



***Report of the Board of Directors, prepared pursuant to
article 125 ter of the Uniform Financial Code on the
fourth item on the agenda of the Ordinary Shareholders'
Meeting of April 19, 2018***

Report of the Board of Directors on the *fourth item* on the agenda of the Ordinary Shareholders' Meeting:

- Filling a vacancy on the Board of Statutory Auditors and election of the Chairman of the Board of Statutory Auditors; pertinent and related resolutions.

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Dear shareholders,

further to the resignation from the post of Chairman of the Board of Statutory Auditors tendered by Marco Pedretti for personal reasons on February 23, 2018, effective as of today's Shareholders' Meeting, it is now necessary to fill a vacancy on the Board of Statutory Auditors and elect its Chairman.

Please keep in mind that Marco Pedretti, elected by the Shareholders' Meeting on April 28, 2017, was drawn from a minority slate filed by Amber Capital UK LLP (in its capacity as manager of the Amber Active Investors Limited fund).

Article 21 of the Company Bylaws, penultimate paragraph, states that: *"resolutions concerning the elections of Statutory Auditors, Alternates and the Chairman of the Board of Statutory Auditors needed to fill vacancies on the Board of Statutory Auditors require only a plurality of the votes of the Shareholders' Meeting, without the obligation to file a slate of candidates, while complying with the gender parity regulations in effect at any given time. When the vacancies being filled concern minority Statutory Auditors, the Shareholders' Meeting shall vote, if possible, on motions filed by minority shareholders who alone or in combination with other shareholders hold in total at least the ownership percentage required to file slates of candidate for election to the Board of Statutory Auditors."*

Based on the provisions of the Bylaws, the Shareholders' Meeting will thus be asked to vote on the nominations submitted by shareholders and, on a priority basis, on any nominations submitted by minority shareholders who (alone or together with other shareholders) hold share representing at least 1% of the share capital entitled to vote at Ordinary Shareholders' Meetings.

The nominations submitted will be put up for a vote individually and, as stated in the Bylaws, candidates will be elected by a plurality of the votes, without taking into account any abstentions.

With regard to the handling of the voting process, in continuity with the procedure adopted for the same purpose by the Shareholders' Meeting on April 29, 2016, based on an independent opinion obtained at that time, please also note that:

- a) if there is only one candidate for election to the post of Statutory Auditor (and Chairman of the Board of Statutory Auditor) is submitted by shareholders who qualify as "minority" shareholders, it shall be understood that the majority or reference shareholder does not have a right to field alternative candidates;

- b) if there is only one candidate for election to the post of Statutory Auditor (and Chairman of the Board of Statutory Auditors) submitted by shareholders who qualify as “minority” shareholders who remains unchallenged or if multiple candidates are entered (“competing” for election to the post of minority Statutory Auditor, Chairman of the Board of Statutory Auditors) by a corresponding number of minority shareholders (separately and not linked to each other, none of whom is linked to the majority or reference shareholder), the Chairman, *“having verified [...] the requirements for <<suspending>> the right to vote of the majority or reference shareholder and the resulting non-eligibility of the abovementioned shareholder to exercise the right to vote, may and shall exclude the majority or reference shareholder from said exerciser and, if the right to vote were still to be exercised, to render it irrelevant (by not counting it) for voting purposes.”*;
- c) if *“no minority shareholder eligible pursuant to law and the Bylaws nominates a candidate (i.e., absence of any candidates fielded by truly minority shareholders) [...] the Chairman may and shall guarantee that [the principle of necessary minority representation] is duly respected by submitting to a vote the nomination, as a candidate for the post of minority Statutory Auditor, of the minority Alternate still <<in office>>, while at the same time <<suspending>> the right to vote of [...] the majority shareholder”*;
- d) if, as explained above sub (c), a minority Alternate is nominated for the post of Statutory Auditor *“it will again be necessary to nominate an Alternate in a manner that respects the right of representation of minority shareholders.”* The opinion also specifies that *“if no <<truly>> minority candidate is nominated for the post of Alternate [...] the Chairman [shall] allow the majority or reference shareholder to nominate a candidate for the vacant post of Alternate.”*

In such a case, *“once the nomination of a majority candidate for the post of Alternate is deemed to be legitimate due to the impossibility to field a minority candidate, there is no convincing and safe legal justification for suspending the right to vote of the majority or reference shareholder.”*

The service of the Statutory Auditors appointed to fill vacancies on the Board of Statutory Auditors will end when the term of office of the current Board of Statutory Auditors expires, i.e., with the Shareholders’ Meeting convened to approve the statutory financial statements at December 31, 2019.

Individuals who, pursuant to laws or regulations, are not electable, are not allowed to remain in office or lack the required qualifications may not be elected Statutory Auditors and, if elected, must forfeit their office. The requirements of Article 1, Section 2, Letters b) and c), and Section 3 of

Ministerial Decree No. 162 of March 30, 2000 apply when a candidate's professional qualifications refer, respectively, to:

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

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors in more than 5 (five) companies whose shares are traded in regulated markets in Italy may not be elected Statutory Auditor and, if elected, must forfeit their office.

In light of the above and considering the provisions of Article 21 of the Company Bylaws and the applicable laws, Shareholders are urged to file nominations of candidates for election as Statutory Auditors to fill vacancies on the Board of Statutory Auditors, including the nomination for the post of Chairman of the Board of Statutory Auditors, together with:

- 1) a certification proving the ownership of the required equity interest;
- 2) a curriculum vitae listing each candidate's personal and professional background;
- 3) affidavits by which each candidate accepts to stand for election and attests, on his/her responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he/she has met the requirements necessary to serve on the Board of Statutory Auditors, pursuant to the Bylaws and relevant laws and regulations;
- 4) a list of management and control posts held at other companies, as required by Article 2401, Section 4, of the Italian Civil Code.

Given the considerations provided above, while there are no specific legal or statutory deadline requirements for filing motions, eligible parties who wish to file motions for the election of candidates directly at the Shareholders' Meeting can anticipate the filing ahead of the date of the Shareholders' Meeting, by submitting the motions, together with the abovementioned supporting documents (and ensuring that the required certification proving their ownership of an interest in the Company's share capital on the record date of April 10, 2018 listed on the Notice of Shareholders' Meeting or a communication of eligibility to attend the Shareholders' Meeting issued by a qualified intermediary) at the Company's registered office in Milan, 9 Via Guglielmo Silva or the following certified email address:

parmalat_spa@pec.parmalat.net.

In this regard, please send, together with the abovementioned documents, information identifying the party who is making the filing and the sender's telephone number.

Motions for the election of candidates to the post of Statutory Auditor needed to fill vacancies on the Board of Statutory Auditors and elect the Chairman of the Board of Statutory Auditors filed by

the Shareholders before a Shareholders' Meeting is called to order will be promptly made available to the public by posting them on the Company website:

http://www.parmalat.com/en/corporate_governance/annual_general_meeting/, and through the authorized storage mechanism www.1info.it.

If the candidate nominated for election to the post of Chairman of the Board of Statutory Auditors is the Company's Alternate nominated by the minority shareholders, a nomination shall also be filed for the election of a new Alternate.

In view of the provisions of Article 125-bis of Legislative Decree No. 58/98 ("TUF") regarding the need to make available the motions for resolutions and Article 135-undicies of the TUF regarding the need to give voting instructions to the representative designated by the Company, the motion concerning the Third Item on the Agenda of the Ordinary Shareholders' Meeting is reproduced below:

Motion (*)

- (i) to elect [●] to the post of Statutory Auditor;
- (ii) to elect [●] pursuant to Article 148, Section 2-bis, of the TUF to the post of Chairman of the Board of Statutory Auditors;
- (iii) to elect [●] to the post of Alternate (if necessary).

() With regard to the portions of the text left blank, the Board of Directors refrained from nominating candidates leaving this task for the shareholders.*

Elected Statutory Auditors will serve until the expiration of the current Board of Statutory Auditors, i.e., until the Shareholders' Meeting convened to approve the financial statements at December 31, 2019.

Milan, March 15, 2018

The Board of Directors

by Gabriella Chersicla
Chairperson