



Annex to the 2012 Annual Financial Report Prepared and Published at the CONSOB's Request

a. Regarding the acquired Assets (Lactalis American Group, Lactalis do Brazil and Lactalis Alimentos Mexico):

i. Updates about the actions taken by your Company "to detect any indications that the historical data supplied may not be truthful and/or that the projected data used in the so-called Vendor Due Diligence prepared by Ernst & Young pursuant to Clauses 5.24.3 and 5.24.4 of the Share Purchase Agreement may be unreasonable." If available, please provide an overview of the conclusions developed by Deloitte Financial Advisory S.r.l.

The Share Purchase Agreement provides, in addition to the warranties that are customary in transactions of this type, expressed warranties regarding the historical and projected data provided to Parmalat within the framework of the due diligence process. By virtue of the abovementioned warranties, should the information obtained within the framework of the abovementioned process prove to be untrue, incorrect or incomplete or if the projected data provided by the Sellers should prove to have been based on assumptions that were not reasonable and/or not developed in a manner consistent with the underlying assumptions, the Buyer would be entitled to compensation, without any limitation, for the entire amount of the damaged suffered. These warranties expire after five years from the Closing Date.

On April 23, 2013, the Committee for Transactions with Related Parties retained the services of PwC-TS so that it may support the Board of Directors in the task of detecting any indications that the historical data may not be truthful.

At a meeting held on May 30, 2013, the Board of Directors, having heard the opinion of the Committee for Transactions with Related Parties, approved a resolution agreeing that, based on the verifications performed and the final document setting forth the findings of PwC-TS on May 16, 2013, no indications were detected that the historical data supplied within the framework of the Vendor Due Diligence might have been untruthful.

On May 3, 2013, the Committee for Transactions with Related Parties also retained the services of Deloitte Financial Advisory for the purpose of assisting the Board of Directors in the process of detecting any indications that the that the projected data used in the so-called Vendor Due Diligence might have been unreasonable.

Deloitte Financial Advisory prepared a final report with its findings, which was reviewed by the Committee for Transactions with Related Parties at a meeting held on June 13, 2013.

Deloitte Financial Advisory concluded that *"based on the evidence supporting the assumptions and the elements used in developing the Projected Data for the 2012-2014 period"* and taking into account the hypothetical assumptions underlying the Plan, as described in the report, *"we did not become aware of any facts that, at this time, would lead us to believe that the abovementioned hypotheses and elements do not provide a reasonable basis for the development of the Projected Data, assuming that the hypothetical assumptions concerning future events and actions by the Company's governance bodies do in effect materialize."* Deloitte Financial Advisory also stated that *"however, it is important to keep in mind that, given the uncertainty inherent in the occurrence of*



any future event, with regard both to the occurrence of the events in question and the magnitude and timing of their manifestation, the variances between actual amounts and those forecasted in the Projected Data could be significant, even if the events projected as part of the hypothetical assumptions” underlying the plan “were to occur.”

The Committee, based on the tests performed and the findings developed by Deloitte Financial Advisory, unanimously agreed that no elements were detected pointing to the existence of indicators that the projected data used in the Vendor Due Diligence prepared by Ernst & Young may be unreasonable. The assessments developed by the Committee for Transactions with Related Parties will be brought to the attention of the Board of Directors at the next available meeting.

ii. Regarding the VDD:

- A description of the main variances between the 2013 projected income statement data (as listed in the VDD as “FY13F”) and the 2013 budget and the reasons for the variances.
- A description of the main variances between the 2014 projected income statement data (as listed in the VDD as “FY14F”) and the 2014 plan and the reasons for the variances.

As summarized in the table below, the updated LAG plan for 2013 and 2014 shows, compared with the projections for the same years in the VDD, similar EBITDA in absolute terms (USD 102.8 million in 2013 and USD 111.9 million in 2014), but with revenues slightly lower than those originally projected (-2.6% in 2013 and -6.7% in 2014).

As a result, percentage profit margins improved, rising from 9.0% to 9.2% in 2013 and from 8.9% to 9.5% in 2014.

<i>(amounts in millions of USD; quantities in millions of Lbs)</i>	Total		Total	
	2013 Budget	2013VDD	2014 Plan	2014 VDD
Volumes	544.9	570.6	578.6	626.9
Net revenues	1,116.6	1,146.8	1,179.1	1,263.7
EBITDA	102.8	102.7	111.9	112.1
“KEY INDICATORS”				
Marketing costs	37.7	48.6	40.8	49.0
Inventory valuation adjustment	0.0	0.0	0.0	0.0
Raw milk price (USD/100 Lbs)	17.8	17.2	17.9	17.2
Royalties	7.7	9.4	9.5	12.5

The revision of volumes and revenues derives mainly from market conditions (particularly in categories that are significant for LAG) less favorable than those originally projected in the VDD and, in part, a higher price for raw milk.

It is worth mentioning that in the revised plan the Company believes that it will be able to achieve its chosen targets with a reduce support from marketing investments, which, however, are



expected to increase year-over-year, confirming the strategy of migration to a single national brand (“Galbani”), applied to the “Sorrento” brand in 2013.

The reduction in marketing investments compared with the VDD reflects an optimization of these expenditures made possible in part by the greater experience gained with regard to marketing models for the “retail dairy” and “retail deli” categories.

In any event, as is the Group’s established practice, an update will be prepared in the second half of the year to take into account any potential further need to alter projections in response to external and internal factors and, specifically, events related to competitive conditions, changes in the cost of raw milk and the complex dynamics of the North American market.

b. Indication of the timing projected for approval of the Group’s new industrial plan

Regarding the approval of the Group’s new industrial plan, while the final timing has not yet been defined, the Company’s objective is to present the industrial plan to the attention of the Board of Directors at the meeting scheduled to review the Semiannual Financial Report.

c. Regarding the impairment test of goodwill:

i. Method for determining the recoverable value of the LAG CGU providing the additional disclosures required pursuant to Paragraph 134 and following paragraphs of IAS 36.

As stated on page 248 and following pages of the print edition of the 2012 Annual Report, the goodwill recognized for the LAG acquisition, amounting to 35.3 million euros, refers mainly to earlier acquisitions executed by Lactalis American Group, which already carried it on its books prior to the Transaction. The recoverable value of this goodwill was defined based on its fair value, less cost to sell, and the method used was that of EBITDA multiples for entities that were comparable in terms of market, sector and size. More specifically, the reference sample used was the one selected, at the time of the acquisition, from transactions completed in the dairy sector in North America, updated to take into account the recently completed acquisition of Morning Star (9.5 times EBITDA). The multiple used, equal to the median for the selected sample, was 9.5 times EBITDA.



ii. Description of the documents approved by your Company's Board of Directors used to support the verifications carried out and determine the recoverable value of the abovementioned goodwill.

Business plans are prepared by each Cash Generating Unit on a three-year basis and submitted to the group's management for review and approval. These documents, in addition to the main guidelines of a strategic nature, include income statement, balance sheet and cash flow projections. Based on the abovementioned plans and with the support of an independent advisor, intangible assets with finite useful lives were tested for impairment. The results of this process were reviewed independently and in advance by the Internal Control Committee and later by the Company's Board of Directors (March 14, 2013).