalat S.p.A. in A.S. received a notice of assessment for corporate income taxes (IRES) related to writedowns of investments in subsidiaries recognized in 2002. The Company is disputing this assessment.

The Colombian companies established provisions for tax-related risks totaling about 3.0 million euros.
In Venezuela, Parmalat de Venezuela c.a. and Indulac established provisions for tax-related risks for a combined amount of about 44.4 million euros to cover contingent tax risks.

The other Group companies have established adequate provisions for risks to cover contingent tax risks.

Notes to the Income Statement

(31) REVENUES

A breakdown of revenues is as follows:

(€ m)

	2009	2008
Net sales revenues	3,964.8	3,910.4
Other revenues	27.3	29.6
Total revenues	**3,992.1**	**3,940.0**

A geographic breakdown of net revenues is as follows:

(€ m)

	2009	2008
Italy	992.6	1.131.1
Other countries in Europe	135.9	164.9
Canada	1,382.8	1,382.4
Central and South America	588.3	452.1
Australia	508.6	445.5
Africa	357.7	337.3
Sundry items[1]	(1.1)	(2.9)
Total sales revenues	**3,964.8**	**3,910.4**

(1) Includes costs of Group's Parent Company, other minor companies and inter-area eliminations.

Other revenues include the following:

(€ m)

	2009	2008
Rebilling of advertising expenses	5.0	7.0
Out-of-period items and restatements	3.8	2.6
Rent	2.2	1.7
Royalties	2.0	2.2
Gains on the sale of non-current assets	1.6	1.9
Operating grants	1.4	3.2
Insurance settlements	0.3	0.5
Expense reimbursements	0.1	0.2
Miscellaneous	10.9	10.3
Total other revenues	**27.3**	**29.6**

(32) COSTS

A breakdown of the costs incurred in 2009 is as follows:

(€ m)

	2009	2008
Cost of sales	3,069.8	3,203.6
Distribution costs	430.2	414.7
Administrative expenses	241.6	218.2
Total costs	**3,741.6**	**3,836.5**

A breakdown by type of the costs incurred in 2009 is as follows:

(€ m)

	2009	2008
Raw materials and finished goods	2,059.4	2,105.1
Labor costs	474.4	449.4
Packaging materials	322.4	317.0
Depreciation, amortization and writedowns of non-current assets	117.3	213.1
Freight	176.6	178.9
Sales commissions	98.9	104.2
Energy, water and gas	76.4	82.5
Other services	77.3	74.9
Advertising and sales promotions	86.5	67.0
Maintenance and repairs	50.1	47.4
Supplies	47.1	45.9
Storage, handling and outside processing services	39.4	40.1
Use of property not owned	34.8	33.1
Miscellaneous charges	23.3	19.1
Postage, telephone and insurance	18.4	18.4
Consulting services	23.9	17.1
Writedowns of receivables and additions to provisions	14.9	10.7
Changes in inventories of raw materials and finished goods	(6.1)	6.0
Auditing services	4.1	4.2
Fees to Chairman and Directors	2.0	2.0
Fees to Statutory Auditors	0.5	0.4
Total cost of sales, distribution costs and administrative expenses	**3,741.6**	**3,836.5**

(33) LITIGATION-RELATED EXPENSES

The balance in this account reflects the fees paid to law firms (14.7 million euros) retained as counsel in connection with the actions for damages and actions to void filed by the companies under extraordinary administration prior to the implementation of the Composition with Creditors, which the Company is currently pursuing.

(34) MISCELLANEOUS INCOME (EXPENSE)

Net miscellaneous income totaled 431.0 million euros. A breakdown is as follows:

(€ m)

	2009	2008
Proceeds from actions to void and actions for damages	304.2	668.4
Intra-Group consolidation of debt formerly owed to Bank of America and Eurofood IFSC Limited in liquidation[1]	137.6	-
Restructuring costs	(8.7)	(0.1)
Benefit (expense) related to tax risks	2.2	9.6
Income (expense) related to the verification of claims	0.7	14.1
Expenses related to discontinuing operations	-	(1.1)
Expenses related to investee companies	-	(0.2)
Sundry income (expense)	(5.0)	(7.9)
Total miscellaneous income (expense)	**431.0**	**682.8**

(1) This amount includes the debt formerly owed to Bank of America and Eurofood, whose claims were acquired by the Group in 2009, net of 13.7 million euros corresponding to the acquisition value of the transferred claims.

Proceeds from settlements and actions to void include the amounts collected from the Deutsche Bank Group (74 million euros), Bank of America (67.5 million euros), the Banco Popolare Group (24.2 million euros), Banca C.R. Firenze and its Centro Factoring S.p.A. and Cassa di Risparmio della Spezia S.p.A. subsidiaries (20.0 million euros), Banca Monte dei Paschi di Siena S.p.A. as the absorber of Banca Antonveneta S.p.A. (19.0 million euros), the Banca Popolare dell'Emilia Romagna Group (12.5 million euros), the UBI Group (11 million euros), Credito Emiliano S.p.A. (10 million euros), the Banca Carige Group (5.4 million euros), the Banca Popolare di Vicenza Group (5.1 million euros), Banca Popolare dell'Etruria e del Lazio Soc. Coop. (4.2 million euros) and other institutions for the balance. The settlement proceeds included the amounts paid by Parmatour S.p.A. under Extraordinary Administration to Parmalat S.p.A (49.9 million euros) and Sata Srl (0.3 million euros) as an initial distribution against the verified claims included in the sum of liabilities.

In 2009, Parmalat S.p.A. reached out-of-court settlements with Bank of America and Eurofood IFSC Limited in liquidation. As part of the settlement, Parmalat acquired receivables owed to the abovementioned companies by the Group's Venezuelan companies.

More specifically, Parmalat S.p.A. acquired the following:

- from Bank of America, the rights arising from a US$45-million loan, plus accrued interest, provided to Indulac, a subsidiary of Parmalat de Venezuela governed by Venezuelan law;
- from Eurofood, the rights arising from a US$78.5-million loan, plus accrued interest, provided to the Parmalat de Venezuela subsidiary;
- from Eurofood, the rights arising from a US$1.5-million loan, plus accrued interest, provided to Indulac.

The execution of these settlement agreements resulted in the intra-Group consolidation of borrowings totaling 137.6 million euros (net of 13.7 million euros equal to the value of the abovementioned acquired assets).

Restructuring costs refer to programs launched in 2009 to reorganize the administrative and logistics areas.

The benefit related to tax risks results from a restatement of the estimated tax liabilities of Parmalat S.p.A. and its Venezuelan subsidiaries.

(35) FINANCIAL INCOME (EXPENSE)

Net financial income amounted to 6.0 million euros, broken down as follows:

(€ m)

	2009	2008
Interest earned on accounts with banks and other financial institutions	17.6	64.1
Monetary gain due to hyperinflation	17.1	-
Foreign exchange translation gains	14.6	14.3
Income from cash-equivalent securities	7.7	3.7
Interest received from the tax authorities	2.6	2.0
Other financial income	1.3	0.6
Total financial income	**60.9**	**84.7**
Interest paid on loans	(45.2)	(48.5)
Foreign exchange translation losses	(16.0)	(19.4)
Bank fees	(2.6)	(1.9)
Interest paid to the tax authorities	(2.2)	-
Actuarial losses	(0.1)	(0.2)
Other financial expense	(0.8)	(1.2)
Total financial expense	**(66.9)**	**(71.2)**
Net financial income (expense)	**(6.0)**	**13.5**

(36) OTHER INCOME FROM (EXPENSES FOR) EQUITY INVESTMENTS

Net other income from equity investments of 5.6 million euros is the result of the following items:

(€ m)

	2009	2008
Gain on the sale of the investments in subsidiaries	9.9	3.1
Dividends from equity investments in other companies	1.6	-
Gain on equity investments in other companies	-	3.3
Total other income from equity investments	**11.5**	**6.4**
Loss on the sale of the investments in subsidiaries	(5.8)	
Loss on equity investments in other companies	(0.1)	(1.0)
Total other expenses for equity investments	**(5.9)**	**(1.0)**
Net other income from (expense for) equity investments	**5.6**	**5.4**

The gain of 9.9 million euros on the sale of equity investments in subsidiaries refers to the divestments of OOO Parmalat East (7.0 million euros) and Parmalat Centroamerica sa (2.9 million euros).

The amount of 1.6 million euros shown for Dividends from equity investments in other companies refers to the dividends received in 2009 from Bonatti S.p.A. (1.3 million euros) and QBB Singapore Ltd (0.3 million euros).

The loss on the sale of the investments in subsidiaries of 5.8 million euros arises from the deregistration of Parmalat Food Industries South Africa (3.4 million euros) and the divestments of OOO Parmalat Sng (2.1 million euros) and other companies (0.3 million euros).

(37) INCOME TAXES

Income taxes totaled 144.9 million euros, broken down as follows:

(€ m)

	2009	2008
Current taxes		
- Italian companies	79.7	53.7
- Foreign companies	59.5	51.0
Deferred and prepaid taxes, net		
- Italian companies	3.3	(18.8)
- Foreign companies	2.4	(3.9)
Total	**144.9**	**82.0**

Current taxes of Italian companies totaled 79.7 million euros, including 5.8 million euros in regional taxes (IRAP) and 73.9 million euros in corporate income taxes (IRES).

Net deferred and prepaid taxes of 5.7 million euros were computed on the temporary differences between the values assigned to assets and liabilities for reporting purposes and tax purposes. In 2008, net deferred and prepaid taxes, which amounted to 22.7 million euros, included 25 million euros from the reversal of deferred-tax liabilities that resulted from a writedown of the carrying amount of goodwill and trademarks with an indefinite useful life required by the results of the impairment test.

Reconciliation of the Theoretical Tax Liability to the Amount Recognized in the Income Statement

(€ m)

	ITALY	CANADA	AUSTRALIA	AFRICA	OTHER	TOTAL
Consolidated profit before taxes	**452.9**	**94.1**	**31.5**	**12.0**	**75.9**	**666.4**
Theoretical tax rate	27.5%	31.0%	30.0%	30.4%	-	27.5%
Theoretical tax liability	124.5	29.2	9.4	3.7	16.5	183.3
Tax effect on non-taxable income (permanent differences) (-)	(62.3)	-	(2.2)	(3.1)	(7.6)	(75.2)
Tax effect from non-deductible expenses (permanent differences)	14.8	1.5	3.4	3.9	10.8	34.4
Effect of filing a national consolidated return	(1.1)	-	-	-	-	(1.1)
Tax losses for the year that are not deemed to be recoverable	1.5	-	-	0.5	0.7	2.7
Lower taxes as per income tax return	-	(1.2)	(0.7)	-	-	(1.9)
Elimination of temporary differences due to changes in tax rates (-)	-	(4.4)	-	-	-	(4.4)
Actual income tax liability	**77.4**	**25.1**	**9.9**	**5.0**	**20.4**	**137.8**
IRAP and other taxes computed on a base different from the profit before taxes	5.4	-	-	-	1.7	7.1
Actual tax liability shown on the income statement at December 31, 2009	**82.8**	**25.1**	**9.9**	**5.0**	**22.1**	**144.9**
Actual tax rate	**18.3%**	**26.6%**	**31.3%**	**41.8%**	**-**	**21.7%**

The Group's actual tax rate (21.7%) was lower than its theoretical tax rate (27.5%) because 176.1 million euros in income reflected proceeds from actions to void.

Other Information

SIGNIFICANT NON-RECURRING TRANSACTIONS

The Group did not execute significant non-recurring transactions or transactions that were atypical or unusual.

NET FINANCIAL POSITION

In accordance with the requirements of the Consob Communication of July 28, 2006 and consistent with the CESR's Recommendation of February 10, 2005 *"Recommendations for a Uniform Implementation of the European Commission's Prospectus Regulation"*, a schedule showing the net financial position of the Parmalat Group at December 31, 2009 is provided below:

(€ m)

	12.31.2009	12.31.2008
A) Cash	1.7	1.3
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	423.4	587.4
- Italian Treasury securities	619.1	755.9
- Foreign Treasury securities (Germany)	27.9	-
- Reverse repurchase agreements	2.0	-
- Accrued interest	1.1	4.4
- Time deposits	555.5	246.9
C) Negotiable securities	14.3	11.7
D) Liquid assets (A+B+C)	**1,645.0**	**1,607.6**
E) Current loans receivable	-	-
F) Current bank debt	44.4	188.4
G) Current portion of non-current indebtedness	12.3	30.3
H) Other current borrowings	13.7	18.2
I) Current indebtedness (F+G+H)	**70.4**	**236.9**
J) Net current indebtedness (I-E-D)	**(1,574.6)**	**(1,370.7)**
K) Non-current bank debt	163.6	198.7
L) Debt securities outstanding	-	-
M) Other non-current borrowings	26.4	63.2
N) Non-current indebtedness (K+L+M)	**190.0**	**261.9**
O) Net borrowings (J+N)	**(1,384.6)**	**(1,108.8)**

The section of this Report entitled "Financial Performance" explains the main developments that occurred in this area and the Groups' risk management policy.

FEES PAID TO THE INDEPENDENT AUDITORS

As required by Article 149 – *duodecies* of the Issuers' Regulations, as amended by Consob Resolution No. 15915 of May 3, 2007, published on May 15, 2007 in Issue No. 111 of the *Official Gazette of the Italian Republic* (S.O. No. 115), the table below lists the fees attributable to 2009 that were paid for services provided to the Group by its independent auditors and by entities included in the network headed by these independent auditors.

(€ m)

TYPE OF SERVICES	CLIENT	2009	2008
A) Auditing assignments	Parent Co.	1.2	1.2
B) Assignments involving the issuance of a certification	Parent Co.	-	-
C) Other services	Parent Co.		
- *Tax services*		-	-
- *Development and implementation of non-financial information systems*		-	-
- *Due diligence*		-	-
- *Other services to support lawsuit settlements*		*0.3*	*1.0*
Total Group Parent Company		**1.5**	**2.2**
A) Auditing assignments	Subsidiaries	1.9	1.8
B) Assignments involving the issuance of a certification	Subsidiaries		
C) Other services	Subsidiaries		
- *Tax services*		*0.2*	*0.3*
- *Development and implementation of non-financial information systems*		-	*0.3*
- *Due diligence*		*0.4*	*0.1*
- *Other services*		*0.1*	*0.2*
Total subsidiaries		**2.6**	**2.7**

BREAKDOWN OF LABOR COSTS BY TYPE

A breakdown is as follows:

(€ m)

	2009	2008
Wages and salaries	337.2	323.6
Social security contributions	56.9	57.9
Severance benefits	42.8	38.4
Other labor costs	37.5	29.5
Total labor costs	**474.4**	**449.4**

DEPRECIATION, AMORTIZATION AND WRITEDOWNS

A breakdown is as follows:

(€ m)

	2009	2008
- Amortization of intangibles	22.5	21.2
- Depreciation of property, plant and equipment	83.3	72.8
- Writedowns of non-current assets	11.5	119.1
Total depreciation, amortization and writedowns of non-current assets	**117.3**	**213.1**

Writedowns of non-current assets include 0.8 million euros (111.0 million euros in 2008) for the impairment suffered by some intangible assets (goodwill and trademarks) in 2009, as determined by the impairment test.

EARNINGS PER SHARE

The table below provides a computation of earnings per share in accordance with IAS 33:

(€)

	2009	2008
Group interest in profit broken down as follows:	518,982,034	673,090,904
- Profit from continuing operations	518,982,034	673,090,904
- Profit (Loss) from discontinuing operations		
Weighted average number of shares outstanding determined for the purpose of computing earnings per share:		
- basic	1,698,617,672	1,665,195,116
- diluted	1,727,086,909	1,700,590,937
Basic profit per share broken down as follows:	*0.3055*	*0.4042*
- Profit from continuing operations	*0.3055*	*0.4042*
- Profit (Loss) from discontinuing operations	-	-
Diluted profit (loss) per share broken down as follows:	*0.3005*	*0.3958*
- Profit from continuing operations	*0.3005*	*0.3958*
- Profit (Loss) from discontinuing operations	-	-

The number of common shares outstanding changed subsequent to the balance sheet date due to the approval of resolutions authorizing the following capital increases:

- January 29, 2010: 1,756,386 euros
- February 24, 2010: 12,985,810 euros

The computation of the weighted average number of shares outstanding (starting from 1,687,397,257 shares outstanding a January 1, 2009) took into account the following changes that occurred in 2009:

- Issuance of 13,323 common shares on 1/19/09
- Issuance of 4,059,833 common shares on 2/20/09
- Issuance of 796,591 common shares on 3/17/09
- Issuance of 10,530,749 common shares on 5/13/09
- Issuance of 82,087 common shares on 6/18/09
- Issuance of 222,437 common shares on 7/23/09
- Issuance of 41,289 common shares on 8/31/09
- Issuance of 85,986 common shares on 10/29/09
- Issuance of 218,500 common shares on 11/27/09
- Issuance of 9,110,090 common shares on 12/23/09

The computation of diluted earnings per share also takes into account the maximum number of issuable warrants (95 million), as set forth in a motion submitted to the Shareholders' Meeting of April 28, 2007.

SEGMENT INFORMATION

The table below, which is prepared in accordance with the disclosure requirements of IFRS 8, provides segment information about the Group's operations at December 31, 2009 and the comparable data for 2008. The breakdown by geographic region is consistent with the Group's governance structure and is reflected on the income statement and balance sheet data provided below. The balance sheet data are end-of-year data.

	ITALY	REST OF EUROPE				CANADA
		RUSSIA	PORTUGAL	ROMANIA	TOTAL	
2009						
Segment net revenues	992.6	66.0	60.4	9.5	135.9	1,382.8
Inter-segment net revenues	(1.3)	0.0	0.0	0.0	0.0	0.0
Third parties net revenues	991.3	66.0	60.4	9.5	135.9	1,382.8
EBITDA	112.0	9.7	7.8	0.9	18.4	131.8
as a % on net revenues	11.3	14.7	13.0	9.2	13.5	9.5
Depreciation, amortization and writedowns of non-current assets	(57.9)	(2.2)	(0.9)	(1.6)	(4.7)	(17.6)
- Writedowns of goodwill and trademarks with an indefinite useful life			(0.8)		(0.8)	
- Litigation-related expense						
- Other income and expense						
EBIT						
Financial income						
Financial expense						
Other income from (Expense for) equity investments						
PROFIT BEFORE TAXES						
Income taxes						
PROFIT FROM CONTINUING OPERATIONS						
Profit (Loss) from discontinuing operations						
PROFIT FOR THE PERIOD						
Total segment assets	2,570.5	59.0	83.4	12.0	154.4	774.4
Total non-segment assets						
Total Assets						
Total segment liabilities	344.8	7.0	11.0	3.6	21.6	176.7
Total non-segment liabilities						
Total Liabilities						
Capital expenditures (property, plant and equipment)	32.8	5.1	0.8	0.2	6.1	30.1
Capital expenditures (intangibles)	8.4	0.0	0.0	0.0	0.0	0.6
Number of employees	2,233	979	265	139	1,383	2,919

- Capital expenditures for property, plant and equipment include land and buildings.

(€ m)

CENTRAL AND SOUTH AMERICA				AUSTRALIA	AFRICA			CONTINUING NO CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJUSTM. AND ELIMINAT.	GROUP
VENEZUELA	COLOMBIA	OTHER SUNDRY	TOTAL		SOUTH AFRICA	OTHER SUNDRY	TOTAL			
449.4	99.6	39.4	588.3	508.6	310.0	47.7	357.7	0.3	(1.4)	3,964.8
0.0	(0.1)	0.1	0.0	0.0	(11.4)	11.4	(0.0)	0.0	1.4	
449.4	99.5	39.5	588.3	508.6	298.6	59.1	357.6	0.3		3,964.8
49.7	6.4	1.2	57.3	47.2	20.8	4.0	24.8	(0.4)	(23.4)	367.8
11.1	6.5	3.1	9.7	9.3	6.7	8.4	6.9			9.3
(10.5)	(3.5)	(2.3)	(16.3)	(12.1)	(6.8)	(1.1)	(7.8)	(0.0)		(116.5)
										(0.8)
										(14.7)
										431.0
										666.8
										60.9
										(66.9)
										5.6
										666.4
										(144.9)
										521.5
										0.0
										521.5
200.8	72.4	15.9	289.1	398.3	217.2	29.2	246.4	69.4	(6.6)	4,495.9
										98.0
										4,593.9
86.3	15.6	6.2	108.1	106.7	53.5	11.2	64.7	13.4	(6.6)	829.4
										507.7
										1,337.1
9.3	3.7	0.7	13.8	8.7	3.3	1.3	4.6	0.2		96.2
0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2			9.2
1,896	1,037	270	3,203	1,707	1,760	583	2,343			13,788

Additional information about the performance of the different segments in 2009 is provided in the Report on Operations.

	ITALY	REST OF EUROPE				CANADA
		RUSSIA	PORTUGAL	ROMANIA	TOTAL	
2008						
Segment net revenues	1,131.1	86.8	64.7	13.4	164.9	1,382.4
Inter-segment net revenues	(1.7)					
Third parties net revenues	1,129.4	86.8	64.7	13.4	164.9	1,382.4
EBITDA	111.4	14.4	7.8	2.0	24.2	127.8
as a % on net revenues	9.8	16.6	12.1	15.2	14.7	9.2
Depreciation, amortization and writedowns of non-current assets	(53.5)	(2.4)	(0.9)	(0.8)	(4.1)	(17.3)
- Writedowns of goodwill and trademarks with an indefinite useful life	(68.1)					
- Litigation-related expense						
- Other income and expense						
EBIT						
Financial income						
Financial expense						
Other income from (Expense for) equity investments						
PROFIT BEFORE TAXES						
Income taxes						
PROFIT FROM CONTINUING OPERATIONS						
Profit (Loss) from discontinuing operations						
PROFIT FOR THE PERIOD						
Total segment assets	2,609.5	57.7	85.6	15.3	158.6	731.2
Total non-segment assets						
Total Assets						
Total segment liabilities	400.5	8.1	15.7	5.2	29.0	166.5
Total non-segment liabilities						
Total Liabilities						
Capital expenditures (property, plant and equipment)	41.7	7.8	1.3	0.5	9.6	37.6
Capital expenditures (intangibles)	3.6					
Number of employees	2,343	969	286	149	1,404	2,971

- Capital expenditures for property, plant and equipment include land and buildings.

(€ m)

CENTRAL AND SOUTH AMERICA				AUSTRALIA	AFRICA			CONTINUING NO CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJUSTM. AND ELIMINAT.	GROUP
VENEZUELA	COLOMBIA	OTHER SUNDRY	TOTAL		SOUTH AFRICA	OTHER SUNDRY	TOTAL			
290.4	119.1	42.6	452.1	445.5	293.6	43.7	337.3	0.3	(3.2)	3,910.4
	(0.3)	(1.2)	(1.5)		(16.5)	16.5			3.2	
290.4	118.8	41.4	450.6	445.5	277.1	60.2	337.3	0.3		3,910.4
30.3	10.8	0.4	41.5	27.6	5.1	4.9	10.0	1.0	(26.9)	316.6
10.4	9.1	0.7	9.2	6.2	1.7	11.2	3.0			8.1
(4.6)	(3.3)	(1.7)	(9.6)	(11.0)	(5.6)	(0.9)	(6.5)	(0.1)		(102.1)
		(2.6)	(2.6)	(7.4)	(32.9)		(32.9)			(111.0)
										(47.5)
										682.8
										738.8
										84.7
										(71.2)
										5.4
										757.7
										(82.0)
										675.7
										675.7
129.1	70.3	24.8	224.2	258.3	172.6	28.0	200.6	73.6	(12.5)	4,243.5
										126.3
										4,369.8
71.0	13.2	8.0	92.2	67.0	43.2	9.7	52.9	12.3	(12.5)	807.9
										719.8
										1,527.7
7.2	7.6	1.2	16.0	15.0	18.0	4.3	22.3			142.4
	0.1		0.1		0.5		0.5			4.2
1,871	1,041	838	3,750	1,462	1,729	509	2,238			14,168

With regard to the breakdown by product, the data shown below are provided exclusively for statistical purposes and do not reflect actual financial statement data. Up to this point, the Group has not established a governance structure to manage income statement or balance sheet data by product line.

(€ m)

	MILK	FRUIT BEVERAGES	DAIRY PRODUCTS	OTHER PRODUCTS	TOTAL FOR THE GROUP
2009					
Net revenues	2,295.6	317.4	1,239.8	112.1	3,964.8
EBITDA	184.3	62.2	134.3	(13.1)	367.8
as a % of net revenues	*8.0%*	*19.6%*	*10.8%*	*-11.7%*	*9.3%*

(€ m)

	MILK	FRUIT BEVERAGES	DAIRY PRODUCTS	OTHER PRODUCTS	TOTAL FOR THE GROUP
2008					
Net revenues	2,300.5	280.7	1,259.5	69.8	3,910.4
EBITDA	170.6	54.0	115.1	(23.1)	316.6
as a % of net revenues	*7.4%*	*19.2%*	*9.1%*	*-33.1%*	*8.1%*

DISCLOSURES REQUIRED BY IFRS 7

The disclosures about financial instruments provided below are in addition to the information provided in the notes to the financial statements.

Classification of Financial Instruments by Type

(€ m)

	LOANS AND RECEIVABLES	FIN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2009						
Other financial assets	6.8	-	-	-	1.1	**7.9**
Trade receivables	459.9	-	-	-	-	**459.9**
Other current assets	26.6	-	-	-	-	**26.6**
Cash and cash equivalents	352.2	-	-	76.0	-	**428.2**
Current financial assets	0.8	-	-	1,216.0	-	**1,216.8**
Total financial assets	**846.3**	**-**	**-**	**1,292.0**	**1.1**	**2,139.4**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	HEDGING DERIVATIVES	TOTAL
12.31.2009				
Financial liabilities	252.3	-	-	**252.3**
Financial liabilities for derivatives	-	6.2	1.9	**8.1**
Trade payables	492.9	-	-	**492.9**
Total financial liabilities	**745.2**	**6.2**	**1.9**	**753.3**

(€ m)

	LOANS AND RECEIVABLES	FIN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	HEDGING DERIVATIVES	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2008						
Other financial assets	4.3	-	-	-	0.2	**4.5**
Trade receivables	465.5	-	-	-	-	**465.5**
Other current assets	33.4	-	-	-	-	**33.4**
Cash and cash equivalents	163.1	-	-	738.1	-	**901.2**
Current financial assets	0.9	3.9	-	701.6	-	**706.4**
Total financial assets	**667.2**	**3.9**	**-**	**1,439.7**	**0.2**	**2,111.0**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	HEDGING DERIVATIVES	TOTAL
12.31.2008				
Financial liabilities	487.8	-	-	**487.8**
Financial liabilities for derivatives	-	7.8	3.2	**11.0**
Trade payables	469.9	-	-	**469.9**
Total financial liabilities	**957.7**	**7.8**	**3.2**	**968.7**

The carrying value of financial assets and liabilities is substantially the same as their fair value.

Financial instruments valued at fair value refer to financial assets and liabilities traded in active markets *(so-called Level 1 in the fair value hierarchical ranking).*

Financial assets denominated in currencies other than the euro do not represent a material amount because most of the Group's liquid assets and short-term investments are held by Parmalat S.p.A. Information about financial liabilities is provided in a schedule included in the Notes to the consolidated financial statements.

Contractual Due Dates of Financial Liabilities

The tables that follow show the contractual due dates of financial liabilities:

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS[1]	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	260.4	307.3	59.8	5.9	11.0	173.9	4.6	52.1
Trade payables	492.9	492.9	449.1	31.4	10.1	1.3	0.9	0.1
Balance at 12.31.2009	**753.3**	**800.2**	**508.9**	**37.3**	**21.1**	**175.2**	**5.5**	**52.2**

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS[2]	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	498.8	570.1	201.8	12.0	35.8	43.4	222.6	54.5
Trade payables	469.9	469.9	433.5	24.5	10.0	0.3	0.9	0.7
Balance at 12.31.2008	**968.7**	**1.040.0**	**635.3**	**36.5**	**45.8**	**43.7**	**223.5**	**55.2**

(1) The cash flow required for liabilities due within 60 days includes the indebtedness owed by the Venezuelan operations to Parmalat Capital Finance.
(2) The cash flow required for liabilities due within 60 days included indebtedness owed by the Venezuelan operations that was being contested in the U.S. court of venue.

Sensitivy Analysis

The assumption used in preparing a sensitivity analysis of the market risks to which the Group was exposed at the date of the financial statements was a positive and negative variance of 500 bps for all foreign exchange rates and 100 bps for the reference interest rates compared with those actually applied in 2009. Therefore, the quantitative data provided below have no forecasting value.

These two risk factors were considered separately. Therefore, the assumption was made that exchange rates do not influence interest rates and vice versa.

The Group does not hold a significant position in financial instruments measured at fair value or denominated in a currency different from the functional currency of each country. Consequently, it doe not a have a significant exposure to foreign exchange and interest rate risks.

Based on the analysis performed, the impact on the income statements and shareholders' equity of an increase and a decrease of 500 bps in the exchange rates used by the Group on the reference date would have caused a variance of 1.0 million euros in profit for the year and shareholders' equity.

Based on the analysis performed, the impact on the income statements and shareholders' equity of an increase and a decrease of 100 bps in the interest rates used by the Group on the reference date would have caused a variance of 1.8 million euros in profit for the year and shareholders' equity.

EXCHANGE RATES USED TO TRANSLATE FINANCIAL STATEMENTS

LOCAL CURRENCY FOR 1 EURO	ISO CODE	12.31.2009 (YEAR-END RATE)	12.31.2008 (YEAR-END RATE)	% CHANGE (YEAR-END RATE)	12.31.2009 (AVERAGE RATE)	12.31.2008 (AVERAGE RATE)	% CHANGE (AVERAGE RATE)
DOLLAR – AUSTRALIA	AUD	1.60080	2.0274	-21.04%	1.77270	1.74162	1.78%
PULA – BOTSWANA	BWP	9.60135	10.5147	-8.69%	9.91778	9.98617	-0.68%
DOLLAR – CANADA	CAD	1.51280	1.6998	-11.00%	1.58496	1.55942	1.64%
PESO – COLOMBIA	COP	2,943.76	3,124.48	-5.78%	2,988.09	2,870.91	4.08%
PESO – MEXICO	MXN	18.9223	19.2333	-1.62%	18.7989	16.2911	15.39%
NEW METICAL – MOZAMBIQUE	MZM	39.4724	34.9108	13.07%	37.2617	35.5154	4.92%
CORDOBA ORO – NICARAGUA	NIO	30.0228	27.6226	8.69%	28.3960	28.4753	-0.28%
GUARANI – PARAGUAY	PYG	6,626.76	6,861.08	-3.42%	6,904.93	6,363.51	8.51%
NEW LEU – ROMANIA	RON	4.23630	4.02250	5.32%	4.23993	3.68264	15.13%
RUBLE – RUSSIA	RUB	43.1540	41.2830	4.53%	44.1376	36.4207	21.19%
LILANGENI – SWAZILAND	SZL	10.6660	13.0667	-18.37%	11.6737	12.0590	-3.20%
U.S. DOLLAR(1)	USD	1.44060	1.39170	3.51%	1.39478	1.47076	-5.17%
BOLIVAR FUERTE – VENEZUELA	VEF	3.09340	2.98840	3.51%	2.99502	3.15815	-5.17%
RAND – SOUTH AFRICA	ZAR	10.6660	13.0667	-18.37%	11.6737	12.0590	-3.20%
KWACHA ZAMBIA	ZMK	6,711.55	6,725.06	-0.20%	7,011.50	5,468.24	28.22%

Source: Italian Foreign Exchange Bureau

(1) The reporting currency of the companies located in Ecuador and Cuba is the U.S. dollar.

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES OF THE PARMALAT GROUP

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
GROUP'S PARENT COMPANY			
PARMALAT S.p.A. Collecchio	PC	EUR	1,712,558,142
EUROPE			
ITALY			
ALBALAT S.r.l. Albano Laziale (Roma)	LLP	EUR	20,000
BONATTI S.p.A. Parma	C	EUR	28,813,404
BOSCHI LUIGI & FIGLI S.p.A. Collecchio	C	EUR	10,140,000
CARNINI S.p.A. Villa Guardia (CO)	C	EUR	3,300,000
CE.PI.M S.p.A. Parma	C	EUR	6,642,928
CENTRALE DEL LATTE DI ROMA S.p.A. Rome	C	EUR	37,736,000
COMPAGNIA FINANZIARIA ALIMENTI S.r.l. in liquidation(3) Collecchio	LLP	EUR	10,000
COMPAGNIA FINANZIARIA REGGIANA S.r.l. Reggio Emilia	LLP	EUR	600,000
DALMATA S.r.l. Collecchio	LLP	EUR	120,000
DALMATA DUE S.r.l. Collecchio	LLP	EUR	10,000
FIORDILATTE S.r.l. in liquidation(3) Collecchio	LLP	EUR	10,000
HORUS SRL(4)	LLP	EUR	n.a.
JONICALATTE S.p.A. Taranto	LLP	EUR	1,350,000
LATTE SOLE S.p.A. Collecchio	C	EUR	6,000,000
NUOVA HOLDING S.p.A. in A.S.(5) Parma	C	EUR	25,410,000
PARMALAT DISTRIBUZIONE ALIMENTI S.r.l. Collecchio	LLP	EUR	1,000,000
PISORNO AGRICOLA S.r.l. Collecchio	LLP	EUR	516,400
SATA S.r.l. Collecchio	LLP	EUR	500,000

1 C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company.
2 L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method.
3 company in liquidation and subsidiaries.
4 company party to local composition-with-creditors proceedings and subsidiaries.
5 company under extraordinary administration or noncore company.

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES / CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
				100,0000	L
100	Sata S.r.l.	100	0.500	-	C
572,674	Parmalat S.p.A.	572,674	10.256	-	C
10,140,000	Parmalat S.p.A.	10,140,000	100.000	100.0000	L
600	Parmalat S.p.A.	600	100.000	100.0000	L
464,193	Parmalat S.p.A.	464,193	0.840	-	C
5,661,400	Parmalat S.p.A.	5,661,400	75.013	75.0130	L
10,000	Dalmata S.r.l.	10,000	100.000	100.0000	L
10,329	Parmalat S.p.A.	10,329	1.722	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
1	Dalmata S.r.l.	1	100.000	-	L
4,000	Dalmata S.r.l.	4,000	40.000	-	EM
n.a.	Sata S.r.l.	n.a.	1.000	-	C
250,000	Parmalat S.p.A.	250,000	18.520	-	C
6,000,000	Parmalat S.p.A.	6,000,000	100.000	100.0000	L
100	Sata S.r.l.	100	0.0003	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
511,236 5,164	Sata S.r.l. Parmalat S.p.A.	511,236 5,164	99.000 1.000 100.000	100.0000	L
500,000	Parmalat S.p.A.	500,000	100.000	100.0000	L

COMPANY		SHARE CAPITAL	
NAME HEAD OFFICE	TYPE (1)	CURR	AMOUNT
SO.GE.AP S.p.A. Parma	C	EUR	3,631,561.64
TECNOALIMENTI SCPA Milan	C	EUR	780,000
AUSTRIA			
PARMALAT AUSTRIA GMBH in liquidation(3) Vienna	F	EUR	36,336.42
BELGIUM			
PARMALAT BELGIUM SA Brussels	F	EUR	1,000,000
NETHERLANDS			
DAIRIES HOLDING INTERNATIONAL BV in A.S.(5) Rotterdam	F	EUR	244,264,623.05
GERMANY			
DEUTSCHE PARMALAT GMBH in A.S.(5) Weissenhorn	F	EUR	4,400,000
PARMALAT MOLKEREI GMBH in A.S.(5) Gransee	F	EUR	600,000
LUXEMBOURG			
OLEX SA in A.S.(5) Luxembourg	F	EUR	578,125
PORTUGAL			
PARMALAT PORTUGAL PROD. ALIMENT. LDA Sintra	F	EUR	11,651,450.04
EMBOPAR Lisbon	F	EUR	241,500
CNE - Centro Nacional de Embalagem Lisbon	F	EUR	488,871.88
ROMANIA			
LA SANTAMARA S.r.l. Baia Mare	F	RON	6,667.50
PARMALAT ROMANIA SA Comuna Tunari	F	RON	26,089,760
RUSSIA			
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT Belgorod	F	RUB	67,123,000
OOO DEKALAT Saint Petersburg	F	RUB	100,000

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5 company under extraordinary administration or noncore company.

CONTINUED

	EQUITY INVESTMENT				
TOT. NUMBER OF VOTING SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES / CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
1,975	Parmalat S.p.A.	1,975	0.725	-	C
	Parmalat S.p.A.		4.330	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
40,000	Parmalat S.p.A.	40,000	100.000	100.0000	L
40 ord. 542,765,829 pref.	Dalmata S.r.l. Dalmata S.r.l.	40 542,765,829	0.008 99.992 100.000	-	C
4,400,000	Dalmata S.r.l.	4,400,000	100.000	-	C
540,000	Deutsche Parmalat Gmbh in A.S.	540,000	90.000	-	C
22,894	Dairies Holding Int.l Bv in A.S.	22,894	99.001	-	C
11,651,450	Parmalat S.p.A. Latte Sole S.p.A. Parmalat Distribuz. Alim. S.r.l.	11,646,450 3,500 1,500	99.957 0.030 0.013 100.000	100.0000	L
4,830	Parmalat Portugal	70	1.449	-	C
897	Parmalat Portugal	1	0.111	-	C
635	Parmalat S.p.A. Parmalat Romania SA	535 100	84.252 15.748 100.000	99.9999	L
2,608,957	Parmalat S.p.A.	2,608,957	99.993	99.9993	L
66,958,000	Parmalat S.p.A.	66,958,000	99.754	99.7542	L
1	Parmalat S.p.A.	1	100.000	100.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	AMOUNT
OOO PARMALAT MK Moscow	F	RUB	81,015,950
OOO URALLAT Berezovsky	F	RUB	129,618,210
OOO FORUM Severovo	F	RUB	10,000
NORTH AMERICA			
CANADA			
PARMALAT CANADA INC. Toronto	F	CAD	982,479,550
MEXICO			
PARMALAT DE MEXICO S.A. de C.V.(3) Jalisco	F	MXN	390,261,812
CENTRAL AMERICA			
BRITISH VIRGIN ISLANDS			
ECUADORIAN FOODS COMPANY INC Tortola	F	USD	50,000
CUBA			
CITRUS INTERNATIONAL CORPORATION SA Havana	F	USD	11,400,000
NICARAGUA			
PARMALAT NICARAGUA SA Managua	F	NIO	2,000,000
SOUTH AMERICA			
NETHERLANDS ANTILLES			
CURCASTLE CORPORATION NV Willemstad	F	USD	6,000
BRAZIL			
PRM ADMIN E PART DO BRASIL LTDA(3) São Paolo	F	BRL	1,000,000
CHILE			
PARMALAT CHILE SA(5) Santiago	F	CLP	13,267,315,372
COLOMBIA			
PARMALAT COLOMBIA LTDA Santafè de Bogotá	F	COP	20,466,360,000
PROCESADORA DE LECHES SA (Proleche SA) Medellin	F	COP	173,062,136

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EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES / CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD [2]
1	Parmalat S.p.A.	1	100.000	100.0000	L
1	Parmalat S.p.A.	1	100.000	100.0000	L
1	OOO Parmalat MK	1	100.000	100.0000	L
848,019 Class A 134,460 Class B	Parmalat S.p.A. Parmalat S.p.A.	848,019 134,460	86.314 13.685 100.000	100.0000	L
390,261,812	Parmalat S.p.A.	390,261,812	100.000	100.0000	L
50,000	Parmalat S.p.A.	50,000	100.000	100.000	L
627	Parmalat S.p.A.	627	55.000	55.0000	L
2,000	Parmalat S.p.A. Curcastle Corporation nv	1,943 57	97.150 2.850 100.000	100.0000	L
6,000	Dalmata Due S.r.l.	6,000	100.000	100.0000	L
810,348	Parmalat S.p.A.	810,348	81.035	-	C
2,096,083	Parmalat S.p.A.	2,096,083	99.999	-	C
20,466,360	Parmalat S.p.A.	18,621,581	90.986	90.986	L
138,094,680	Parmalat S.p.A. Dalmata S.r.l. Parmalat Colombia Ltda	131,212,931 4,101,258 2,780,491	94.773 2.962 2.008 99.744	99.5623	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	AMOUNT
ECUADOR			
PARMALAT DEL ECUADOR SA (ex Leche Cotopaxi Lecocem SA) Latacunga	F	USD	6,167,720
LACTEOSMILK SA (formerly Parmalat del Ecuador SA) Quito	F	USD	345,344
PARAGUAY			
PARMALAT PARAGUAY SA Asuncion	F	PYG	9,730,000.000
URUGUAY			
AIRETCAL SA(5) Montevideo	F	UYU	9,198,000
WISHAW TRADING SA(5) Montevideo	F	USD	30,000
VENEZUELA			
DISTRIBUIDORA MIXTA DE ALIMENTOS CA (DISMALCA)(3) Caracas	F	VEF	3,300
INDUSTRIA LACTEA VENEZOLANA CA (INDULAC) Caracas	F	VEF	34,720,471.6
PARMALAT DE VENEZUELA CA Caracas	F	VEF	2,324,134
QUESOS NACIONALES CA QUENACA Caracas	F	VEF	3,000,000
AFRICA			
BOTSWANA			
PARMALAT BOTSWANA (PTY) LTD Gaborone	F	BWP	3,000
MAURITIUS			
PARMALAT AFRICA LIMITED Port Louis	F	USD	55,982,304
MOZAMBIQUE			
PARMALAT PRODUTOS ALIMENTARES SARL Matola	F	MZM	57,841,500
SOUTH AFRICA			
ANDIAMO AFRIKA (PTY) LTD Stellenbosch	F	ZAR	100
PARMALAT SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	1,368.288.73

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EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES / CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
100,067,937	Parmalat S.p.A.	100,067,937	64.897	64.8978	L
8,633,599	Parmalat S.p.A. Parmalat Colombia Ltda	8,633,598 1	100.000 0.000	100.0000	L
9,632	Parmalat S.p.A.	9,632	98.993	98.993	L
9,198,000	Parmalat S.p.A.	9,198,000	100.000	-	C
230	Parmalat S.p.A. Parmalat Paraguay SA Parmalat de Venezuela CA	50 90 90	16.667 30.000 30.000 76.667	-	C
3,300	Indu.Lac.Venezol. ca-Indulac	3,300	100.000	98.8202	L
343,108,495	Parmalat de Venezuela CA	343,108,495	98.820	98.8202	L
2,324,134	Parmalat S.p.A.	2,324,134	100.000	100.0000	L
3,000,000	Indu.Lac.Venezol. ca-Indulac	3,000,000	100.000	98.8202	L
2,900	Parmalat Africa Ltd	2,900	96.667	96.6670	L
55,982,304	Parmalat Austria gmbh Parmalat S.p.A.	55,982,304	100.000	100.0000	L
536,415	Parmalat Africa Ltd	536,415	92.739	92.7390	L
51	Parmalat South Africa (Pty) Ltd	51	51.000	51.0000	L
122,000,000 pref. 10,000 ord. 14,818,873	Parmalat Africa Ltd Parmalat Africa Ltd Parmalat S.p.A.	122,000,000 10,000 14,818,873	89.163 0.007 10.830 100.000	100.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	AMOUNT
NEW FARMERS DEVELOPMENT CO LTD Durbanville	F	ZAR	51,420,173
SWAZILAND			
PARMALAT SWAZILAND (PTY) LTD Mbabane	F	SZL	100
ZAMBIA			
PARMALAT ZAMBIA LIMITED Lusaka	F	ZMK	27,281,000
ASIA			
CHINA			
PARMALAT (ZHAODONG) DAIRY CORP. LTD(5) Zhaodong	F	CNY	56,517,260
INDIA			
SWOJAS ENERGY FOODS LIMITED in liquidation(3) Shivajinagar	F	INR	309,626,500
THAILAND			
PATTANA MILK CO LTD Bangkok	F	THB	50,000,000
SINGAPORE			
QBB SINGAPORE PTE LTD	F	SGD	1,000
OCEANIA			
AUSTRALIA			
PARMALAT AUSTRALIA LTD South Brisbane	F	AUD	222,627,759
PARMALAT FOOD PRODUCTS PTY LTD South Brisbane	F	AUD	27,000,000
PARMALAT INVESTMENTS PTY LTD South Brisbane	F	AUD	27,000,000
QUANTUM DISTRIBUTION SERV. PTY LTD South Brisbane	F	AUD	8,000,000
PIPPAK PTY LTD South Brisbane	F	AUD	2,143,070
WOODVALE MOULDERS PTY LTD(1) South Brisbane	F	AUD	184,100

1. Company consolidated line by line because the Group's Parent Company has the power to appoint and dismiss the majority of the members of the Board of Directors.
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EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES / CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
150,000	Parmalat South Africa (Pty) Ltd	150,000	0.292	-	C
60	Parmalat Africa Ltd	60	60.000	60.0000	L
19,505,915	Parmalat Africa Ltd	19,505,915	71.500	71.5000	L
53,301,760	Parmalat S.p.A.	53,301,760	94.311	-	C
21,624,311	Parmalat S.p.A.	21,624,311	69.840	-	C
2,500,000	Parmalat Australia Ltd	2,500,000	5.000	-	C
338	Parmalat Australia Ltd	338	33.800	-	C
22,314,388 ord, 200,313,371 pr,	Parmalat Belgium sa Parmalat S.p.A.	22,314,388 200,313,371	100.000 0.000 100.000	100.0000	L
27,000,000	Parmalat Investments Pty Ltd	27,000,000	100.000	100.0000	L
27,000,000	Parmalat S.p.A.	27,000,000	100.000	100.0000	L
8,000,000	Parmalat Australia Ltd	8,000,000	100.000	100.0000	L
161	Parmalat Food Products Pty Ltd	161	70.000	70.000	L
42,055	Parmalat Food Products Pty Ltd	42,055	50.000	50.000	L

COMPANIES ADDED TO THE PARMALAT GROUP IN 2009

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Parmalat Investments Pty Ltd	Australia	Newly established	Line by line
Parmalat Food Products Pty Ltd	Australia	Newly established	Line by line
Pippak Pty Ltd	Australia	Acquisition	Line by line
Woodvale Moulders Pty Ltd	Australia	Acquisition	Line by line

COMPANIES REMOVED FROM THE PARMALAT GROUP IN 2009

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Parmalat Food Industries South Africa Pty Ltd	South Africa	Dissolved	Line by line
OOO Optolat (form. OOO Parmalat East)	Russia	Sold	Line by line
Parmalat International sa	Switzerland	Dissolved	Cost
9212-3678 Quebec Inc (form. Lactantia Ltd)	Canada	Dissolved	Line by line
Laktrade (form.OOO Parmalat SNG)	Russia	Sold	Line by line
Parmalat Centroamerica SA	Nicaragua	Sold	Line by line
Lacteos Americanos LACTAM sa	Costa Rica	Sold	Cost
Montague Moulders Pty Ltd	Australia	Deleted	Line by line
Port Curtis Moulders Pty Ltd	Australia	Deleted	Line by line
Productos Lacteos Cuenca PROLACEM sa	Ecuador	Sold	Line by line

Signed: Raffaele Picella
Chairman

Signed: Enrico Bondi
Chief Executive Officer

Certification of the Consolidated Financial Statements Pursuant to Article 81-*ter* of Consob Regulation No. 11971 (Which Cites by Reference Article 154-bis, Section 5, of the Uniform Financial Code) of May 14, 1999, as Amended

The undersigned Enrico Bondi, in his capacity as Chief Executive Officer and Pier Luigi De Angelis in his capacity as Dirigente Preposto alla redazione dei documenti contabili (Executive Officer responsible for drawing up the financial reports) of Parmalat SpA, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

ATTEST

1. the adequacy in relation to the company's characteristics (also taking into account any changes during the financial period) and the effective application of the accounting and administrative procedures used for the formation of the consolidated accounts during the period 2009. The valuation of the accuracy of the accounting and administrative procedures for the formation of the consolidated accounts as at 31 December 2009 has been performed coherently to the model *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission* which represents the reference scheme at international level that is generally accepted;

2. in addition, it is certified that:

a) the consolidated financial statements correspond to the books and accounting records;

b) the consolidated financial statements are drawn up in accordance with the *International Financial Reporting Standards* adopted by the European Union and with the provisions of Legislative Decree no. 38/2005 and provide a true and fair representation of the assets and liabilities and financial situation of the issuer and of the group of companies included in the consolidation;

c) the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

Date: February 25th, 2010

Signature of the CEO

Signature of Dirigente Preposto
(Executive Officer responsible
for drawing up the financial reports)

Report of the Independent Auditors

Parmalat Group

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE NO. 58 DATED 24 FEBRUARY 1998

To the shareholders of
Parmalat SpA

1 We have audited the consolidated financial statements of Parmalat SpA and its subsidiaries ("Parmalat Group") as of 31 December 2009, which comprise the statement of the financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders'equity and explanatory notes. The directors of Parmalat SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are fairly presented. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 12 March 2009.

3 In our opinion, the consolidated financial statements of Parmalat Group as of 31 December 2009 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they give a true and fair view of the financial position, results of operations and cash flows of Parmalat Group for the year then ended.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

PRICEWATERHOUSECOOPERS

4 The directors of Parmalat SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the specific section on corporate governance and ownership matters, limited to the information as required by comma 1, letters c), d), f), l), m) and by comma 2, letter b) of the article 123-bis of the Legislative Decree 58/98, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations and the information as required by comma 1, letters c), d), f), l), m) and by comma 2, letter b) of the article 123-bis of the Legislative Decree 58/98 presented in the specific section of the above mentioned Report on Operations are consistent with the consolidated financial statements of Parmalat SpA as of 31 December 2009.

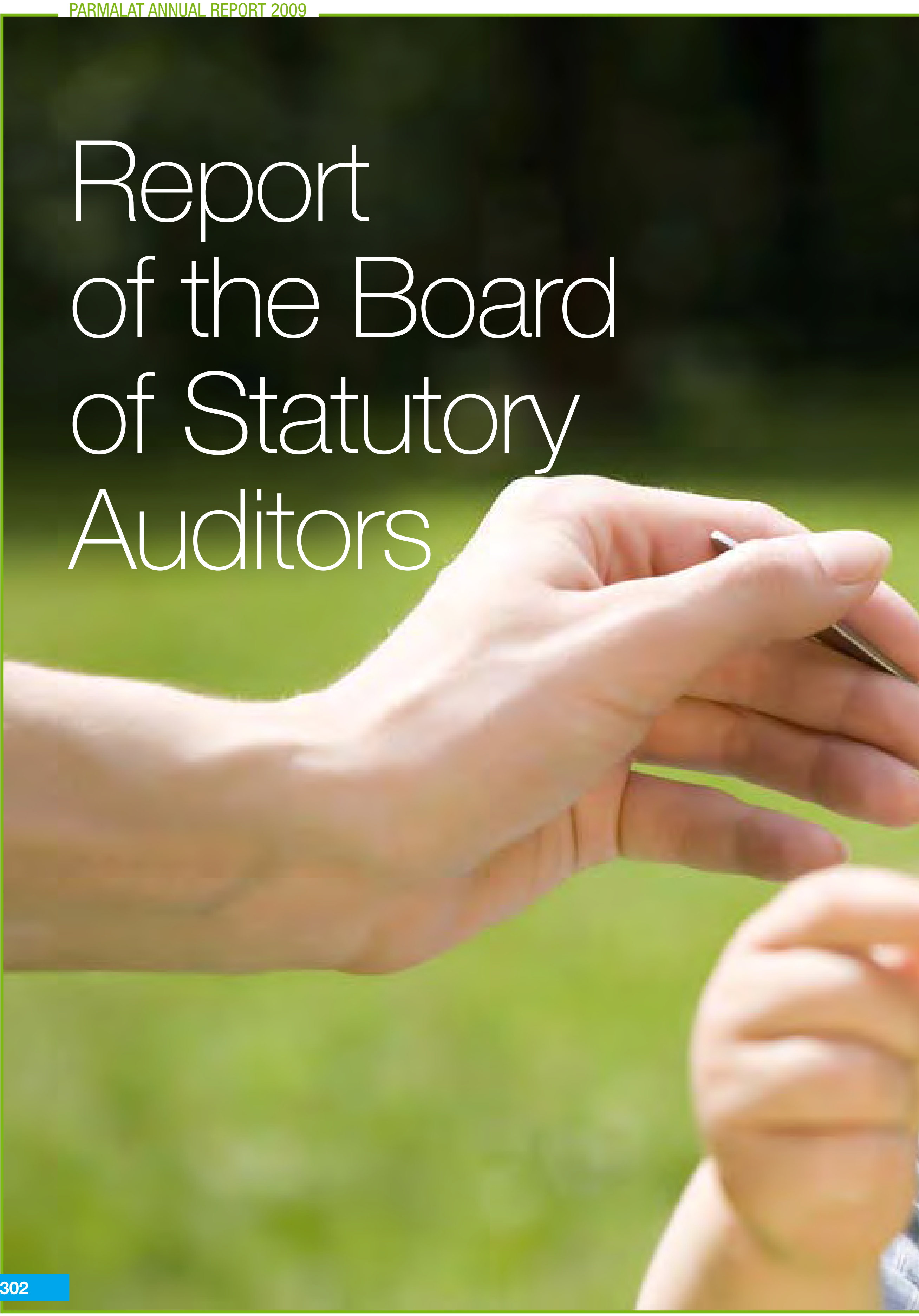
Milan, 8 March 2010

PricewaterhouseCoopers SpA

Signed by
Elena Cogliati
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Report of the Board of Statutory Auditors



Report of the Board of Statutory Auditors to the Shareholders' Meeting
(pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429, of the Italian Civil Code)

Dear Shareholders:

Mario Magenes, one of the Company's Statutory Auditors, passed away in 2009. As his colleagues, we remember, and will greatly miss, his outstanding human and professional qualities. Pursuant to law, he was replaced by Renato Colavolpe.

In 2009, we performed our oversight function in accordance the provisions of current laws and regulations and in a manner consistent with the conduct guidelines recommended by the Italian Board of Certified Public Accountants and Bookkeepers, while performing the tasks assigned to us pursuant to Article 149 of Legislative Decree No. 58/1998 (Uniform Financial Code). As a result, we are able to provide the report required by Article 153 of the Uniform Financial Code and Article 2429 of the Italian Civil Code, in a manner consistent with the Communications issued by the Consob.

We remind you that the task of auditing the financial statements was assigned to the Independent Auditors PricewaterhouseCoopers S.p.A., whose report should be consulted for the relevant information.

Information about compliance with the provisions of the Corporate Governance Code for Listed Companies published by Borsa Italiana S.p.A. is provided in the section of the Report on Operations that contains the Annual Report on Corporate Governance. The Report lists the recommendations of Borsa Italiana's Code that were adopted and explains the reasons for any deviations from the Code's recommendations.

The Board of Directors is comprised of 11 members, nine of whom are independent Directors. The Board of Statutory Auditors verified that the criteria and review procedures adopted by the Board of Directors to assess the independence of individual Directors were being properly applied. The results of this process were disclosed to the market.

In 2009, the Board of Directors met seven times We attended all of these meetings. The meetings were held in full compliance with the provisions of the Bylaws and of laws and regulations that govern the operations of the Board of Directors. At the abovementioned meetings, as required by the Company's corporate governance rules, the Directors provided information about the general performance of the Company's operations and the business outlook. They also reported on the work they performed and provided information about material transactions with an impact on the Company's operating performance, financial position and balance sheet involving the Company and/or its subsidiaries.

The Board of Directors established an Internal Control and Corporate Governance Committee, a Nominating and Compensation Committee and a Litigation Committee. Each of these Committees is comprised of three independent Directors. The Internal Control and Corporate Governance Committee met seven times in 2009. A Statutory Auditor attended all of these meeting and representatives of the Independent Auditors attended two meetings. The Nominating and Compensation Committee and the Litigation Committee met three times and seven times, respectively, in 2009.

The Board of Statutory Auditors held 17 meetings in 2009. We verified that the Statutory Auditors were in compliance with the relevant independence requirements, as set forth in Section 10.C.2 of Borsa Italiana's Corporate Governance Code.

We met regularly with representatives of the Independent Auditors to exchange data and information. No issues that would require disclosure in this report were raised at these meetings.

We verified that the relevant provisions of the law and of the Articles of Incorporations were complied with and found that no disclosure was required with regard to this issue.

We verified that the principles of sound management were being followed. All transactions that were approved and implemented by the Board of Directors appear to be in compliance with the law and the Bylaws, not in contrast with resolutions approved by the Shareholders' Meeting, not presenting a conflict of interests and consistent with the principles of sound management. In the section of the Report on Operations entitled "Key Events of 2009," the Board of Directors lists the transactions with a material impact on the Company's income statement, balance sheet and financial position executed in 2009.

We became acquainted with the Company's organizational structure and, insofar as the issues under our jurisdiction are concerned, verified that it was performing adequately. In pursuit of this goal, we obtained data and information from department managers. In our opinion, the current organizational structure is adequate, given the Company's characteristics and the businesses that it operates.

We verified the adequacy of the system of internal controls, obtaining information from the managers of the relevant departments and the Independent Auditors. We also reviewed Company documents and ascertained that Company procedures were being followed. In our opinion, the system of internal controls, which is constantly being updated, is adequate overall and operates effectively. In this respect, we concur with the positive assessments provided by the Internal Control and Corporate Governance Committee, with which we maintained a steady exchange of information.

We monitored the adequacy of the Company administrative and accounting system and its reliability in presenting fairly the results of operations. We accomplished this task by obtaining information from managers of the Company's accounting departments and through the exchange of information with the Internal Control and Corporate Governance Committee and the Independent Auditors. In our opinion, this system is adequate overall and reliable in meeting the Company's needs.

We reviewed the instruction provided by Parmalat S.p.A. to its subsidiaries, as required by Article 114, Section 2, of the Uniform Financial Code, which appear to be adequate. With regard to major subsidiaries, we obtained information from the relevant departments of the Group's Parent Company regarding their organization and their management control systems. With regard to compliance with the requirements of

Article 36 of the Market Regulations, we verified that the current corporate organization and internal procedures are adequate to ensure that Parmalat S.p.A. receives on a regular basis from subsidiaries established in countries that are not members of the European Union the income statement, balance sheet and financial position data required for the preparation of the consolidated financial statements.

We monitored the implementation of the Internal Dealing Handling Code, which sets forth the requirements for so-called Significant Persons associated with transactions involving financial instruments issued by the Company. We also monitored the process applied to maintain the *Register of Parties that Have Access to Insider Information* required pursuant to Article 115-*bis* of the Uniform Financial Code. No disclosure was required with regard to this issue.

In 2009, we did not render any of the opinions required of the Board of Statutory Auditors, as none of the situations that would require it pursuant to law occurred.

We received no complaints filed pursuant to Article 2408 of the Italian Civil Code or memoranda from third parties.

In the performance of our oversight function, as described above, we found no facts that, because of their significance, would warrant disclosure in this Report.

The Statutory Financial Statements for the year ended December 31, 2009, which are being submitted to you for approval, show a net profit of 372.8 million euros. In the Consolidated Financial Statements, the Group's interest in net profit amounts to 519.0 million euros.

On March 8, 2010, the Independent Auditors issued their reports on the statutory and consolidated financial statements. These reports did not contain any qualifications and did not require additional disclosures.

The Independent Auditors provided us with information about the total hours of work required and fees that they billed for their audit of the Statutory and Consolidated Financial Statements of Parmalat S.p.A. at December 31, 2009, for the limited audit of the Semiannual Report and for the work performed to determine whether the Company's accounting records were being properly maintained. Information about fees billed for services other than auditing may be found in the disclosures provided by the Company in the Notes to the Consolidated Financial Statements at December 31, 2009, as required by the provisions of Article 149-*duodecies* of the Issuers' Regulations. The Independent Auditors also informed us that, based on the best available information and consistent with the regulatory and professional standards that govern independent auditing activities, they remained independent and objective in their dealings with Parmalat S.p.A. and that no events occurred that altered the existing absence of any of the causes of incompatibility set forth in Article 160 of the Uniform Financial Code and Title VI, Chapter I-*bis*, of the Issuers' Regulations.

We reviewed the general presentation of the statutory and consolidated financial statements and verified that they were consistent with the provisions that govern their preparation and structure. We also ensured that they reflected the facts and information that we had become cognizant of in the performance of our tasks and have no special remarks to make in this regard.

In the section of the Report on Operations entitled "Managing Business Risks," the Directors describe the main risks and uncertainties to which the Company is exposed, list the various operational, financial (currency, country, interest rate, price and liquidity) and general risks, and review the civil and administrative legal disputes to which the Company is a party.

The Directors state that transactions between the Company, Group companies and/or related parties do not qualify as atypical or unusual transactions, having been carried out in the normal course of business and executed on market terms and. We believe that the disclosures provided in the notes to the financial statements with regard to these transactions involving the exchange of goods and services are adequate.

The foregoing considerations having been stated and considering the findings of the Independent Auditors, we believe that the Report on Operations provides adequate disclosures about the results of operations and concur with the motion put forth by the Board of Directors concerning the appropriation of the year's net profit and the dividend distribution.

Milan, March 9, 2010

The Board of Statutory Auditors

Alessandro Dolcetti

Enzio Bermani

Renato Colavolpe

Annex: List of governance posts held by the members of the Board of Statutory Auditors

Annex to the Report of the Board of Statutory Auditors of Parmalat S.p.A. pursuant to Article 153 of Legislative Decree No. 58/98

LIST OF POSTS HELD AT COMPANIES OF THE TYPES LISTED IN BOOK V, CHAPTERS V, VI and VII, OF THE ITALIAN CIVIL CODE ON THE DATE OF THIS REPORT (ARTICLE 144-*QUINQUIESDECIES* OF CONSOB REGULATION No. 11971/99)

	Company	Post held	End of term of office
ALESSANDRO DOLCETTI (Chairman of the Board of Statutory Auditors)			
1.	Parmalat S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/10
2.	Enìa S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/09
3.	Mediagraf S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/11
	Number of posts held at issuers of securities	**2**	
	Total number of posts held	**3**	
ENZIO BERMANI (Statutory Auditor)			
1.	Parmalat S.p.A.	Statutory Auditor	Financial statements at 12/31/10
2.	Bigli 1 S.p.A.	Director	Financial statements at 12/31/10
3.	Centrale del Latte di Roma S.p.A:	Statutory Auditor	Financial statements at 12/31/10
4.	Cimberio S.p.A.	Statutory Auditor	Financial statements at 12/31/09
5.	Errenergia S.r.l.	Director	Until revoked
6.	Fiumicino Energia S.r.l.	Statutory Auditor	Financial statements at 12/31/12
7.	Pentar S.p.A.	Director	Financial statements at 12/31/11
8.	RCS Investimenti S.p.A.	Chief Executive Officer	Financial statements at 12/31/09
9.	Twin DPL S.r.l.	Chairman Board Stat. Auditors	Financial statements at 12/31/09
	Number of posts held at issuers of securities	**1**	
	Total number of posts held	**9**	
RENATO COLAVOLPE (Statutory Auditor)			
1.	Parmalat S.p.A.	Statutory Auditor	Financial statements at 12/31/09
2.	A2A Energia S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/10
3.	A2A Produzione S.r.l.	Statutory Auditor	Financial statements at 12/31/10
4.	Amtel S.p.A.	Statutory Auditor	Financial statements at 12/31/10
5.	Aspem S.p.A.	Statutory Auditor	Financial statements at 12/31/11
6.	Aspem Energia S.p.A.	Statutory Auditor	Financial statements at 12/31/11
7.	AWD Sim S.p.A. - in liquidation	Statutory Auditor	Financial statements at 12/31/09
8.	Bocoge S.p.A.	Statutory Auditor	Financial statements at 12/31/11
9.	Cartelli Segnalatori S.r.l.	Statutory Auditor	Financial statements at 12/31/10
10.	Combi Line International S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/11
11.	Compagnia Energetica Bellunese S.p.A.	Statutory Auditor	Financial statements at 12/31/12
12.	Compagnia Elettrica Lombarda S.p.A. in liquidation	Statutory Auditor	Financial statements at 12/31/09
13.	Edison D.G. S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/11
14.	Edison Energia S.p.A.	Statutory Auditor	Financial statements at 12/31/10
15.	Edison Energie Speciali S.p.A.	Chairman Board Stat. Auditors	Financial statements at 12/31/10
16.	Edison International S.p.A.	Statutory Auditor	Financial statements at 12/31/10
17.	Edison Trading S.p.A.	Statutory Auditor	Financial statements at 12/31/10
18.	Edipower S.p.A.	Statutory Auditor	Financial statements at 12/31/09
19.	Eneco Energia S.p.A.	Statutory Auditor	Financial statements at 12/31/11
20.	Hydros S.r.l.	Chairman Board Stat. Auditors	Financial statements at 12/31/09
21.	Imm.re Cinematografica S.r.l.	Statutory Auditor	Financial statements at 12/31/09
22.	Irasco S.r.l.	Statutory Auditor	Financial statements at 12/31/11
23.	Irital Shipping S.r.l.	Statutory Auditor	Financial statements at 12/31/09
24.	Jesi Energia S.p.A.	Statutory Auditor	Financial statements at 12/31/10
25.	Latte Sole S.p.A.	Statutory Auditor	Financial statements at 12/31/09
26.	Leonardo Energia S.c.a.r.l.	Chairman Board Stat. Auditors	Financial statements at 12/31/10
27.	Montedison S.r.l.	Statutory Auditor	Financial statements at 12/31/10
28.	Nuova Alba S.r.l.	Statutory Auditor	Financial statements at 12/31/12
29.	Nuova Cisa S.p.A. in liquidation	Statutory Auditor	Financial statements at 12/31/12
30.	Parmalat Distribuzione Alimenti S.r.l.	Statutory Auditor	Financial statements at 12/31/10
31.	Poggio Mondello S.r.l.	Chairman Board Stat. Auditors	Financial statements at 12/31/12
32.	Presenzano Energia S.r.l.	Chairman Board Stat. Auditors	Financial statements at 12/31/12
33.	S.I.P.E.M. S.p.A. in liquidation	Statutory Auditor	Financial statements at 12/31/11
34.	Sistemi di Energia S.p.A.	Statutory Auditor	Financial statements at 12/31/10
35.	Stream Italy S.r.l.	Statutory Auditor	Financial statements at 12/31/09
36.	Termica Milazzo S.r.l.	Statutory Auditor	Financial statements at 12/31/09
37.	Varese Risorse S.p.A.	Statutory Auditor	Financial statements at 12/31/11
	Number of posts held at issuers of securities	**1**	
	Total number of posts held	**37**	

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