



Parmalat Finance Corporation B.V.

*(a private company with limited liability incorporated in the Netherlands
and with corporate seat in Rotterdam, the Netherlands)*

€2,000,000,000

Debt Issuance Programme

Guaranteed by

Parmalat S.p.A.

(incorporated with limited liability in the Republic of Italy)

Under the Debt Issuance Programme described in this Offering Circular (the “Programme”), Parmalat Finance Corporation B.V. or any other issuer as may from time to time be appointed as referred to in “Summary of the Programme” (each an “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities guaranteed by Parmalat S.p.A. (the “Guarantor”) (the “Notes”). The aggregate nominal amount of Notes outstanding will not at any time exceed €2,000,000,000 (or the equivalent in other currencies).

Application has been made to list the Notes issued under the Programme on the Luxembourg Stock Exchange. In relation to Notes listed on the Luxembourg Stock Exchange, this Offering Circular is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined on page 5) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or any other stock exchange).

Each Series (as defined on page 5) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “temporary Global Note”) or a permanent global note in bearer form (each a “permanent Global Note”). Notes in registered form will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may (or in the case of Notes listed on the Luxembourg Stock Exchange will) be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

Arrangers for the Programme

Caboto

UBM-UniCredit Banca Mobiliare

Dealers

ABAXBANK

Banca IMI

Caboto

Citigroup

Deutsche Bank

HSBC

HVB Corporates & Markets

JPMorgan

MCC

MPS FINANCE Banca Mobiliare S.p.A.

Nomura International

UBM-UniCredit Banca Mobiliare

UBS Investment Bank

The Issuer and the Guarantor having made all reasonable enquiries confirm that this document contains all information with respect to the Issuer, the Guarantor, the Guarantor and its subsidiaries taken as a whole (the "Group") and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers or the Arrangers (as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers will act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with the issue of any Tranche, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period of time. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€", "EUR" and "Euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended, references to "CAD" are to Canadian dollars, references to "Rand" are to South African Rand and references to "US\$" and "U.S." dollars are to United States dollars.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer and the Guarantor from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all the documents incorporated by reference in this Offering Circular are available, free of charge, at the specified office of the Fiscal Agent in Luxembourg as described in “General Information” below.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantor has given an undertaking to the Dealers and to the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor, and the rights attaching to the Notes the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and to the Luxembourg Stock Exchange such number of copies of such supplement hereto as such Dealer may reasonably request.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular.

Issuer:	Parmalat Finance Corporation B.V. and any further issuer appointed as an Issuer pursuant to Clause 14.4 of the Dealer Agreement.
Guarantor:	Parmalat S.p.A.
Description:	Debt Issuance Programme
Size:	Up to €2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arrangers:	Caboto SIM S.p.A. and UniCredit Banca Mobiliare S.p.A.
Dealers:	<p>ABAXBANK S.p.A.; Banca IMI S.p.A.; Bayerische Hypo- und Vereinsbank AG; Caboto SIM S.p.A.; Citigroup Global Markets Limited, Deutsche Bank AG London; HSBC Bank plc; J.P. Morgan Securities Ltd.; MCC S.p.A. – Gruppo Bancario Capitalia; MPS FINANCE Banca Mobiliare S.p.A.; Nomura International plc; and UBS Limited.</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Fiscal Agent:	BNP Paribas Securities Services, Luxembourg Branch
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “Pricing Supplement”).</p>
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	<p>The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme –</p>

Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

Clearing Systems:

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 2nd December 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue the lead manager (the “Swiss Dealer”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24th March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.

Maturities:

Subject to compliance with all relevant laws, regulations and directives, any maturity.

Denomination:

Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue

otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

- Fixed Rate Notes:** Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
- Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:
- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
 - (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.
- Interest periods will be specified in the relevant Pricing Supplement.
- Zero Coupon Notes:** Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
- Dual Currency Notes:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
- Index Linked Notes:** Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
- Interest Periods and Interest Rates:** The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
- Redemption:** The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
- Redemption by Instalments:** The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
- Other Notes:** Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	The Notes and the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in “Terms and Conditions of the Notes – Status”.
Negative Pledge:	See “Terms and Conditions of the Notes – Negative Pledge”.
Cross Default:	See “Terms and Conditions of the Notes – Events of Default”.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes – Redemption, Purchase and Options”.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Netherlands or the Republic of Italy, as the case may be, subject to customary exceptions (including the IPMA Standard EU Exception), all as described in “Terms and Conditions of the Notes – Taxation”.
Governing Law:	English.
Listing:	Luxembourg Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Selling Restrictions:	United States, United Kingdom, the Netherlands, the Republic of Italy, Japan. See “Subscription and Sale”. Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement") dated 25 August 2003 between the Issuer, the Guarantor, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant and Guarantee (as amended or supplemented as at the Issue Date, the "Deed of Covenant and Guarantee") dated 16 July 2001 executed by the Issuer and the Guarantor in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrar", the "Transfer Agents" and the "Calculation Agent(s)". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant and Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be, and may be treated as, its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Guarantee and Status

(a) *Guarantee*

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, Receipts and Coupons. Its obligations in that respect (the “Guarantee”) are contained in the Deed of Covenant and Guarantee and references in the Conditions to the Guarantor’s obligations under the Notes shall be deemed to include its obligations under the Guarantee.

(b) *Status of Notes and Guarantee*

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4. Negative Pledge

(a) *Restriction*

So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement):

- (i) neither the Issuer nor the Guarantor shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt
- (ii) each of the Issuer and the Guarantor shall procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (x) any of the Issuer’s Relevant Debt or the Guarantor’s Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer’s Relevant Debt or the Guarantor’s Relevant Debt or (y) where the person in question is a Subsidiary (as defined below) of the Issuer or of the Guarantor any of the Relevant Debt of any person other than that Subsidiary, or any guarantee of or indemnity in respect of any such Relevant Debt and
- (iii) each of the Issuer and the Guarantor shall procure that no other person other than the Guarantor gives any guarantee of, or indemnity in respect of, any of its Relevant Debt unless, at the same time or prior thereto, the Issuer’s obligations under the Notes, Receipts and Coupons or as the case may be the Guarantor’s obligations under the Guarantee (A) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of these Conditions, in relation to a company or corporation, “Subsidiary” means a company or corporation:
- (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or
 - (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
 - (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to control the composition of its board of directors or equivalent body.

For the purposes of this Condition, “Relevant Debt” means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

5. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes:*

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest

Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
 - (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:*

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts

for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”) and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))
- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation

Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and

- (vi) if “Actual/Actual-ISMA” is specified hereon,
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon

“ISDA Definitions” means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“Reuters”) and Moneyline Telerate (“Moneyline Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

“Reference Banks” means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London

“Relevant Rate” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels Time

“Representative Amount” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii)

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(k) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Redemption by Instalment and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such

proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption*

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of agreement to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due (ignoring for this purpose the date of actual payment). Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that

the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) Redemption at the Option of Noteholders and Exercise of Noteholders' Options

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) Purchases

The Issuer, the Guarantor and any of its/their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender in respect of a Series of Notes shall be made available to all Noteholders of that Series alike. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11(a).

(h) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith

(together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes:

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange, (vi) such other agents as may be required by the rules of any other stock exchange on which the

Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons:*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands or the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

- (a) *Other connection*
to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands or, in the case of payments by the Guarantor, the Republic of Italy other than the mere holding of the Note, Receipt or Coupon or
- (b) *Presentation more than 30 days after the Relevant Date*
presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day or
- (c) *Country of incorporation*
presented for payment in the country of incorporation of the Issuer or
- (d) *Declaration of non-residence etc.*
presented for payment by a holder who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or similar claim for exemption to the tax authority in the place of presentation of the relevant Note, Receipt or Coupon or
- (e) *Legislative Decree No. 239 of 1st April 1996*
where such withholding or deduction is in respect of the substitutive tax (*imposta sostitutiva*) pursuant to Legislative Decree No. 239 of 1st April 1996 (“Decree No 239/1996”), as subsequently amended or supplemented or
- (f) *Payment to individuals*
where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or
- (g) *Payment by another Paying Agent*
(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have been given to the Noteholders. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement

to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

9. Prescription

Claims against the Issuer and the Guarantor for payment in respect of principal and interest, the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately due and payable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable without further formality:

(a) *Non-Payment*

the Issuer fails to pay the principal or any interest on any of the Notes when due and such failure continues for a period of five days or

(b) *Breach of Other Obligations*

the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Notes which default is incapable of remedy or is not remedied within 14 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder or

(c) *Cross-Default*

(A) any other present or future indebtedness of the Issuer or the Guarantor or any of its/their respective Material Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or, as the case may be, the Guarantor, or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or the Guarantor or any of its/their respective Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds Euro 6,000,000 or its equivalent in other currencies

For the purposes of this Condition “indebtedness” shall be construed so as to include, without limitation, any indebtedness of any person for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the case of the Issuer, in the Netherlands, or in the case of the Guarantor, the Republic of Italy (as used in the Issuer’s most recent annual financial statements, or, in the case of the Guarantor, the most recent annual, consolidated financial statements of the Guarantor and its Subsidiaries) be treated as finance or capital leases;

(d) amounts raised under any other transaction (including, without limitation, any deferred purchase consideration or forward sale or purchase agreement) having the commercial effect of a borrowing; and

(e) any actual or contingent liability in respect of guarantees issued in favour of banks or financial institutions, any interest rate or foreign exchange contracts or other derivative transactions; or

(d) *Enforcement Proceedings*

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any of its/their respective Material Subsidiaries and is not discharged or stayed within 14 days or

- (e) *Security Enforced*
any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of its/their respective Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) or
- (f) *Insolvency*
the Issuer or the Guarantor or any of its/their respective Material Subsidiaries is or are, or could be, deemed by law or a court to be insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of or of a particular type of its debts, proposes or makes any agreement for the deferral, rescheduling or readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of its/their respective Material Subsidiaries or
- (g) *Winding-up*
an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any of its/their respective Material Subsidiaries, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Material Subsidiaries or
- (h) *Nationalisation*
by or under the authority of any government, the management of the Issuer or the Guarantor or any of their respective Material Subsidiaries is seized, nationalised, expropriated or compulsorily acquired or
- (i) *Ownership*
the Guarantor ceases to own more than 50% of the issued and outstanding ordinary share capital of the Issuer or any of the voting rights in respect thereof are transferred by the Guarantor or
- (j) *Authorisation and Consents*
any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with its/their respective obligations under the Notes (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of the Netherlands and the Republic of Italy is not taken, fulfilled or done or
- (k) *Illegality*
it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or
- (l) *Analogous Events*
any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs or
- (m) *Guarantee*
the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.
For the purposes of this Condition “Material Subsidiary” means, at any particular time, a company which is then directly or indirectly controlled, or more than 50% of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer or the Guarantor and/or one or more of their respective Subsidiaries and which accounts for in excess of 5% of the consolidated gross assets or

revenues for sales and services of the Guarantor and its consolidated subsidiaries (as determined from the audited consolidated financial statements of the Guarantor and its subsidiaries). For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company.

11. Meeting of Noteholders and Modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of Agency Agreement

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

14. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s and the Guarantor’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order. For the avoidance of doubt, nothing in this Condition shall make the Issuer or, as the case may be, the Guarantor liable to indemnify any Noteholder or Couponholder more than once in respect of the same cost, loss or damage.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any of these Conditions under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

17. Governing Law and Jurisdiction

(a) Governing Law

The Agency Agreement, Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons, Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or the Guarantee (“Proceedings”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits

to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

Each of the Issuer and the Guarantor irrevocably appoints Valuetuning Ltd, c/o Ashurst Morris Crisp at Broadwalk House, 5 Appold Street, London EC2A 2HA, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Notes, Receipts, Coupons, Talons or the Guarantee. If for any reason the Issuer or the Guarantor, as the case may be, does not have an agent in England, it will promptly appoint a substitute process agent and shall notify Noteholders of such appointment in accordance with Condition 14. Nothing herein shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme-Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes or, in the case of (iii) below, Registered Notes:

- (i) by the Issuer giving notice to the Noteholders, the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due
- (ii) if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and

- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

3. Permanent Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
- (ii) if principal in respect of any Notes is not paid when due or
- (iii) with the consent of the Issuer

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

4. Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

5. Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. Exchange Date

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 8(d) will apply to the Definitive Notes only.

2. Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5. Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of its/their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented to a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

7. Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

8. Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of a Deed of Covenant executed as a deed by the Issuer and the Guarantor on 16th July 2001 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

9. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be on-lent by the Issuer to, or invested by the Issuer in, other companies within the Group for use by such companies for their general corporate purposes, including the repayment of other indebtedness.

PARMALAT FINANCE CORPORATION B.V.

General

Parmalat Finance Corporation B.V. is a private limited liability company having its statutory seat in Rotterdam, the Netherlands. It was incorporated with unlimited life with the name of Parmalat Receivables Corporation B.V. on 27th April 1990 and is registered with the Rotterdam Chamber of Commerce under number 24182598. On 13th June 1996 it changed its name to Parmalat Finance Corporation B.V. It is a wholly-owned subsidiary of Parmalat S.p.A.

Its activities are that of a financing vehicle for Parmalat S.p.A. and its subsidiaries and up until 31st December 1995 was the vehicle through which a receivables financing programme was operated. Until 8th July 1996 it had one subsidiary, Curcastle Corporation N.V., a Curaçao-registered entity which was a finance company. On that date, Curcastle Corporation N.V. was sold to Parmalat Netherlands B.V.

CAPITALISATION OF PARMALAT FINANCE CORPORATION B.V.

The table below sets forth the non-consolidated capitalisation and indebtedness of the Issuer as at 31st December 2002 extracted from the audited non-consolidated financial statements of the Issuer as at and for the financial year ended 31st December 2002:

	As at 31st December 2002
	<i>(euro millions)</i>
Total Cash (cash, cash equivalent and marketable securities)	191.32
Total debt	4,458.60
Total net debt	4,267.28
Shareholders' equity:	
Share capital	1.24
Share premium reserve and other reserve	100.82
Retained earnings and reserves	(1.99)
Minority interests	—
Total shareholders' equity	100.06
Total capitalisation ⁽¹⁾	4,367.34

Notes:

- (1) Includes cash, cash equivalent, long-term debt and total shareholders' equity.
- (2) The Issuer has not issued any warrants or convertible bonds in respect of its ordinary shares.
- (3) The issued share capital of Parmalat Finance Corporation B.V. is €1,242,000 consisting of 27,000 ordinary shares with a nominal value of €46 each. Its authorised share capital is €1,610,000 consisting of 35,000 ordinary shares with a nominal value of €46 each.
- (4) As a result of the issue of €210,000,000.00 5.10% guaranteed Notes due 2008 and the issue of €210,000,000 5.20% guaranteed Notes due 2008 on 3 July 2003; and the issue of €300,000,000 floating rate guaranteed Notes due 2008 on 10 July 2003, issued under the EMTN Programme, the aggregate long term debt of the Issuer will accordingly have increased by €720,000,000 since 31st December 2002. Save as disclosed above, there has been no material change in the capitalisation of Parmalat Finance Corporation B.V. since 31st December 2002.

Managing Directors

The managing directors of Parmalat Finance Corporation B.V. are Alberto M. Ferraris, Luciano Del Soldato, Hermanus Muus, Edward Logeman and Forum Administrations B.V.

**AUDITORS' REPORT ON PARMALAT FINANCE CORPORATION B.V.'S
FINANCIAL STATEMENTS**

This is an extract from the Auditors' report dated 16th April 2003 on the Financial Statements of the Issuer for the year ended 31st December 2002.

Deloitte & Touche, Accountants

Parmalat Finance Corporation B.V.
Rotterdam

Reference: OML/1006935/OP9999

Rotterdam
16 April 2003

Auditors' Report

Introduction

We have audited the 2002 financial statements of Parmalat Finance Corporation B.V., Rotterdam. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements of Parmalat Finance Corporation B.V. give a true and fair view of the financial position of the Company as at 31st December 2002 and of the results for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the legal requirements for financial statements as included in Part 9, Book 2 of the Netherlands Civil Code.

Deloitte & Touche, Accountants

**SUMMARY AUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS OF
PARMALAT FINANCE CORPORATION B.V.**

Balance Sheet as at 31st December 2002 and 2001

	<u>2002</u>	<u>2001</u>
	<i>(euro)</i>	
Assets		
Fixed assets		
Intangible fixed assets:		
Deferred charges	50,764,031	57,143,345
Financial fixed assets:		
Intercompany loans.. .. .	5,093,711,448	4,097,299,364
Current assets		
Intercompany receivables		—
Accrued income	456,887	96,055
Cash in bank and in transit	191,321,407	351,921,226
Corporate income tax	3,231,042	1,072,543
	<u>195,009,336</u>	<u>353,089,824</u>
	<u>5,339,484,815</u>	<u>4,507,532,533</u>
Liabilities and Shareholders' equity		
Short-term liabilities	639,072,676	78,057,341
Accrued liabilities	141,752,375	119,708,530
Corporate income tax	—	—
Bankers	104	—
	<u>780,825,051</u>	<u>197,765,871</u>
Long-term liabilities		
Fixed rate/ Floating rate notes and others	4,458,596,491	4,137,211,724
Provisions		
Deferred income tax	—	52,497,398
Shareholders' equity		
Share capital	1,242,000	1,242,000
Reserve for exchange rates	94,088,785	94,088,785
General reserve	4,732,488	24,726,756
	<u>100,063,273</u>	<u>120,057,540</u>
	<u>5,339,484,815</u>	<u>4,507,532,533</u>

Profit and Loss Account for the years ended 31st December 2002 and 2001

	<u>2002</u>	<u>2001</u>
	<i>(euro)</i>	
Gross result		
Interest	11,516,129	18,962,691
Intercompany interest	279,399,377	216,032,344
Exchange differences	(190,530,194)	82,687,711
Other receipts	137,922,317	3,919,473
	<u>238,307,629</u>	<u>321,602,219</u>
Operating expenses		
Interest	260,979,785	213,783,283
Amortisation and depreciation	12,425,089	10,732,175
Intercompany commissions	13,728,750	5,124,428
Legal and administration fees	223,229	45,604
Other expenses	4,694,441	3,788,843
	<u>292,051,294</u>	<u>233,474,333</u>
Result after corporate income tax	(53,743,665)	88,127,886
Corporate income tax	51,749,398	(30,844,760)
	<u>(1,994,267)</u>	<u>57,283,126</u>

PARMALAT S.p.A.

Ownership and Structure

The origins of the Parmalat group date back to 1961 when Calisto Tanzi created Dielat S.r.l. in order to enter the market for pasteurised milk, which, at that time, was dominated by public dairies. In 1968, Dielat S.r.l. changed its name to Parmalat S.r.l. (“Parmalat” or the “Company”) and in 1973 Parmalat became a joint stock company. In 1990, 75.00% of Parmalat’s capital was acquired by Finanziaria Centro Nord, the holding company of the Tanzi family, which subsequently changed its name to Parmalat Finanziaria S.p.A. (“Finanziaria”).

During 1993, Finanziaria acquired from the Tanzi family a further 20.54% of Parmalat shares, raising its participation to 95.54% of Parmalat’s voting capital; ownership reached 100% by the end of 1994. In January 2000, Dalmata S.r.l. acquired 10.82% of the share capital of Parmalat in connection with a reorganisation of the Group’s activities in Italy, the remaining 89.18% being owned by Finanziaria. Parmalat S.p.A., the main operating company in the Italian market and the holding company for most of the operating and commercial subsidiaries in Italy and abroad, is Finanziaria’s principal investment. Finanziaria also owns indirectly 83.11% of Parmalat Canada Inc., the entity through which Parmalat’s Canadian activities are held (the balance of the shares being owned by Citicorp North America Inc.) and 100% of Parmalat’s Australian operations.

History and Strategy

Since 1961, Parmalat has grown from a small family-run milk company to one of the largest dairy companies in Italy. During the 1960s the Company’s product line consisted purely of Ultra High Temperature (“UHT”) milk and cream sold in the Italian market. Its initial growth was due to the success of long-preservation UHT milk, which was sold in carton packages (Tetra Brik containers) rather than in traditional glass bottles. Subsequently Parmalat started distributing UHT creams, ready-to-use bechamel sauce (the “Chef” line) and fresh yoghurt. During the late 1970s and 1980s, Parmalat diversified its product portfolio in order to achieve economies of scale in its processing and packaging technology and the nationwide distribution network established for its UHT milk. During 1981 and 1982, Parmalat entered the vegetable-based products market with fruit juices and strained tomatoes which use the same packaging machinery and same distribution network as Parmalat’s UHT milk. In 1984, Parmalat entered the bakery products market, manufacturing biscuits, cookies and snacks.

The Company started to expand geographically in 1974 when it formed a joint venture with Laticinios Mococa in Brazil, marking the entry into the South American market for the Company. The joint venture continued until 1977, when the joint venture company became a wholly-owned subsidiary of Parmalat. Until 1991, Parmalat’s growth was concentrated in the Italian market and achieved organically, without recourse to acquisitions. Parmalat’s Management believe that the Company’s leadership in the processing of UHT milk and other UHT products, its extensive distribution network and its intensive advertising efforts, including sponsorship of popular sports, such as World Cup skiing and Formula One Motor Racing have been key factors contributing to its success. The Company is currently the owner and sponsor of Parma AC, a team competing in the Italian Series A soccer league.

In 1992, Parmalat started an aggressive acquisition programme. The main objective was diversification of geographical presence in order to reduce concentration in the Italian market which, in 1991, accounted for 83.00% of consolidated net sales. By the end of 2002, Parmalat’s sales in Europe accounted for 50.5% of consolidated net sales. Parmalat has achieved its international growth both organically and through acquisitions. Parmalat has focused on acquiring companies that (i) have significant market share in the geographic area in which they operate, (ii) own production plants locally and (iii) have products similar to those sold by Parmalat. Parmalat’s acquisition strategy focused initially on South America, where Parmalat considers there to be significant opportunities for volume growth in the future as well as comparatively good margins and where Parmalat is well established and the Parmalat brand-name is well recognised. In the Company’s view this strategy and its accompanying opportunities outweigh the political, economic, inflation rate, exchange rate and currency control risks that could affect the Group’s subsidiaries operating in these countries. In the past few years Parmalat also made significant acquisitions in North America and South Africa (see “Capital Expenditure and Acquisitions”). With the additional acquisitions completed in 1999 and 2000, Parmalat marked the completion of its global acquisition and expansion strategy. Parmalat’s strategy for 2003 is principally focused on consolidating and integrating its past acquisitions, with a view to increasing margins and proceeding with its targeted diversification into selected high value added market niches.

During 2002, the Group invested €48 million in the following acquisitions:

- Acquisition of 25% of the Austrian company NOM AG for €30 million – this company operates in the milk and dairy product sectors and Parmalat has an option to buy a majority stake in 2004 at a price to be determined on the basis of the company's earnings performance in 2003; and
- Acquisition of 1.5% of Mediocredito Centrale S.p.A. ("MCC S.p.A."), for €18 million.

In the context of a historically low interest rate environment and with the prospects of future interest rate increases, Parmalat has adopted a strategy of pre-funding its future debt redemptions, through the issue of medium and long dated fixed rate debt issues in the capital markets.

Capital Expenditure and Acquisitions

With the growth and geographical diversification of Parmalat's activities, increased levels of capital expenditure and working capital facilities have been required to improve production capacity and enhance the Group's distribution capability. In addition, the Group has had to improve its systems, procedures and controls constantly in order to manage the higher inventory levels and working capital requirements necessary to keep pace with the expansion of its operations:

						31st December				
						2002	2001	2000	1999	1998
						<i>(euro millions)</i>				
Capital expenditure	..	..	..	..	..	112.0	128.6	214.8	111.0	146.7
Acquisitions	..	..	..	..	..	48.0	85.7	82.1	632.1	535.6
Total	..	..	..	..	..	<u>160.0</u>	<u>214.3</u>	<u>296.9</u>	<u>743.1</u>	<u>682.3</u>

Developments in the 2002 Financial Year

Entire Group sales for the 2002 financial year amounted to €5,345 million which represents a decrease of €207 million over sales in 2001. This decline is due to the devaluation of South American currencies and the strengthening of the Euro.

Pre-tax profits for the Group for the financial year ended 31st December 2002 were €319 million (compared to approximately €432 million for the financial year ended 31st December 2001).

Business of the Parmalat Group

Parmalat has operations in 30 countries, concentrated in Europe, North, Central and South America.

The following chart shows the composition of Parmalat's sales by geographic area during the last five years in percentage terms:

	31st December				
	2002	2001	2000	1999	1998
			(%)		
Europe	50.50	46.05	43.22	43.31	41.07
North America (including Central America and Caribbean)	15.90	15.37	15.47	13.51	5.63
South America	29.20	34.29	36.52	37.55	49.17
Rest of World	4.40	4.29	4.80	5.63	4.13
Total	100	100	100	100	100

Parmalat's operations are divided into four main divisions: milk products (including pasteurised milk and cream, UHT milk and cream, flavoured milk, powdered milk, condensed milk and bechamel sauce), fresh products (including yoghurt and fermentation products, butter, cheeses, desserts and special preparations), vegetable products (including fruit juices, tomato products, vegetable soups and tea and drinks), bakery products and other (including snacks, biscuits, confectionery, bakery products, ice creams and water). The charts below summarise the relative importance of the different geographic areas for the four divisions and the return on sales calculated as net operating profit on sales ("ROS" or "Return on Sales") in relation to each of them for the year ended 31st December 2002.

Sales by Region and Product

	Europe	North America	South America	Rest of World	TOTAL
			(euro millions)		
Milk products	1,417	750	1,137	137	3,441
Fresh products	620	66	245	77	1,008
Vegetable products	380	18	128	20	546
Bakery products and other	281	18	48	3	350
Total Revenues for 2002	2,698	852	1,558	237	5,345

EBIT Margin by Product

	TOTAL
	(%)
Milk products	9.4
Fresh products	9.1
Vegetable products	9.9
Bakery products and other	4.6
Total EBIT Margin for 2002	9.1

Milk products

The milk products division accounted for 64.38% of Parmalat's consolidated sales worldwide and 66.53% of consolidated net operating profits for 2002. Return on Sales was 9.4%, slightly better than Parmalat's average of 9.1%. Product lines include pasteurised and UHT milk, pasteurised cream and bechamel sauce, milk powder and condensed milk.

In recent years the market for processed milk in the developed countries has generally been characterised by fragmentation and maturity, with few prospects for significant growth, but a fairly stable level of consumption. Product differentiation is difficult, making the possession of an established brand a crucial

factor in avoiding purely price-based competition. The Latin American market generally, and the Brazilian market in particular, and, to a lesser extent, the Eastern European market, however, are considered less mature and therefore to have better potential for growth. As a result, Parmalat has been positioning itself to take advantage of opportunities in these markets.

In mature markets like Italy, Parmalat's strategy has been focused on milk "diversification" with the introduction of special products and product innovation. Such innovations have included milk with double calcium, added iron and Omega 3. In 1997, Parmalat acquired the remaining 51.0% of Dasi Corporation, now Parmalat Techhold Corporation, that owns a production process which results in UHT milk with an improved taste more closely resembling fresh milk (referred to herein as "New UHT Milk"). Parmalat has developed a special bottle design and is developing specialised machinery in connection with this product.

At the end of 2001 Parmalat successfully launched Frescoblu, a fresh milk with a shelf life of at least 8 days after packaging. Apart from being of exceptional quality, this new type of milk remains fresh for longer thanks to "micro filtration", a natural method that eliminates 99.9% of the microbiol flora that cause fresh pasteurised milk to deteriorate so quickly. Following the trend of the Frescoblu brand's popularity, in December 2002 the Parmalat subsidiary, Eurolat, applied the innovation to the emerging organic market, launching Frescoblu Bio.

Milk and milk-related products still represent the core of Parmalat's activities. According to Parmalat's internal evaluation, the Company is the market leader in the UHT milk sector in Italy and in Brazil with 34.8% and 25.5% of the respective market shares in 2002 in those countries.

Parmalat's UHT cream and bechamel products also hold leading market positions in Italy with market shares in 2002 of 39.1% and 49.4%, respectively (source: Parmalat's internal evaluation).

Fresh products

The fresh products division accounted for 18.86% of Parmalat's consolidated sales worldwide and 19.01% of consolidated net operating profit for 2002. Return on Sales for fresh products was 9.1%, which was the same as the average of 9.1% for the Group as a whole. Product lines include yoghurt, desserts, butter and cheeses.

In 2002 Parmalat had a market share in Italy of 8.8% for yoghurt. A clear new relaunch strategy for brand, packaging and flavour for the Group's yoghurt range of products has been mapped out, and this was implemented during the course of 2003. The most important product which was launched in February 2003 is Kyr Principia. In 2002, Parmalat had a market share in Italy of 20.8% for dessert products.

The market for butter and cheeses in Italy is characterised by the presence of a large number of dairy farms which produce butter and traditional cheeses that are distributed directly throughout Italy. While not a strategic focus for Parmalat, the Company has positioned its products towards the upper end of the market and has emphasised the premium quality of its products.

Vegetable products

The vegetable products division accounted for 10.22% of Parmalat's consolidated sales worldwide and 11.16% of consolidated net operating profits for 2002. Return on Sales of 9.9% was better than the Group's average.

The division's product line encompasses fruit juices, defined by Italian law as 100.00% unfermented juice with no added sugar or water; nectars, defined as beverages made from fruit prepared from either pulp, concentrate or purée, sugar and water; and tomato products, defined as strained and chopped tomatoes, iced tea and vegetable purées and soups.

Parmalat's fruit juices are produced from concentrate purchased mostly from suppliers outside Italy and its nectars are obtained directly from fruit pulp and juice. This pattern of supply is fairly typical for most major producers of fruit juices and nectars. The concentrate is then rehydrated, sterilised and packaged on the same production line that is used for Parmalat's UHT milk products.

Fruit juices and nectars are considered by the Company to be a sector with very good growth potential. There are approximately six major producers of fruit juices and nectars in Italy, which can be broadly grouped into two categories: companies primarily involved in the transformation of vegetables and fruit (like Zuegg, Conserve Italia and Confruit) and companies like Parmalat which are well established across different sectors of the Italian food and drinks industry. Competition within the fruit juice market is relatively concentrated compared to the fragmentation which characterises most other sectors of the Italian food and drink industry.

In Italy, where the market for fruit juices and fruit based drinks is experiencing remarkable growth, Parmalat witnessed a good performance from those products that are highly innovative. These products include SANTAL ACTIVE DRINK, SANTAL PLUS and SANTAL FOLIES. Another new product which was introduced towards the end of the year was SANTAL LIGHT, a new low-calorie fruit nectar enriched with anti-oxidant vitamin C and E.

Other important new products which were launched during the year 2002 are:

- SANTAL BREAKFAST;
- SANTAL SUNNY; and
- SANTAL RAD.

According to Parmalat's internal evaluation, in the fruit juice market Parmalat was the leader in Italy in 2002 with a 12.1% market share. In Romania, Parmalat is the leader with a 31% market share.

The market for tomato products is highly fragmented and relatively mature. It is shifting away from whole peeled tomatoes, towards strained and chopped products, due to their greater ease of use and longer shelf life. This development suits Parmalat, as its range of products is comprised principally of strained and chopped products. Tomato products are also produced in Argentina, Portugal and Brazil. In Germany, Parmalat is leader in the field of tomato pulp products with a 35% of market share.

Bakery and other products

The bakery and other products division comprises snacks, cookies, pastries and bread-based, oven-ready items such as pizza, focaccia and speciality breads. The "non-bakery" products within this division include ice creams and water. The division accounted for 6.6% of Parmalat's consolidated sales worldwide and 3.31% of consolidated net operating profits for 2002. Historically, operating margins for the bakery and other products division have been low compared to the Company's other divisions as a result of the significant advertising expenses required to compete in this market and the relatively low volume of product sales. In 2002, Return on Sales for the division was 4.6%, compared with an average of 9.1% for the Company.

Bread-based products are a niche market within the much larger fresh bread market. With the introduction of its oven-ready pizza and focaccia in 1985, Parmalat virtually created the "oven-ready bread-based" products market in Italy.

The Italian market for snacks, cookies and pastries is characterised by significant market concentration and considerable competition between the two market leaders. Parmalat considers it is important to increase its current market share and operating margins through organic growth (by introducing innovative products).

The year 2000 saw the implementation of a strategic plan aimed at reviving and repositioning the "Mister day" brand name. Mister day, under Parmalat brands umbrella, is the brand name used to identify Parmalat's Italian range of baked products.

Distribution and Customers

Distribution methods vary based upon the countries in which Parmalat operates. The following paragraphs describe the distribution methods and customers in the most significant geographic areas in which Parmalat operates.

Italy

In Italy Parmalat S.p.A. has distribution contracts with approximately 130 independent contractors, and serves approximately 80,000 retail customers throughout Italy.

Parmalat distributes its products through independent distributors who negotiate sales and deliveries directly with small retailers. These sales and deliveries are monitored daily by Parmalat on a nationwide basis by a computer tracking programme connected to the distributors as a means of monitoring sales trends and more precisely estimating demand. Sales to supermarket chains are arranged directly through Parmalat employees, who visit the supermarkets periodically.

The distribution of pasteurised milk and cream, which requires refrigeration and has a shelf life of only five days as compared to three months for UHT milk products, is conducted more frequently, using refrigerated trucks. Generally, pasteurised milk is delivered to small stores nightly between 1.00 a.m. and 8.00 a.m. Pasteurised milk is not sold in significant quantities in supermarkets in Italy. Parmalat has recently introduced in Italy a new type of fresh milk product with a shelf life of 8 days.

Europe (excluding Italy)

In Europe, outside Italy, distribution is less sophisticated than in Italy. In Portugal, independent contractors and Parmalat's own trucks and distributors are used to distribute Parmalat products produced in Portugal or imported to its plants from Italy. Big supermarket chains dominate the Portuguese market and there are consequently fewer retail customers than in Italy. In Spain, Clesa, with its own distribution network, distributes its products countrywide.

In Eastern Europe distributions to stores is conducted through logistic partners and/or the Group's own distribution network. In Hungary, the last few years has seen a transformation in Parmalat's distribution network from predominantly small retail stores to larger supermarket chains.

South America

In Brazil and Venezuela, Parmalat's two main South American markets, the retail market is generally characterised by very large supermarkets.

Items not delivered directly by Parmalat sometimes go to its intermediary storage warehouses. Inventory at the warehouses is monitored daily. In addition, independent distributors deliver products including pasteurised milk to small retail stores.

North and Central America

In the United States and Mexico, the Parmalat Group operates two systems of distribution.

The most important of the two systems is centred on independent distributors that transport the Group's products from the production plants to the general warehouses of the supermarket chains which are the clients of the Group. In some cases, the Parmalat Group distributes products using its own trucks (Nicaragua and Dominican Republic).

Rest of the World

Distribution in the rest of the world is driven by local requirements and is based largely on a mix of independent distributors and a distribution network of vehicles owned by the Parmalat Group.

Divisions and Geographic Areas

Parmalat enjoys a strong market position in its main lines of business.

Set out below are the percentages of the Group's sales by division and geographic area, as well as a breakdown of net operating profit and margin by division and by geographic area (in millions of euro) for the three years ended 31st December 2002 and a breakdown of the increase/decrease in these figures between 2001 and 2002:

Sales by division

	2002	2002	2001	2001	2000	2000	+/-	+/-
	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>
Milk products	3,441	64.38	3,529	63.56	3,536	66.86	88	0.82
Fresh products	1,008	18.86	513	9.24	482	9.11	495	9.62
Vegetable products	546	10.22	1,111	20.01	981	18.55	565	(9.80)
Bakery products and other	350	6.55	399	7.19	290	5.47	49	(0.64)
Total Sales	5,345	100	5,552	100	5,289	100	207	(3.73)

Sales by geographic area

	2002	2002	2001	2001	2000	2000	+/-	+/-
	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>	<i>(euro million)</i>	<i>(%)</i>
Europe	2,698	50.48	2,557	46.06	2,286	43.22	141	4.42
South America	1,558	29.15	1,904	34.29	1,931	36.51	(346)	(5.15)
North America	852	15.94	853	15.36	818	15.47	(1)	0.58
Rest of the World	237	4.43	238	4.29	254	4.80	(1)	0.15
Total Sales	5,345	100	5,552	100	5,289	100	(207)	(3.73)

Net operating profit and margin by division

	2002	2002	2002	2001	2001	2001	2000	2000	2000
	(euro million)	(%)	ROS	(euro million)	(%)	ROS	(euro million)	(%)	ROS
Milk products	322	66.53	9.4	325	65.76	9.2	318	69.13	9.0
Vegetable products ..	54	11.16	9.9	50	10.11	9.8	46	10.00	9.5
Fresh products	92	19.01	9.1	102	20.70	9.2	87	18.97	8.9
Bakery products and other	16	3.31	4.6	17	3.44	4.3	9	1.90	3.0
Total Net operating profit and margin ..	484	100	9.1	495	100	8.9	460	100	8.7

Current Activities

Set out below is a brief description of Parmalat's activities in the various geographic areas.

Europe

Despite a Europe-wide decline in consumption and stabilisation of prices in recent years, the Group has maintained its sales in all the countries in which it has operations (being Italy, Portugal, Spain, France, Germany, the United Kingdom, Hungary, Romania and Russia).

The Group's leading market position for UHT milk sales in Italy has been maintained with the launch of a new milk product called "Frescoblu", a product which Parmalat considers to be of superior quality. Its quality has been achieved using technology owned exclusively by the Group.

Another important development by the research and development division of Parmalat is "Omega 3" milk. Omega 3 milk is high quality milk integrated with a significant quantity of natural polyunsaturated fatty acids which are naturally present in some fish. Omega 3 milk is also enriched with vitamins E, C and B6 which, when combined with the polyunsaturated fatty acids, are considered by some specialists to assist in the prevention of cardiovascular diseases. Innovations such as Natura Premium and Omega 3 allow the Group to increase the profile of the Parmalat brand in connection with premium priced milks and thereby improve Parmalat's market position. Currently, approximately 35% of UHT milk sales in Italy are accounted for by speciality milks such as Zymil, Gran Sviluppo, Dietalat, Vita 7, Omega 3, Prima Crescita and Natura Premium. Development of these products is expensive and it is not easy for other companies to copy these products. The ability to charge premium prices for these products results in higher profitability and it is therefore the intention of Parmalat to achieve similar percentage sales of speciality milks in the other countries in which the Group is present.

The Group's milk products presence in Europe outside Italy is concentrated in Portugal, Spain and Hungary. In Portugal, the milk market is dominated by UHT milk, which accounts for a large proportion of all milk consumption. In 2002, Parmalat ranked second in the Portugal UHT milk market, accounting for 7% of the market share. Approximately 50% of the Group's sales in Portugal are under the "Parmalat" brand name, with the remainder being sold through private labels. There is a high level of competition in the Portuguese milk market, with the largest competitor (a co-operative of farmers) holding a dominant market position. The Parmalat Group currently sells chocolate milk in Portugal under the brand name 'Ucal' but the core business of Portugal is represented by products like "Santal Active Drink", "Santal Plus" and "Santal Rad". In Germany and France, Parmalat sells locally-produced cheeses and markets products that have been processed in Italy. In France, a new cheese-based snack called "Cheeshings" has been launched. Market research is now being carried out in order to identify opportunities to launch other innovative Parmalat products in this country. In Germany, Parmalat mostly sells tomato products, in both sauce and chopped form.

In Spain, with the acquisition of Clesa, the Group has become an important operator in the yoghurt and desserts market, and in addition it has become the market leader for milk and cocoa based beverages. Clesa's distribution network can assure the introduction of new high added value products, which will further increase the profitability of the company. In 2002, the turnover in Spain was primarily made up of fermented and flavoured milk products. In UHT milk, Clesa adopted a selected sales policy in order to avoid pressures with prices. The UHT milk market in Spain is influenced by the strength of hypermarkets and by the fragmentation of producers. For this reason, UHT milk in Spain is not considered a strategic priority.

The Parmalat Group entered the Hungarian market, commencing with milk products, in 1993. Although the Hungarian market was dominated by pasteurised milk, rather than UHT milk, the Group was able to build its market share of UHT milk sales in a relatively short period of time to 32.8%. In 2002, Parmalat's share of the yoghurt market in Hungary was 14.6%. Management believes its success in Hungary to be in part due to the quality and reliability of its products and to the introduction of its carton packaging into Hungary. The Group's milk is sold in Hungary under the brand name "Parmalat". The Group owns two plants in Hungary, where it commands a premium price for its products.

At this time, the Group's main goal in Europe outside of Italy is to consolidate its position in the market in its principal products, and it also plans to introduce fortified or other special milk products in the near future.

The Parmalat Group has commenced operations in other Eastern European countries such as Romania and Russia. In all of the countries where Parmalat is present, the Group has reported an increase in sales and profits.

South America

Net sales in South America amounted to €1,559 million in 2002.

The chart below shows a summary of Parmalat's market shares in Brazil in 2002 and 2001, where Parmalat retained its market leadership in the pasteurised milk and the UHT milk sectors:

Product	Market position	Market share 2002 (%)	Market share 2001 (%)
Pasteurised milk	Co-leader	9.0	8.3
UHT milk	Leader	25.5	28.0
UHT cream (BRIK)	Leader	41.7	40.8
Yoghurt	Third	14.2	15.5

Source: Parmalat internal evaluation.

In Brazil in 2002, the Parmalat Group was the leader in market share for UHT milk with 25.5% estimated market share and its strong market position in the pasteurised milk. In the yoghurt and UHT cream sector, Parmalat's market share is 14.2% (co-market leader) and 41.7% (market leader), respectively. The Group was also present in the condensed milk market, with an estimated 28.5% market share.

The Group has also grown its Milk Division in other South American countries such as Venezuela. The Venezuelan market consumes primarily powdered milk rather than pasteurised or UHT milk and powdered milk represents the Group's biggest market share within the Milk Division in Venezuela, where Management estimates that it is the market leader and holds approximately 36.9% of market share. The Parmalat Group produces a full range of powdered milk products in Venezuela, including special powdered milk for infants and fortified powdered milk. In addition, in 2002, the Parmalat Group was the leader in market share for UHT milk, yoghurt, and condensed milk with respectively an estimated 16.9%, 37.1% and 63.7% market share. The Group was second to the market leader in pasteurised milk in the same period with an estimated 27.2% market share.

The Group's main brands in Venezuela are "Parmalat", "La Campina" and "Indulac". Most of Venezuela's milk production needs are met through local suppliers except for powdered milk. The Group's operating subsidiaries in Brazil, Argentina and Uruguay export powdered milk raw materials to Venezuela for final processing in order to meet demand, thereby allowing it to realise certain synergies in its South American production and distribution network. Additional powdered milk supplies are imported to Venezuela from other countries. The year 2002 was a positive year for Venezuela until November. The anti-government strike which started in December brought the country to a standstill and the industrial action went on into early February 2003, making production and distribution impossible, resulting in loss in volume. In February 2003, the Bolivar weakened further, however Management believe that the situation is now returning to normal.

Argentina was the country that reported the greatest number of problems in 2002. The serious economic crisis, which led to the devaluation of the peso, has still to come to an end.

Despite the fact that Argentina products are more competitive that a year ago, thanks to the devaluation of the currency, the country's structural problems persist.

The chart below summarises Parmalat's market shares in Venezuela in 2002 and 2001:

Product	Market position	Market share 2002 (%)	Market share 2001 (%)
Powdered milk	Leader	36.9	38.0
Pasteurised milk	Second	27.2	19.5
UHT milk	Second	16.9	33.3
Condensed milk.. .. .	Leader	63.7	53.7
Fruit juices	Leader	28.3	25.5
Yoghurt	Leader	37.1	39.0

Source: Parmalat internal evaluation.

North America

Parmalat has been present in the United States since the 1980s, selling tomato products. In 1992, the Company entered the milk market with a view to introducing UHT milk as a new product for United States customers who traditionally consumed only pasteurised milk. Despite extensive advertising campaigns, Parmalat expects that it is likely to take another 10 years before the UHT milk market constitutes a significant proportion of the market for milk in the United States, of which it currently represents less than 1.00%. However, it is hoped that market penetration will be greatly assisted by Parmalat Techhold Corporation's development of new UHT milk.

In 1995, Parmalat entered the Mexican market acquiring a producer of UHT milk and derived products. The Company expects that growth prospects in this market will be good.

In 2001 and 2002, total consolidated net sales of the Group in North and Central America amounted to €853 million and €852 million respectively, representing a decrease of 1%.

Advertising

As described above, in recent years the market for processed milk in developed countries has generally been characterised by fragmentation and maturity with few prospects for significant growth but a fairly stable level of consumption. Product differentiation is difficult, which makes the possession of an established brand a crucial factor in avoiding purely price-based competition. Parmalat's strategy has been to develop established brands across the markets in which it operates. In the Italian milk sector, in particular, Parmalat has been able to position itself as a recognised supplier of premium quality products and accordingly has been able to obtain higher margins.

In Italy, the marketing budget is equivalent to between 6% and 10% of turnover and is spent predominantly on television advertising and various promotions. Elsewhere in the world the marketing budget is lower.

Advertising costs are entirely charged to the income statement of the period during which they were incurred. Exceptions are the charges relating to the development of new products provided that such products offer a reasonable likelihood of profitability.

Research and Development

General

Parmalat has a centrally-based department of 51 people dedicated to developing new products, researching new technology and studying the application of new know-how. Once a new process or technology has been developed it is then sent to the appropriate production plants around the world for evaluation and to ensure that local conditions, of whatever nature, do not impact on the effectiveness of the application. The research and development department is fundamental to Parmalat's future development. With the advent of products such as Omega 3 milk, Frescoblu, Omega 3 yoghurt, flavoured UHT cream and new fresh snack products, Parmalat envisages retaining market share whilst maintaining premium prices and higher margins and therefore increased profitability.

Milk Frescoblu

Frescoblu is an innovative pasteurised fresh milk introduced to the market by the Parmalat Group in November 2001, as part of Parmalat's commitment to research and development and application of new technologies to the food and beverage business. Frescoblu is produced in Germany by means of an

innovative technology which includes a special micro-filtration process and which allows milk to remain fresh, i.e. to maintain the organoleptic standards of fresh milk, for at least 8 days, as opposed to the four-day period standard in the Italian market.

In fact, by law (Italian Law No. 169/89) fresh milk in Italy must have a shelf-life of not more than four days. However, European Union directives (which are effective in all EU member states and prevail over national laws and rules) No. 92/46 of 16 June 1992 and No. 2000/13 of 20 March 2000 establish the general principle that it is in the producer's discretion and responsibility to set the shelf life of milk and by-milk products.

Accordingly, Parmalat obtained from the Italian Government the authorisation to produce Frescoblu utilising the microfiltration technology and with a shelf life of at least 8 days after a special Government Commission stated that this new technology allows the milk to be considered fresh also with a shelf life of at least 8 days, thanks to the superior technology utilised. The government position was subsequently confirmed by the recent Ministerial Decree issued by the Ministry Cabinet on 25 July 2003 stating that milk processed by microfiltration method has a shelf life of 10 days after the processing date.

Parmalat was prevented from selling Frescoblu for a certain period by an injunction issued by the Court of Bologna and obtained by its competitor "Granarolo". Parmalat is now bringing a suit against Granarolo to recover damages caused as a result of its attempt to prevent sales by Parmalat of Frescoblu.

Intellectual Property

Certain trademarks capitalised on the balance sheet have arisen through acquisition. The most important brand of the Group is Parmalat.

For milk other brand names are also used by the Group throughout the world, including Diatalat, Zymil, Clesa, Bonnita, Farmland, Batavo, Centrale del Latte di Roma, Sunnydale, Ala, Berna, La Perfecta and La Campina.

For fresh products, the most important brands utilised are Parmalat, Ala, Batavo, Gandara and Clesa.

For vegetable products the most important brands utilised are Parmalat, Santal, Pomi, Frica and Etti.

For the bakery division the brands used are MisterDay, Grisbi, and Prontoformo.

Raw Materials

Raw materials are, with a few exceptions, sourced locally to each production facility. In Italy and Brazil, Parmalat's largest markets for milk products, milk is collected at collection centres. In Brazil, Parmalat runs its own collection centres. In Italy, local milk is only sufficient to meet approximately 60.0% of Parmalat's requirements and the balance is imported from France and Germany. Approximately 80.0% of Parmalat's annual milk needs for Italy are met through requirements contracts, pursuant to which Parmalat is generally obliged to buy all the milk produced and the remainder is purchased on the open market in Italy and the rest of Western Europe. In most instances Parmalat maintains relationships directly with small farmers.

Parmalat owns two companies in Germany, one in Munich which collects milk for delivery directly to Italy, and the other in Berlin, where milk is both collected and processed into UHT milk, then sold into Italy. Parmalat also owns a company in France, which acts as a collection centre, where generally contracts for the supply of milk have one year terms. In Germany, Parmalat has contracts with nine-year terms for the supply of milk.

Milk production by Parmalat in Europe (other than Italy) is concentrated in Portugal, Spain and Hungary. In each of these countries milk comes from local farmers, co-operatives and the open market.

In Brazil, the consumption of milk is relatively constant throughout the year although the price of milk from producers is subject to seasonal fluctuations. In the summer, when it is wet, production is higher than during the winter when the weather is dryer. However, as the same factors affect the production of both pasteurised milk and UHT milk, Parmalat is able to pass any price increases on to the consumer and protect its margins.

Parmalat owns approximately 32 collection centres in Brazil which serve as initial cleaning and refrigeration centres for the milk from the farms in their immediate vicinity. Parmalat collects milk in Brazil from approximately 9,000 farmers. Milk is then trucked to the production centres in 25-ton shipments for further processing and distribution. No single farm supplies Parmalat with more than 5.0% of its milk requirements in any country in South America. There are 10 plants used to process milk in Brazil, seven of which process UHT milk.

In Venezuela the supply and handling of raw materials are similar to that of Brazil. Seven plants are used to process milk which is collected from 1,800 farmers.

Fruit pulp, used in the production of flavoured yoghurt, is purchased on the open market.

In North America, milk is purchased from several large co-operatives. The co-operatives deliver milk directly to Parmalat's production plants. The main plants for milk processing in the United States are located in Michigan (for UHT milk) and Georgia, New York and New Jersey (for pasteurised milk).

Tomato products are produced in Italy, Portugal and Argentina. Italy accounts for the majority of this production, with approximately 20.0% of the tomato products produced there being sold in Italy and the remainder being sold in other countries. Prices of raw tomatoes are set by the European Union just before harvesting.

Tomatoes processed in Portugal come from domestic farmers. Processing is conducted entirely at Parmalat's plants in Vila Franca de Xira and Palmela. Another plant for the processing of tomato products is located in Aracatuba in Brasil.

Production of fresh orange juice in Italy is primarily sourced from Sicily. Orange concentrate is purchased primarily from importers in the Netherlands. Grapefruits for the production of fresh grapefruit juice come from Israel, and grapefruits for the production of grapefruit juice from concentrate come from the United States and Israel. Tropical fruits, for use in various drinks, are imported from around the world.

Parmalat's largest supplier is Tetrapak, which provides packing machinery and packaging. Tetrapak equipment is used in all Parmalat's production facilities where UHT products are processed. Combibloc is used in addition or as an alternative to Tetrapak in some production facilities although only a small portion of Parmalat's packaging uses this alternative process.

Competition

Parmalat's competitors with respect to milk products are generally private companies, local municipalities and private label producers in Europe (including Italy). With respect to fresh products, particularly yoghurt, Parmalat competes both with local producers and large multinational companies. Parmalat's main competition in Italy is with respect to yoghurt and comes from Danone, Müller and Yomo. In South America, the yoghurt market is very competitive and Parmalat ranks third in Brazil in terms of market share for yoghurt, behind Danone and Nestlé.

With respect to the fruit juice and vegetable business, Parmalat competes mostly with the major beverage producers and marketers. Parmalat's efforts in the bakery business are concentrated in Italy where it competes with the two market leaders. Parmalat believes that the high quality of its products and general awareness of its brand name are important elements in helping Parmalat to maintain its market share in mature markets and grow in South America and other emerging markets.

Employees

As at 31st December 2002, the number of personnel employed by Parmalat was 27,550 and their geographical distribution was as follows:

	31st December 2002
Europe (including Italy)	7,723
South America	15,288
North America	1,648
Rest of the World	2,891
Total	<u>27,550</u>

There are three main unions present in all of Parmalat's Italian plants. In South America the workforce is not heavily unionised. No major stoppages have occurred at any of Parmalat's production facilities in recent years and in Italy, where such interruptions have taken place, they have generally resulted from industrial action in the food industry as a whole rather than from a specific dispute with Parmalat. In the first quarter of 2000 Parmalat completed negotiations with the main unions which will lead to the redundancy of 609 employees in Italy over the next three years with a view to improving efficiency in all

sectors of Parmalat's Italian operations. By the end of 2002, following the adoption of redundancy schemes backed by social security instruments designed to reduce the economic impact on redundant personnel, approximately 600 people had left the Group.

Parmalat considers its relationship with its employees to be good.

Litigation

Parmalat is involved from time to time in legal matters incidental to its business. In the opinion of Parmalat's Management, no litigation against Parmalat or any members of the Group is currently proceeding, pending or threatened which would have, or is likely to have, a material impact on Parmalat or any member of the Group.

In Brazil, some administrative proceedings against Parmalat Participações do Brasil Ltda. ("Parmalat Participações") and its subsidiaries are currently pending. The total estimated value of these proceedings is approximately €9 million. Management is actively challenging these proceedings. Should any award be made against Parmalat Participações and its subsidiaries, Management believes that it will be for a sum significantly smaller than that claimed and will not have a material adverse effect on the Parmalat Group because for many of these claims, Parmalat produced sufficient documentation to explain to the tax authorities the regularity of the bookkeeping. Moreover, Parmalat Participações and its subsidiaries are challenging the constitutionality of the payment of a percentage increase of a tax named cofins, like have been done by all the companies in Brazil. Parmalat Participações and its subsidiaries allocated provision for this tax for an amount approximately of €42.5 million. Should the final decision be favourable to Parmalat Participações and its subsidiaries, an extraordinary revenue of the same amount could be realised when the decision about the unconstitutionality will be taken by the courts.

Insurance

Parmalat does not self-insure and uses brokers to arrange all its insurance requirements which include product liability insurance. No significant claims have been made in recent years and Parmalat has not experienced any difficulties in obtaining appropriate insurance cover.

Regulation/Consents

Given its involvement in the food industry, Parmalat is subject to a wide range of controls and regulations. To date Parmalat has had no difficulties in meeting these requirements and there has been no disruption to production.

As part of the production process checks are automatically made on the waste discharged. There are no material environmental issues outstanding.

Management

Board of Directors

The Board consists of at least three and no more than thirteen members at any one time. The Board currently consists of eleven members, each of whom has been elected by the shareholders at a General Meeting of Shareholders.

Board members are elected for a period of three years.

Board members may be appointed, or removed (by "Per Giusta Causa"), only by a resolution of shareholders in a General Meeting.

The following summary provides certain information regarding the board members as of the date of this Offering Circular:

Calisto Tanzi (aged 65), Chairman and Chief Executive Officer

Chairman and Chief Executive Officer, 1961 to present, Calisto Tanzi founded Parmalat in 1961. Mr. Tanzi was nominated "Cavaliere del Lavoro" in 1984, Italy's highest award for prominent businessmen. Mr. Tanzi is also the Chairman of Parmalat Finanziaria and other companies in the Group.

Giovanni Tanzi (aged 60), Vice Chairman

Vice-Chairman, 1980 to present. After obtaining a degree in Biology in 1966 from the University of Parma he started working with his brother Calisto at Parmalat. From 1970 to 1973 he was responsible for product quality control. In 1973, he started the Company's first foreign operations in France, Germany and Brazil.

Since 1976, Dr. Tanzi has been the Technical General Manager and today his responsibilities include logistics and purchasing for all Group divisions. He is Vice-Chairman of Parmalat and of various other Parmalat foreign subsidiaries, and is a member of the Board of Parmalat Finanziaria.

Domenico Barili (aged 70), *Consultant*

Mr. Barili received a law degree from the University of Parma in 1961. He began his professional career in marketing strategy. In 1963 he became a consultant to Parmalat and in the same year was hired as Sales Director. Mr. Barili has been Sales Director of Parmalat for 30 years. Mr. Barili has now retired although he is still a Member of the Board of Directors. Mr. Barili is also a member of the Board of Parmalat Finanziaria.

Alberto Maurizio Ferraris (aged 45), *General Manager*

General Manager Finance Parmalat Group. In March 2003 he was appointed CFO. Mr. Ferraris joined Parmalat in 1997. He has been Area Manager for Australia and Asia. Prior to joining Parmalat Mr. Ferraris worked for Citibank Co. Group. He is also a Member of the Board of Directors of Parmalat Finanziaria since 1998 and of other companies in the Group.

Luciano Del Soldato (aged 44), *General Manager*

In March 2003 he was appointed General Manager Administration and Control. Since 1989 Mr. Del Soldato has been responsible for Parmalat S.p.A. overall accounting and control areas. In 1983 he joined Parmalat as head of planning and control. He received his degree in Business Administration from the University of Parma. He is also a Member of the Board of Directors of Parmalat Finanziaria and of other companies in the Group.

Stefano Tanzi (aged 35), *Director*

Joined in 1993 working alongside his father. He received his degree in Business Administration from the University of Parma. In 2002, Mr. Stefano Tanzi was appointed General Manager Marketing and Commercial for the Parmalat Group.

Fausto Tonna (aged 51), *Advisor*

Mr. Tonna received his degree in Accounting and Business Administration in 1971. He started working for Parmalat in 1972 with responsibility for the administration of subsidiary companies. In 1981, Mr. Tonna took charge of Parmalat's general accounting. In 1983 he was promoted to Administrative Manager and became responsible for the Company's planning and control department. In 1987 he was appointed Chief Financial Officer. Mr. Tonna is also Chairman of Coloniale S.r.l., and Director of Parmalat Finanziaria S.p.A. and of other companies in the Group.

Pier Giovanni Tanzi (aged 58), *Director*

Director, 1990 to present. Since 1982, Mr. Tanzi has been the Company's Chairman Secretary. He joined Parmalat in 1978 and for 10 years was the head of the advertising department. Between 1968 and 1972 he worked in the commercial department of Salvarani S.p.A., an Italian market leader in kitchen furniture.

Giuliano Panizzi (aged 44), *Director*

In charge of the corporate finance department of Akros. Previously, he was in the same position at Sige (IMI Group). In 1983 he received his degree in Business Administration.

Francesco Giuffredi (aged 60), *Director*

Technical Director since 1990 and previously assistant to the Technical Director, Mr. Giuffredi joined Parmalat in 1981 and was given technical responsibilities. Between 1972 and 1981 Mr. Giuffredi worked for Snamprogetti (ENI Group). He received his degree in Industrial Chemistry in 1969 from the University of Parma. He is a Director of Finanziaria and of other companies of the Group.

Paola Visconti (aged 36), *Director*

Ms. Visconti joined the Parmalat Group in 1996. She is responsible for the merger and acquisition division of the Parmalat Group. She is a Director of Finanziaria and of other companies of the Group. Ms. Visconti received her degree in Business Administration from the University of Bologna.

Paolo Tanzi (aged 30), *Director*

Paolo Tanzi joined the Parmalat Group in 1995. Initially he worked for Parmalat in Germany. In 1999 he transferred to Boschi Luigi + Figli S.p.A., a subsidiary of the Parmalat Group. In May 2000 he started work in Collecchio as Manager of Purchasing of raw goods and machineries. Mr. Tanzi is also a member of both the Board of Parma A.C. S.p.A. and the Board of Parmalat S.p.A.

Antonio Gherardi (aged 57), *Director*

Mr. Gherardi received a degree in Accountancy and Business Administration in 1965 and commenced working for the Group. From 1997 he became involved in the Group's first foreign acquisitions in Germany and France. In 1980 he was appointed Manager for Foreign Participations. From the fall of the Berlin wall, he has been involved in the acquisition and development of companies in Eastern Europe. He is a Director and Member of the Executive Committee of Parmalat Finanziaria S.p.A. and is also a director of other companies in the Group.

Other Key Personnel

Officers	Age	Position Held
Ugo Bianchi	57	EDP Director, 1972 to present.
Alberto Grignaffini	40	Marketing Director for Parmalat Italy. He joined Parmalat in September 1999 as Marketing Director for the Bakery Division. In 1987 he obtained his degree in Business Administration and worked for Unilever from 1988 to 1999, firstly as European Marketing Member for the Shampoo Division and later as Marketing Director of the Personal Care Division for Europe.
Claudio Riva	43	Sales Director for Parmalat in Italy. He joined Parmalat in 1999. He worked as the General Manager for Del Monte Foods South Europe for one year. He then worked at Allied Domec Italia as Sales and Marketing Director for the Food Division.
Alberto Pozzi	54	Water Division Director of Parmalat Group and Asia Regional Director. Prior to joining Parmalat he was General Manager of Nova Surgelati, a company operating in food business. He had previously worked as General Manager for San Pellegrino, a company in the Nestlé Group. He joined Parmalat in 1999.
Gian Piero Convalle	66	Since 1972 he has been in charge of transportation management for Parmalat's products.
Giuseppe Dall'Asta	67	Director of Parmalat's purchasing department, 1980 to present. Prior to this he was in charge of raw materials supply.
Paolo Aceto	54	Human Resources Director of the Parmalat Group since November 2002, directly reporting to the Chairman & CEO. Prior to joining Parmalat, he was HR Director of Cerestar and Eridania Bèghin-Say and previously filled other positions in the HR International Development of the Montedison Group. Prior to joining Montedison, he had been consultant at senior expert level, in the fields of educational and human resources development and worked for 15 years at international level in emerging countries for foreign Governments, EEC and World Bank Agencies.
Franco Gorreri	51	Mr. Gorreri joined Parmalat in 1979 as head of the accounting department and was subsequently promoted to head of the treasury and finance area. He graduated with a degree in Political Science in 1976.
Enrico Guerci	54	Mr. Guerci joined Parmalat in 1987 as Sales Director. Prior to Parmalat he served FOA as Commercial Director and Fidam as Administrative Director. Previously, he worked for Eurofibre S.p.A. as Commercial Director. In 1972 he graduated from the University of Parma with a degree in Business Administration.
David Lord	45	CEO of Parmalat, Australia.
Claudio Cattaneo	51	CEO of Parmalat, Portugal.

Officers	Age	Position Held
Arturo Jil Perez Andujar	64	CEO of Clesa, Spain.
Salvatore Lucisano	49	CEO of East European Operations of Parmalat.
Salih Mohammed	64	CEO of Parmalat operations in Germany.
Michael Rosicki	60	CEO of Parmalat, North America.
Rafael Miranda	48	CEO of Indulac, Venezuela.
Nelson Seabra	44	CEO of Parmalat, Argentina.
Ricardo Goncalves	53	CEO of Parmalat, Brazil.
Claudio Costa	43	CEO of Parmalat, Paraguay.
Jorge Gutman	72	CEO of Parmalat, Uruguay.
Luis Guilherme Ribeiro De Gusmao	50	CEO of Parmalat, Colombia.
Rafael Arcuri	55	CEO of Parmalat, Ecuador.
Fernando Di Gaetano	41	CEO of Parmalat, South Africa.
Ray Hill	61	CEO of Pauls, Australia.
Alan Van Der Nagel	40	CEO of Parmalat, Hungary.
Marco DeGregori	38	CEO of Parmalat, France.
Paul Wynn	49	CEO of Parmalat, UK.
Achilles Reinhardt	58	CEO of Parmalat, Chile.
Timothy Daniels	59	CEO of Parmalat, China.

CONSOLIDATED CAPITALISATION OF PARMALAT S.P.A.

The table below sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 31st December 2002 extracted from the audited consolidated financial statements of the Guarantor as at and for the financial year ended 31st December 2002:

	As at 31st December 2002
	<i>(Euro million)</i>
Total Cash (cash, cash equivalent and marketable securities)	3,501
Total debt	4,355
Total net debt	854
Shareholders' equity:	
Share capital	400
Share premium reserve and other reserve.. .. .	932
Retained earnings for the years	233
Minority interests.. .. .	699
Total shareholders' equity	2,264
Total capitalisation ⁽¹⁾	3,118

Notes:

- (1) Includes cash, cash equivalent, long-term debt, minority interests and total shareholders' equity.
- (2) The authorised and issued fully paid-up share capital of the Guarantor as at 30th June 2003 was Euro 400 million consisting of 400 million ordinary shares each and with a nominal value of Euro 1.
- (3) The Guarantor has not issued any warrants or convertible bonds in respect of its ordinary shares nor issued any bonds or debt securities since 31st December 2002.
- (4) Except as disclosed in this Offering Circular there have been no material changes in the consolidated capitalisation of the Guarantor since 31st December 2002.

**AUDITORS' REPORT ON PARMALAT S.P.A.'S
NON-CONSOLIDATED FINANCIAL STATEMENTS**

Grant Thornton S.p.A.

Revisione e
Organizzazione Contabile
The Italian Member Firm of
Grant Thornton International

**Auditors' report
(in accordance with Art. 156 of Legislative Decree 24th February 1998, n.58)
(Translated from original in Italian)**

To the shareholders of
PARMALAT S.p.A.
Via O. Grassi, 24/26
43044 COLLECCHIO (PR)

1. We have audited the financial statements of PARMALAT S.p.A. as at 31st December 2002. These financial statements are the responsibility of the Company PARMALAT S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Standards on Auditing recommended by CONSOB, the Italian Commission for Listed Companies and Stock Exchange. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Concerning the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our auditor's report issued by us on 10th April 2002.

The financial statements of some of the subsidiaries have been verified by other auditors who have supplied us with the relative reports. Our opinion expressed herein, regarding the figures of the interests, representing 77% and 34% of the interests and total assets respectively, is based also on the audit carried out by other auditors.

3. In our opinion, the financial statements give a true and fair view of the financial position of the Company PARMALAT S.p.A. as at 31st December 2002 and of the results of its operations for the year then ended in accordance with the Italian regulations governing financial statements.
4. As indicated in the supplementary notes, the Company has applied accelerated depreciation on fixed assets in the current and previous years with the aim of obtaining fiscal benefits.
5. The Company holds the majority interests in subsidiaries and has therefore prepared the group consolidated financial statements. Said financial statements represent an integration of the financial statements with the aim of supplying a detailed view of the financial and economic position of the Company and the Group. The consolidated financial statements have been examined by other independent auditors.

Milan, 10th April 2003

GRANT THORNTON S.p.A.	
(Signed)	(Signed)
Lorenzo Penca	Maurizio Bianchi
(Partner)	(Partner)

AUDITED NON-CONSOLIDATED FINANCIAL STATEMENTS OF PARMALAT S.P.A.

Balance Sheet as at 31st December 2002 and 2001

Assets						
2002			2001			
	Within 12 months	Over more than 12 months	31st December 2002	Within 12 months	Over more than 12 months	31st December 2001
<i>(euro)</i>						
(A) AMOUNTS DUE FROM SHAREHOLDERS						
(B) NON-CURRENT ASSETS						
I. INTANGIBLE FIXED ASSETS						
1 Deferred initial outlays						30,987
2 Research, development and advertising costs						
3 Industrial patent and intellectual property rights						
4 Franchises, licences, trademarks and other similar assets			14,045,246			8,063,604
5 Goodwill			4,717,153			7,901,280
6 Assets being developed and deposits			340,604			2,143,575
7 Other intangible fixed assets			8,665,715			4,472,995
TOTAL INTANGIBLE FIXED ASSETS			27,768,718			22,612,441
II. TANGIBLE FIXED ASSETS						
1 Land and buildings			32,872,414			34,037,673
2 Plants and machinery			35,772,349			48,115,081
3 Industrial and commercial equipment			4,061,926			7,408,742
4 Other fixed assets			395,658			714,752
5 Assets under construction and deposits			307,587			732,688
TOTAL TANGIBLE FIXED ASSETS			73,409,934			91,008,936
III. NON-CURRENT FINANCIAL ASSETS						
1 Shareholdings in:						
(a) subsidiaries			1,585,096,794			1,640,158,917
(b) affiliates			52,309,521			50,177,256
(c) parent company						
(d) other			20,665,538			10,572,395
2 Credits due from:						
(a) subsidiaries	864,222	100,000,000	100,864,222	864,222	100,000,000	100,864,222
(b) affiliates						
(c) parent company						
(d) other	8,947,540	9,931,751	18,879,291	8,313,857	10,765,211	19,079,068
3 Other investments.. .. .			256,750,084			11,650,140
4 Own shares						
TOTAL NON-CURRENT FINANCIAL ASSETS			2,034,565,450			1,832,501,998
TOTAL NON-CURRENT ASSETS (B)			2,135,744,102			1,946,123,375

Assets						
2002			2001			
	Within 12 months	Over more than 12 months	31st December 2002	Within 12 months	Over more than 12 months	31st December 2001
<i>(euro)</i>						
(C) CURRENT ASSETS						
I. INVENTORY						
1 Raw, supplementary and ancillary material			25,029,795			32,625,185
2 Semi-finished goods						
3 Work in progress and products being made to order						
4 Finished products and goods			24,916,401			35,279,367
5 Deposits paid			1,122,335			833,995
TOTAL INVENTORY			51,068,531			68,738,547
II. ACCOUNTS RECEIVABLE						
1 From customers	152,730,187		152,730,187	138,711,039		138,711,039
2 From subsidiaries	304,078,590	718,686,169	1,022,764,759	161,378,834	548,075,536	709,454,370
3 From affiliates	185,724		185,724	1,725,840		1,725,840
4 From parent company	306,378		306,378	289,741		289,741
5 From others	33,069,814	49,413,794	82,483,608	16,365,597		16,365,597
6 From other Group companies	36,075,630	1,594,960	37,670,590	29,107,144	1,565,934	30,673,078
7 Bad and doubtful debt reserve			(13,391,592)			(9,655,869)
TOTAL ACCOUNTS RECEIVABLE			1,282,749,654			887,563,796
III. CURRENT FINANCIAL ASSETS						
1 Shareholdings in subsidiaries						
2 Shareholdings in affiliates						
3 Shareholdings in parent company						
4 Shareholdings in other companies						
5 Own shares						
6 Other investments.. .. .			43,623,908			98,412,306
TOTAL CURRENT FINANCIAL ASSETS			43,623,908			98,412,306
IV. CASH						
1 Bank and post office accounts			66,472,708			126,978,301
2 Cheques						
3 Cash in hand			9,301			9,357
TOTAL CASH			66,482,009			126,987,658
TOTAL CURRENT ASSETS (C)			1,443,924,102			1,181,702,307
(D) ACCRUED INCOME AND PREPAID EXPENSES						
1 Accrued income and prepaid expenses			67,013,570			25,634,508
2 Disagio on loans						
TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)			67,013,570			25,634,508
TOTAL ASSETS			3,646,681,774			3,153,460,190

Liabilities						
2002			2001			
Within 12 months	Over more than 12 months	31st December 2002	Within 12 months	Over more than 12 months	31st December 2001	
<i>(euro)</i>						
A) NET WORTH						
I. Share capital		400,000,000			400,000,000	
II. Share premium reserve		311,681,739			311,681,739	
III. Revaluation reserves		47,985,312			47,985,312	
IV. Legal reserve		26,011,996			23,300,852	
V. Reserve for own share						
VI. Statutory reserves						
VII. Other reserves		66,416,532			66,016,231	
VIII. Profits (loss) brought forward						
IX. Net profits (loss) for the year ..		61,822,305			27,111,446	
TOTAL NET WORTH (A)		913,917,884			876,095,580	
(B) PROVISIONS FOR RISK AND CHARGES						
1) Provision for termination of staff contracts and similar ..						
2) Tax reserve		5,095,782			3,305,167	
3) Other provision		24,526			35,238,724	
TOTAL PROVISIONS FOR RISK AND CHARGES (B)		5,120,308			38,543,891	
(C) SEVERANCE INDEMNITY FUND						
(D) ACCOUNTS PAYABLE						
1) Debenture loans						29,663,690
2) Convertible debenture loans ..						
3) Banks and financial institutions	409,876,972	601,314,273	1,011,191,245	366,805,753	617,269,074	984,074,827
4) Other providers of funds ..	75,483,213		75,483,213	77,518,098		77,518,098
5) Deposits received						
6) Suppliers	174,945,019		174,945,019	184,043,357		184,043,357
7) Eligible bills						
8) Subsidiaries	445,620,734	662,139,652	1,107,760,386	340,573,105	349,323,462	689,896,567
9) Affiliates	2,029,075		2,029,075	685,722		685,722
10) Parent companies	48,529,419		48,529,419	39,332,708		39,332,708
11) Fiscal liabilities	31,211,839	240,780	31,452,619	10,106,270	3,712,657	13,818,927
12) Social security and national insurance contributions	5,700,989		5,700,989	3,495,574		3,495,574
13) Other accounts payable	15,288,134		15,288,134	4,669,329		4,669,329
14) Other Group companies	17,604,634	98,318,268	115,922,902	11,791,004	92,762,385	104,553,389
TOTAL ACCOUNTS PAYABLE (D) ..			2,588,303,001			2,102,088,498
E) ACCRUED LIABILITIES AND DEFERRED INCOME						
1) Accrued liabilities and deferred income			109,402,584			107,068,531
2) Agio on loans						
TOTAL ACCRUED LIABILITIES AND DEFERRED INCOME (E)			109,402,584			107,068,531
TOTAL LIABILITIES AND NET WORTH			3,646,681,774			3,153,460,190

Contra Accounts and other Undertakings
(Art. 2427 parag. 9)

	As at 31st December 2001
	<i>(euro)</i>
Bills discounted and presented for payment	611,183,593
Leasing to be paid	10,159,928
Guarantees issued to third parties:	
– in favour of subsidiaries	5,466,697,612
– in favour of affiliate companies.. .. .	65,000,000
– in favour of other Group companies	73,652,034
– in favour of other companies	28,408,008
Guarantees issued by third parties:	
– from parent company	139,336,942

Income Statement for the years ended 31st December 2002 and 2001

	2002	2001
	<i>(euro)</i>	
(A) Production value		
(1) Revenues from sales and services rendered	950,039,751	952,219,110
(2) Changes in inventory of semi-finished and finished goods	(10,362,966)	120,154
(3) Changes in products being made to order		
(4) Internal work capitalised on fixed assets		
(5) Other revenues:		
– sundry items	3,641,104	12,227,824
– contributions received during the year	271,497	184,536
Total Production Value (A)	943,589,386	964,751,624
(B) Industrial and overhead expenses		
(6) Raw, supplementary and ancillary materials and goods	359,408,788	404,930,502
(7) Services received	327,007,968	313,750,508
(8) Enjoyment of third-party assets	11,982,180	13,976,590
(9) Staff costs:		
(a) salaries and wages	70,199,406	64,857,357
(b) social security contributions	21,009,196	19,127,950
(c) severance indemnity	7,243,241	6,535,083
(d) indemnity for termination of staff contracts		
(e) other staff costs	1,465,670	1,468,432
(10) Depreciation, amortisation and devaluation:		
(a) amortisation of intangible fixed assets	7,389,040	5,980,134
(b) depreciation of tangible fixed assets	24,121,205	38,090,455
(c) other devaluation of non-current assets		
(d) provision for bad debts	4,305,638	671,433
(11) Changes in inventory of raw, supplementary and ancillary materials and goods	7,595,390	(4,287,758)
(12) Allocations to risk provisions		
(13) Other provisions	12,505	
(14) Sundry overhead expenses	7,444,771	5,161,125
Total Industrial and Overhead Expenses (B)	849,184,998	870,261,811
Difference between Production Value and Expenses (A-B)	94,404,388	94,489,813

	2002	2001
	<i>(euro)</i>	
(C) Financial Revenues and Charges		
(15) Income from shareholdings:		
– received from subsidiaries	66,363,984	26,044,628
– received from affiliates	193,500	172,152
– received from other companies	103,595	77,881
(16) Other financial revenues:		
(a) from non-current receivables:		
– received from subsidiaries	1,166,276	1,041,203
– received from affiliates		
– received from parent company		
– received from other Group companies		
– received from other companies	60,028	62,756
(b) from “non-current investments”	39,939,171	170,623
(c) from “current investments”	4,678,144	7,073,079
(d) other revenues:		
– received from subsidiaries	25,422,351	26,873,229
– received from affiliates		
– received from parent company		506,873
– received from other Group companies	145,841	
– received from other companies	127,034,383	108,156,203
(17) Interest expenses and other financial charges:		
– paid to subsidiaries	71,191,696	54,186,459
– paid to affiliates	2,953,681	2,670,759
– paid to parent company	2,800,479	2,414,964
– paid to other Group companies	7,151,605	
– paid to other companies	158,296,822	152,768,085
Total Financial Revenue and Charges (C)	22,712,990	(41,861,640)
(D) Adjustments made to Value of Financial Assets		
(18) Revaluation:		
(a) of shareholdings		
(b) of non-current financial assets		
(c) of investments contained in current assets		
(19) Devaluation:		
(a) of shareholdings	185,751,302	7,266,924
(b) of non-current financial assets		
(c) of investments contained in current assets		
Total Adjustments made to Value of Financial Assets (D)	(185,751,302)	(7,266,924)
(E) Extraordinary Revenues and Charges		
(20) Revenues:		
– gains from disposal of assets	121,321,609	123,489
– sundry extraordinary income	116,877	2,883,930
(21) Expenses:		
– loss on disposals of assets	168,418	1,318
– taxation for previous years		
– sundry extraordinary charges	233,842	1,480,009
Total Extraordinary Items	121,036,226	1,526,092
Pre-Tax Profits	52,402,302	46,887,341
(22) Income taxes – for the period	38,306,046	19,560,823
(22) Income taxes – deferred and anticipated taxes	(47,726,049)	215,072
Net Profits (Loss) for the year	61,822,305	27,111,446

AUDITORS' REPORT ON PARMALAT S.p.A.'S CONSOLIDATED FINANCIAL STATEMENTS

Deloitte & Touche S.p.A.

Revisione e
Organizzazione Contabile

Auditors' Report

To the shareholders of
PARMALAT S.p.A.
Via O. Grassi, 2643044 – COLLECCHIO (PR)

We have audited the consolidated financial statements of PARMALAT S.p.A. as of 31st December 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The financial statements of certain subsidiary companies representing respectively 49% of consolidated total assets and 40% of consolidated revenues have been examined by other auditors who provided us with copies of their reports. Our opinion, expressed in this report, as regards the figures relating to such companies included in the consolidation, is partially based on the work carried out by these other auditors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, presented for comparison in accordance with legal requirements, reference should be made to our auditor's report issued on 11th April 2002.

In our opinion, the consolidated financial statements present fairly the financial position of the Group as of 31st December 2002, and the results of its operations for the year then ended, and comply with the principles which regulate the preparation of financial statements in Italy.

This report has been translated into the English language solely for the convenience of international readers.

DELOITTE & TOUCHE S.p.A.

Giuseppe Rovelli

Partner

Parma, 14th April 2003

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PARMALAT S.P.A.

Balance Sheet as at 31st December 2002 and 2001

		Assets					
		2002			2001		
		Within 12 months	Over 12 months	31st December 2002	Within 12 months	Over 12 months	31st December 2001
		(euro)					
(A)	Amounts Due From Shareholders			53,143			53,143
(B)	Non-current assets						
I.	Intangible assets						
(1)	Deferred initial outlays			24,012,690			47,347,463
(2)	Research/develop./advert. costs			5,726,906			12,483,027
(3)	Industrial patents and intellectual property rights			19,170,010			18,828,906
(4)	Franchises, licences, trademarks and similar assets			239,775,555			266,840,078
(5)	Goodwill			274,988,227			329,836,289
(6)	Assets being developed and deposits			22,889,674			4,351,341
(7)	Other intangible assets						
	– Goodwill due to consolidation			435,454,643			456,944,498
	– Value of Sports Associations' sportsmen			279,197,662			283,541,552
	– Other intangible assets			45,845,523			30,108,272
	Total intangible assets			1,347,060,890			1,450,281,426
II.	Tangible fixed assets						
(1)	Land and buildings			347,713,044			461,932,651
(2)	Plant and machinery			695,501,483			884,480,247
(3)	Industrial and commercial equipment			77,971,506			91,525,955
(4)	Other fixed assets			56,365,385			81,046,465
(5)	Assets under construction and deposits			32,757,480			45,661,604
	Total tangible fixed assets			1,210,308,898			1,564,646,922
III.	Non-current financial assets						
(1)	Shareholdings in:						
	(a) subsidiaries			6,366,633			6,639,211
	(b) affiliates			71,037,023			38,561,882
	(c) parent company						
	(d) others			23,308,242			20,608,913
	(e) other companies of group			494,495			893,167
(2)	Accounts receivable:						
	(a) subsidiaries						
	(b) affiliates						
	(c) parent company						
	(d) others	34,397,022	371,965,429	406,362,451	32,174,953	336,906,260	369,081,213
(3)	Other investments			207,454,389			42,301,556
(4)	Own shares						
	Total non-current financial assets			715,023,233			478,085,942
	Total non-current assets (B)			3,272,393,021			3,493,014,290
(C)	Current Assets						
I.	Inventory						
(1)	Raw, supplementary and ancillary materials			148,460,011			183,822,366
(2)	Semi-finished goods			10,051,538			183,822,366
(3)	Work in progress & products being made to order			8,826,846			7,505,644
(4)	Finished products and goods			165,281,654			226,369,028
(5)	Deposits paid			27,006,215			81,423,040
	Total Inventory			359,626,264			506,297,957
II.	Accounts Receivable						
(1)	From customers	1,045,796,831	41,888,606	1,087,685,437	1,095,935,066	18,722,236	1,114,657,302
(2)	From subsidiaries	252,249	25,367	277,616	252,249	25,367	277,616
(3)	From affiliates	5,318,261		5,318,261	8,751,278		8,751,278
(4)	From parent company	285,455,294	56,328,456	341,783,750	192,341,966	126,983,403	319,325,369
(5)	From others	202,864,817	72,103,601	274,968,418	194,548,161	7,523,777	202,071,938
(6)	From other Group companies	1,251,491,078	1,375,522	1,252,866,600	350,030,479	984,867	351,015,346
(7)	Bad and doubtful debt reserve			(57,594,248)			(68,432,219)
	Total Accounts Receivable			2,905,305,834			1,927,666,630

		Assets					
		2002			2001		
		Within 12 months	Over 12 months	31st December 2002	Within 12 months	Over 12 months	31st December 2001
		<i>(euro)</i>					
III. Current Financial Assets							
(1)	Shareholdings in subsidiary companies ..						
(2)	Shareholdings in affiliates						
(3)	Shareholdings in parent companies						
(4)	Shareholdings in other companies			4,370			3,697
(5)	Own shares						
(6)	Other investments			2,409,004,628			1,459,481,492
	Total Current Financial Assets			2,409,008,998			1,459,485,189
IV. Cash							
(1)	Bank and post office accounts			762,617,391			1,291,485,161
(2)	Cheques			117,206,333			100,307,918
(3)	Cash in hand.. ..			5,089,600			4,747,203
	Total Cash			884,913,324			1,396,540,282
	Total Current Assets (C)			6,558,854,420			5,289,990,058
(D) Accrued Income & Prepaid Expenses							
(1)	Accrued income and prepaid expenses ..			195,883,219			225,952,902
(2)	Disagio on loans						
	Total Accrued Income & Prepaid Expenses (D) ..			195,883,219			225,952,902
	Total Assets			10,027,183,803			9,009,010,393

Liabilities						
2001			2000			
	Within 12 months	Over 12 months	31st December 2002	Within 12 months	Over 12 months	31st December 2001
<i>(euro)</i>						
(A) Net Worth						
I. Share Capital			400,000,000			400,000,000
II. Share Premium Reserve			311,681,739			311,681,739
III. Revaluation Reserves			47,985,312			47,985,312
IV. Legal Reserve			26,011,996			23,300,852
V. Reserve for own Shares						
VI. Statutory Reserves						
VII. Other Reserves			546,711,719			768,766,530
VIII. Profits (losses) brought forward						
IX. Profit (loss) for the year			232,758,346			261,851,846
Total Net Worth (A)			1,565,149,112			1,813,586,279
Minority interests net worth			680,283,204			793,887,494
Minority interest net profit (loss)			18,494,300			37,041,898
(B) Provisions for Risks and Charges						
(1) Provision for termination of staff contracts and similar			391,359			546,530
(2) Tax reserve			208,394,892			186,283,543
(3) Other provisions			26,848,032			48,393,149
Total Provisions for Risks and Charges (B)			235,634,283			235,223,222
(C) Severance Indemnity Fund			66,597,705			68,757,657
(D) Accounts Payable						
(1) Debenture loans						
(2) Convertible debenture loans		656,800,000	656,800,000		350,000,000	350,000,000
(3) Banks and financial institutions	1,018,254,053	2,680,082,539	3,698,336,592	819,001,245	2,687,567,735	3,506,568,980
(4) Other providers of funds	125,033,508	178,094,525	303,128,033	145,011,008	211,816,835	356,827,843
(5) Deposits received		4,433,674	4,433,674		7,415,221	7,415,221
(6) Suppliers	904,201,524	24,717,693	928,919,217	1,022,723,395	19,447,882	1,042,171,277
(7) Eligible bills	4,748,843		4,748,843	8,953,124		8,953,124
(8) Subsidiaries						
(9) Affiliates	65,417,488	93,863,314	159,280,802	44,930,534	91,266,591	136,197,125
(10) Parent companies	49,393,066		49,393,066	40,100,796		40,100,796
(11) Fiscal liabilities	96,261,877	34,657,010	130,918,887	80,306,866	45,229,056	125,535,922
(12) Social security and national insurance contribution	14,440,061	232,319	14,672,380	14,325,236	534,738	14,859,974
(13) Other accounts payable	72,241,720	20,258,164	92,499,884	73,351,767	18,037,319	91,389,086
(14) Other Group companies	827,842,552	324,890,729	1,152,733,281	23,906,068	130,930,044	154,836,112
Total Accounts Payable (D)			7,195,864,659			5,834,855,460
(E) Accrued Liabilities & Deferred Income						
(1) Accrued liabilities and deferred income			265,160,540			225,658,383
(2) Discount on loans						
Total Accrued Liabilities & Deferred Income (E)			265,160,540			225,658,383
Total Liabilities and Net Worth			10,027,183,803			9,009,010,393

Contra Accounts and other Commitments (Art. 2427 n.9)

	As at 31st December 2002
	<i>(euro)</i>
Bills discounted and presented for payment	612,809,338
Leasing to be paid	62,674,524
Guarantees provided to third parties:	
– in favour of affiliate companies	65,000,000
– in favour of other companies of the Group	9,058,835
– in favour of other companies	28,408,008
Guarantees received by third parties:	
– from parent company	458,211,354

Parmalat S.p.A Consolidated Income Statement for the years ended 31st December 2002 and 2001

	<u>Year 2002</u>	<u>Year 2001</u>
	<i>(euro)</i>	
(A) Production Value		
(1) Revenues from sales and services rendered.. ..	5,345,165,321	5,552,749,719
(2) Changes in inventory of semi-finished and finished goods	(22,615,975)	24,227,951
(3) Changes in work in progress	1,434,855	4,964,736
(4) Internal work capitalised on fixed assets	37,146,008	30,928,722
(5) Other revenues:		
– Sundry	104,617,758	94,073,100
– contributions received during the year	2,038,113	3,140,802
Total Production Value (A)	<u>5,467,786,080</u>	<u>5,710,085,030</u>
(B) Industrial And Overhead Expenses		
(6) Raw, supplementary and ancillary materials and goods	2,934,844,585	3,099,486,368
(7) Services received	1,140,552,966	1,109,022,573
(8) Enjoyment of third-party assets	59,976,438	68,420,560
(9) Staff costs		
(a) salaries and wages	384,144,143	431,702,149
(b) social security contributions	107,317,843	120,157,129
(c) severance indemnity	16,198,560	22,870,406
(d) indemnity for termination of staff contracts ..	1,084,161	1,150,664
(e) other staff costs	20,210,736	26,101,443
(10) Depreciation, amortisation and devaluation		
(a) amortisation of intangible fixed assets	120,470,567	150,589,861
(b) depreciation of tangible fixed assets	108,032,994	128,688,308
(c) other devaluation of non-current assets	15,327,177	1,980,053
(d) provision for bad debts	19,376,482	16,541,135
(11) Changes in inventory of raw, suppl. and ancill. materials and goods	(4,007,331)	(18,646,900)
(12) Allocations to risks provisions	6,330,304	6,464,015
(13) Other provisions	3,306,676	5,306,123
(14) Sundry overhead expenses	50,653,350	45,196,604
Total Industrial and Overhead Expenses (B)	<u>4,983,819,651</u>	<u>5,215,030,491</u>
Differ. Between Production Value & Expenses (A-B)	<u>483,966,429</u>	<u>495,054,539</u>

	Year 2002	Year 2001
	<i>(euro)</i>	
(C) Financial Revenues And Expenses		
(15) Income from shareholdings		
– received from subsidiaries	491,034	2,976,507
– received from affiliates	393,475	412,152
– received from other companies	171,514	138,280
(16) Other financial revenues:		
(a) from non-current receivables:		
– received from subsidiaries		
– received from affiliates		
– received from parent companies		
– received from other Group companies		
– received from other companies	32,813,407	29,879,406
(b) from “non-current investments”	2,386,602	1,308,253
(c) from “current investments”	66,685,722	52,791,143
(d) other revenues:		
– received from subsidiaries		
– received from affiliates		130,704
– received from parent companies	17,401,288	8,916,389
– received from other Group companies	62,471,057	34,528,119
– received from other companies	134,790,553	151,240,217
(17) Interest expenses and other financial charges		
– paid to subsidiaries		
– paid to affiliates	11,561,529	3,844,332
– paid to parent companies	2,992,124	2,566,812
– paid to other Group companies	82,590,429	5,422,063
– paid to other companies	314,438,675	294,598,952
Total Financial Revenues and Charges (C)	(93,978,105)	(24,110,989)
(D) Adjustments made to Value of Financial Assets		
(18) Revaluation:		
(a) of shareholdings		
(b) of non-current financial assets	146,788	130,475
(c) of investments contained in current assets	30,580	111,370
(19) Devaluation:		
(a) of shareholdings	6,436,103	1,074,124
(b) of non-current financial assets	1,685	
(c) of investments contained in current assets	169,752	33,564
Total Adjustments Made To Value Of Financial Assets (D) ..	(6,430,172)	(865,843)
(E) Extraordinary Revenues and Charges		
(20) Revenues:		
– gains from disposals of assets	1,156,668	11,715,037
– sundry extraordinary income	15,708,344	11,380,505
(21) Expenses:		
– losses on disposals of assets	8,660,477	7,057,392
– taxation for previous years	136,552	1,541,086
– sundry extraordinary charges	72,578,357	52,587,185
Total Extraordinary Items	(64,510,374)	(38,090,121)

	Year 2002	Year 2001
	<i>(euro)</i>	
Pre-Tax Profits	319,047,778	431,987,586
(22) Income taxes	67,795,132	133,093,842
(23) Net Profits/(Loss) For The Year	251,252,646	298,893,744
Of which net profits/(loss) for the year re. minority interests	18,494,300	37,041,898
Of which Group net profits/(loss) for the year	232,758,346	261,851,846

TAXATION

The Netherlands

The statements herein regarding taxation are based on the laws in force in the Netherlands as of the date of this Offering Circular and are subject to any changes in law occurring after such date. The following is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Netherlands tax laws which could be of relevance to a holder of Notes. Holders and/or prospective holders of Notes should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Notes.

Withholding taxes

All payments under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Notes (i) will not carry interest or any other payment which is wholly or partially contingent or deemed to be contingent on the profits or on the distribution of profits of the Issuer, or a related party (*verbonden lichaam*), or if the Notes will carry such interest or other payment the Notes have a fixed term that does not exceed 10 years, and (ii) will not carry interest or any other payment which becomes only due dependent on the profits, or on a distribution of profits by the Issuer, or a related party (*verbonden lichaam*), or if the Notes will carry such interest or other payment the Notes are not subordinated or the Notes have a fixed term that does not exceed 50 years.

Taxes on income and capital gains

A holder of a Note will not be subject to any Netherlands taxation on income or capital gains in respect of any payment under the Notes or in respect of any gain on the disposal or deemed disposal or redemption of a Note, provided that:

- (i) such holder is neither resident nor deemed to be resident in the Netherlands for Dutch tax purposes; and
- (ii) such holder is not an individual who opts to be taxed as a resident of the Netherlands for Dutch tax purposes; and
- (iii) such holder does not have an enterprise or an interest in an enterprise which is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (iv) such holder is not an individual who has a substantial interest in the Issuer; and
- (v) such holder is not an individual who performs other activities in relation to the Notes in the Netherlands including, but not limited to, activities that exceed “normal investment activities”; and
- (vi) such holder is not a corporate entity who has a substantial interest or a deemed substantial interest in the Issuer or, if such a holder does have such an interest, it forms part of the assets of an enterprise other than an enterprise of the Netherlands.

Generally, a holder of Notes will have a substantial interest if he, or his partner (*partner*) holds, alone or together, whether directly or indirectly, the ownership of, or certain other rights over, shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to directly or indirectly acquire shares, whether or not already issued, that represent at any time (and from time to time) five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer or the ownership of certain profit participating certificates that relate to five per cent. or more of the annual profit of the Issuer and/or to five per cent. or more of the liquidation proceeds of the Issuer. A substantial interest also exists if a holder of Notes does not, but his, or his partner’s children (including foster children).

Subject to the provisions set out above, a holder of a Note will not become resident, or be deemed resident in the Netherlands, or become subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the Agreements and the issue of the Notes or the performance by the Issuer of its obligations under the Agreements or the Notes.

Gift, estate and inheritance taxes

Netherlands gift, estate or inheritance taxes will not be levied on the occasion of the acquisition of a Note by way of gift by, or on the death of, a holder of a Note unless:

- (i) the holder is, or is deemed to be, resident of the Netherlands for the purpose of the relevant provisions; or
- (ii) the holder at the time of the gift has, or at the time of his death had, an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable; or
- (iii) in the case of a gift of a Note by any individual who, at the date of the gift was not resident or deemed to be resident in the Netherlands, such resident dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Value added tax

There is no Netherlands value added or turnover tax payable in respect of the payment by a holder of Notes in consideration for the issue of the Notes, in respect of the payment by the Issuer of interest or principal under the Notes, or the transfer of a Note.

Capital tax

There is no Netherlands capital tax payable in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance by the Issuer of its obligations under the Notes, other than capital tax that may be due by the Issuer on capital contributions made or deemed to be made to the Issuer under a Guarantee.

Other taxes

There is no Netherlands registration tax, stamp duty or any other similar tax or duty payable in the Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the Issuer of its obligations under the Notes.

Italy

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Law No. 80 of 7th April 2003 for the reform of the Italian tax system has been approved by the Italian Parliament on 26th March 2003 which authorises the Italian Government inter alia to issue within two years of the entering into force of such law, legislative decrees introducing a general reform of the tax treatment of the financial income which may impact upon the tax regime of the Notes as described below. The planned reform may apply from as early as the beginning of 2004 and in any case should enter into force by 2006. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Income Tax

Payments made by the Guarantor

Payments made by the Guarantor under the Guarantees may be made without withholding or deduction for or on account of any taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Republic of Italy or any political sub-division or authority thereof or therein.

Interest payments

The tax regime applicable to interest payments and other proceeds relating to the Notes is that provided by Decree No. 239 of 1st April 1996 ("Decree 239") as subsequently amended.

Interest payments and other proceeds relating to the Notes and received by a non-Italian resident holder of the Notes are not subject to any Italian taxation provided that such Notes are held outside Italy.

Interest payments and other proceeds (including the difference between the redemption amount and the issue price) relating to the Notes and received by Italian resident holders of Notes who are individuals, investors exempt from Italian corporation tax (referred to as 'IRPEG'), non-commercial partnerships and private and public institutions and Italian resident real estate investment funds established before 26th September 2001, pursuant to Law No. 86 of 25th January 1994, unless the managing company of the funds has opted for the application of the new regime provided for by Law Decree No. 351 of 25th September 2001, converted into law with amendments by Law No. 410 of 23rd November 2001, will be subject to a 12.5 per cent substitutive tax (*imposta sostitutiva*).

Pursuant to Decree 239 the *imposta sostitutiva* is applied by any Italian Bank, investment firm ("SIM"), fiduciary company, stockbroker, Poste Italiane S.p.A. or other foreign entities identified by the Decree of Ministry of Finance No. 632 of December 1996, which will intervene in the payment of such interest (each an "Intermediary").

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident Intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

When the Notes are not deposited with authorised Intermediaries, special rules apply.

Special rules apply to interest payments and other proceeds received by Italian resident holders of Notes who are individuals electing for the asset management option (that is, individuals who have granted to an authorised asset management intermediary a mandate to manage their investments and have elected to be taxed on an annual basis on the profits of such management) (the "*risparmio gestito regime*"). In this case interest and other income will not be subject to the *imposta sostitutiva* but will form part of the aggregate income of the portfolio calculated on the difference between the value of the assets at the beginning of the tax year and the adjusted value of the assets at the end of the same tax year. Such income is subject to a 12.5 per cent substitutive tax applied by the asset management company.

Interest payments received by holders of Notes who are Italian resident companies, or corporations, or permanent establishments in Italy of foreign entities, are not subject to substitutive tax but will be taken into account in the determination of corporate income on an accrual basis and subject to general Italian corporate taxation, according to the ordinary rules.

Notes with an original maturity of less than 18 months are subject to the above mentioned substitutive tax at the 27 per cent rate.

In the event of a redemption of the Notes occurring at any time within 18 months of the issue date thereof, an additional tax at the rate of 20 per cent due by the holders of the Notes will be levied on the amount of interest accrued up to the time of the early redemption, which additional tax will be applied by the Italian banks or other companies which intervene in the payment of interest and/or in the repayment of the principal.

Mutual funds and pension funds

Special rules apply to interest payments and other proceeds relating to the Notes and realised by mutual funds (including SICAV and OICR) and pension funds.

Capital Gains Tax

The tax regime applicable to capital gains realised on a disposal of the Notes is that provided by Decree n. 461 of 21st November 1997 ("Decree 461"), as subsequently amended.

Capital gains realised on a disposal of the Notes by a non-Italian resident holder of the Notes are not subject to any Italian taxation provided that such Notes are held outside Italy.

Holders of the Notes who are Italian resident individuals non-commercial entities, associations and partnerships will be liable to a 12.5 per cent substitutive tax on any capital gains realised on a disposal of the Notes. Such substitutive tax will be applied by the Italian banks or other companies which intervene in the transaction effecting such disposal.

The 12.5 per cent. substitutive tax on capital gains can be paid under three alternative regimes.

Under the “tax return regime” (which is the standard one as for the Italian resident holders of the Notes), the capital gains realised in a tax year, net of any incurred capital losses, must be detailed in the yearly income tax return of the investors and the substitutive tax on capital gains must be paid with any income tax due for the relevant tax year. Capital losses exceeding the gains may be carried forward against capital gains realised in any of the following four fiscal years.

As an alternative to the tax return regime, the investors may elect to pay the 12.5 per cent. substitutive tax on capital gains separately on capital gains realised on each sale or transfer or redemption of the Notes (referred to as the “*risparmio amministrato regime*”) provided that (i) the Notes are deposited with banks, SIMs or other specific intermediaries (determined by Ministerial Decree of 2nd June 1998) and (ii) an express election of separate taxation is made within the relevant time limits (the election lasts for the entire fiscal year and, unless revoked prior to the end of such year, will be deemed valid also for the subsequent year). Where a particular sale or transfer or redemption of the Notes results in a capital loss, the holders of the Notes are entitled to deduct such loss from any gains subsequently realised on financial assets held with the same intermediary in the same tax year and/or in the following tax years up to the fourth.

Different rules apply if the investors hold the Notes in a portfolio managed by a professional intermediary, in a *risparmio gestito regime*. Under such a regime each capital gain upon sale, transfer or redemption of the Notes will be added to the annual accrued (even if not realised) appreciation of the portfolio, which is subject to a substitutive tax at the rate of 12.5 per cent. to be paid on behalf of the taxpayer by the managing professional intermediary. Under the *risparmio gestito regime*, any depreciation of the investment portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth.

Capital gains or losses realised on a disposal of Notes by holders of Notes who are Italian resident companies or corporations, or permanent establishments in Italy of foreign entities, will be taken into account in the determination of corporate income and subject to general Italian corporate taxation, according to the ordinary rules.

Mutual funds, pension funds and real estate funds

Special rules apply to capital gains relating to the Notes and realised by mutual funds (including SICAV and OICVM), pension funds and real estate funds.

Transfer Tax

Sales of Notes listed on regulated markets (which would include the Luxembourg Stock Exchange) are exempt from transfer taxes (*Fissato Bollato*) in Italy if: (i) they are executed in regulated markets; or (ii) they are executed outside Italy between non-residents; or (iii) they are executed between banks and/or entities authorised to carry on investment services in accordance with Italian laws; or (iv) they are executed between banks or entities authorised to carry on investment services in accordance with Italian laws and non-resident persons or entities; or (v) they are executed between collective investment schemes and banks and other entities, whether or not resident in Italy, authorised to carry on investment services in accordance with Italian law. Any other sales are subject to transfer tax at the rates of €0.0083 per €51.65 or €0.00465 per €51.65 (in this case, the amount payable upon transfer of Notes cannot exceed €929.62) in each case, of the sales price, depending on the identity of the contracting parties.

Inheritance and Gift Tax

Law n. 383 of 18th October, 2001 – published in the Official Gazette on 24th October, 2001 – has abolished Italian inheritance and gift tax (*imposta sulle successioni e donazioni*) with reference to inheritance successions opened, and donations made, after 25th October, 2001, as specified by the Ministerial Circular n. 91 of 18th October, 2001.

However, donations (i) to persons other than the spouse, the direct descendants and the relatives within the 4th degree and (ii) having as their subject assets or rights the value of which is higher than €180,759.91 for each beneficiary, are subject to a transfer tax on the value exceeding such amount. In this case, the transfer tax applicable is equivalent to the registration tax that would be applicable if such transfers by reason of donation were made for considerations.

A special anti tax-avoidance provision may also apply.

EU Directive on the Taxation of Savings

The European Union has adopted a new Directive to ensure effective taxation of cross-border savings income paid as interest within the European Union.

The Directive reflects the conclusions reached on cross-border savings income taxation reached at the European Union Council of Finance Ministers at its November 2000, December 2001 and January 2003 meetings. The Directive is scheduled to come into effect on 1st January 2005, subject to certain conditions being met. The key features of the Directive are:

- (a) where a “paying agent” established in any EU member state makes payments of interest, discount or premium or other similar income to an individual resident in another member state, the tax authorities of the paying agent’s member state will be required to supply details of the payment to the tax authorities of the other member state. The “paying agent” will be required to apply certain procedures in order to establish the identity and residence of the beneficial owner of the interest, discount or premium or other similar income payment.

For these purposes, the term “paying agent” is widely defined to include both the principal obligor under a debt obligation, a paying agent in the normal sense of that term, and an agent who collects interest, discounts or premia or other similar income on behalf of an individual beneficially entitled thereto;

- (b) during a transitional period from the coming into effect of the Directive, certain member states (being Belgium, Luxembourg and Austria) may, instead of supplying information on savings income to the tax authorities of the other member states, operate a withholding tax. In such cases “paying agents” established in the relevant member states would withhold tax from any interest, discount or premium or other similar income paid to an individual resident in another member state. The withholding tax will be levied at a rate of 15 per cent. during the first three years of the transitional period, at a rate of 20 per cent. during the subsequent three years and at a rate of 35 per cent. thereafter.
- (c) securities issued after 1st March 2001, unless issued under a prospectus issued before that date, will be fully within the scope of the Directive when it comes into effect. The entry into effect of the Directive is conditional on unanimous agreement amongst the member states being reached confirming the adoption of equivalent measures in certain non-EU countries with significant financial centres and independent or associated territories of certain of the EU member states.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 25th August 2003 (the “Dealer Agreement”) between the Issuer, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to Notes which have a maturity of one year or more it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell such Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995
- (ii) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is

reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer or the Guarantor

- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor and
- (iv) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom

The Netherlands

Notes may only be offered anywhere in the world:

1. if:
 - (i) this Offering Circular and the applicable Pricing Supplement (the “Offer Documents”) (a) comply with Section 2 of the 1995 Decree on the Supervision of the Securities Trade (*Besluit toezicht effectenverkeer 1995*, the “Securities Decree”), (b) are submitted to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* the “AFM”) before the offer is made, and (c) are generally available as of the time when the offer is made; or the Offer Documents (A) have been approved by the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC, (B) are recognised by the AFM, and (C) are generally available as of the time when the offer is made; and
 - (ii) each announcement of the offer states where and when the Offer Documents will be or have been made generally available, and each such announcement made before the offer is made, is submitted to the AFM before the applicable Pricing Supplement is published; and
 - (iii) if after the date of this Offering Circular new relevant facts occur or are discovered, Section 6 of the Securities Decree is complied with;all provided that the offer is made within one year after the date of this Offering Circular; or
2. to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities) (“professional investors”), provided that the Offer Documents and each announcement of the offer states that the offer is exclusively made to those persons; or
3. to persons who are established, domiciled or have their residence (collectively, “are resident”) outside the Netherlands, provided that (i) the offer, the applicable Pricing Supplement and each announcement of the offer states that the offer is not and will not be made to persons who are resident in the Netherlands, (ii) the offer, the Offer Documents and each announcement of the offer comply with the laws and regulations of any State where the persons to whom the offer is made are resident, (iii) a statement by the Issuer that those laws and regulations are complied with is submitted to the AFM before the offer is made and is included in the applicable Pricing Supplement and each such announcement; or
4. to persons who:
 - (i) are professional investors (as defined in paragraph 2 above); or
 - (ii) are resident (as defined in paragraph 3 above) outside the Netherlands;provided that (A) the offer, the applicable Pricing Supplement and each announcement of the offer states that the offer is and will only be made to persons who are professional investors or who are not resident in the Netherlands, (B) the offer, the Offer Documents and each announcement of the offer comply with the laws and regulations of any States where persons to whom the offer is made are resident, (C) a statement by the Issuer that those laws and regulations are complied with is submitted to the AFM before the offer is made and is included in the applicable Pricing Supplement and each such announcement; or
5. if those Notes have a denomination of at least EUR 50,000 (or its foreign currency equivalent); or

6. if:
 - (i) those Notes qualify as Euro-securities (Euro-effecten) (which they do if (A) they are subscribed for and placed by a syndicate of which at least two members are established in different States party to the Agreement on the European Economic Area, (B) at least 60 per cent. of those Notes are placed by syndicate members established in one or more states other than the Netherlands, and (C) those Notes may only be subscribed for or initially be purchased through a credit institution or another institution which in the conduct of its business or profession provides one or more of the services referred to under 7 and 8 of Annex 1 to EC Directive 2000/12/EC); and
 - (ii) no general advertising or canvassing campaign is conducted in respect of those Notes anywhere in the world; or
7. otherwise in accordance with the 1995 Act on the Supervision of the Securities Trade (*Wet toezicht effectenverkeer 1995*).

In addition, Zero Coupon Notes in bearer form and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer or acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the transfer or acceptance of those Notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

If the Notes (i) qualify as Bearer Zero Coupon Notes or other Notes are subject to the provisions of the Dutch Savings Certificates Act (ii) are physically issued in the Netherlands or distributed in The Netherlands in the course of primary trading or immediately thereafter or (iii) are not listed on the Stock Exchange of Euronext Amsterdam N.V., the following legend should be inserted on such Notes or Alternative Investments in definitive form:

“Pursuant to the Dutch Saving Certificates Act (*Wet inzake spaarbewijzen*), each transfer and acceptance of this Note (other than between individuals who do not act in the conduct of a profession or trade):

- (a) must be made through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V.; and
- (b) if it involves its physical delivery, must be recorded in a transaction note which includes the name and address of each party, the nature of the transaction and the number and serial numbers of the Notes transferred.”

The Republic of Italy

The offering of Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in Italy, except: (i) to professional investors (“*operatori qualificati*”), as defined in Article 31, paragraph 2, of CONSOB Regulation No.11522 of 1st July 1998 as amended; (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February 1998 and Article 33, paragraph 1, of CONSOB Regulation No. 11971 of 14th May 1999, as amended; or (iii) to an Italian resident who submits an unsolicited offer to purchase Notes.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1st September 1993 and Legislative Decree No. 58 of 24th February 1998, as subsequently amended; and (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1st September 1993, as amended, and the implementing guidelines of the Bank of Italy, pursuant to which the sales or offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities offered in Italy and their characteristics; and (iii) in compliance with any other applicable laws and regulations.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense. Each Dealer has also agreed that it will ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of the foregoing actions. The Issuer, the Guarantor and each Dealer has agreed that it will have no responsibility for, and each Dealer has agreed it will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Dealer is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in or incorporated by reference in this Offering Circular or any amendments or supplement to it.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

PARMALAT FINANCE CORPORATION B.V.

Issue of

[Aggregate Nominal Amount of Tranche]

[Title of Notes]

Guaranteed by

PARMALAT S.p.A.

under the

2,000,000,000 Debt Issuance Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|----|--|--|
| 1. | (i) Issuer: | Parmalat Finance Corporation B.V. |
| | (ii) Guarantor: | Parmalat S.p.A. |
| 2 | [(i) Series Number: | [●] |
| | [(ii) Tranche Number: | [●] |
| | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] | |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | |
| | [(i) Series: | [●] |
| | [(ii) Tranche: | [●] |
| 5 | [(i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (<i>in the case of fungible issues only, if applicable</i>)] |
| | [(ii) Net proceeds: | [●] |
| 6 | Specified Denominations: ¹ | [●] |

¹ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

- 7 [(i) Issue Date: [●]
(ii) Interest Commencement Date: [●]
- 8 Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
- 9 Interest Basis: [[●] per cent. Fixed Rate]
[[*specify reference rate*] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Put]
[Call]
[(further particulars specified below)]
- 13 (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
- 14 Listing: [Luxembourg/Other (*specify*)/None]
- 15 (i) Method of distribution: [Syndicated/Non-syndicated]
(ii) Legal opinions and comfort letters¹: [Applicable/Not Applicable]
(iii) Due Diligence²: [Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centres*] for the definition of "*Business day*"/not adjusted]
- (iii) Fixed Coupon Amount(s): [●] per [●] in nominal amount
- (iv) Broken Amount: [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]

¹ Legal opinions and comfort letters pursuant to Clauses 10.2.4 and 10.2.5 of the Amended and Restated Dealer Agreement dated 25th August 2003 (as may be further amended, supplemented and/or restated as at the Issue Date) to be provided unless otherwise notified by the Relevant Dealer(s) to the Issuer and/or Guarantor.

² A due diligence meeting or conference call pursuant to Clause 10.2.6 of the Amended and Restated Dealer Agreement dated 25th August 2003 (as may be further amended, supplemented and/or restated as at the Issue Date) to be conducted unless otherwise agreed between the Issuer and the Guarantor and the Relevant Dealer(s).

- (v) Day Count Fraction (Condition 5(j)): [●]
(Day count fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. dollars, unless the client requests otherwise)
- (vi) Determination Date(s) (Condition 5(j)): [[●] in each year *[insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*¹
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 17 Floating Rate Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*other (give details)*]
- (iv) Business Centre(s) (Condition 5(j)): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/*other (give details)*]
- (vi) Interest Period Date(s): [Not Applicable/*specify dates*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Relevant Time: [●]
 - Interest Determination Date: [[●] [TARGET] Business Days in *[specify city]* for *[specify currency]* prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
 - Primary Source for Floating Rate: [*Specify relevant screen page or “Reference Banks”*]
 - Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]
 - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark – specify if not London*]
 - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
 - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
 - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
 - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]

¹ Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction (Condition 5(j)): [●]
- (xiv) Rate Multiplier: [●]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 Zero Coupon Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(b)): [●] per cent. per annum
 - (ii) Day Count Fraction (Condition 5(j)): [●]
 - (iii) Any other formula/basis of determining amount payable: [●]
- 19 Index Linked Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due: [●]
 - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
 - (iv) Interest Period(s): [●]
 - (v) Specified Interest Payment Dates: [●]
 - (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
 - (vii) Business Centre(s) (Condition 5(j)): [●]
 - (viii) Minimum Rate of Interest: [●] per cent. per annum
 - (ix) Maximum Rate of Interest: [●] per cent. per annum
 - (x) Day Count Fraction (Condition 5(j)): [●]
- 20 Dual Currency Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(j)): [●]

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per ote of [●] specified denomination
 - (iii) If redeemable in part:
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed: [●]
 - (iv) Option Exercise Date(s): [●]
 - (v) Description of any other Issuer's option: [●]
 - (vi) Notice period¹: [●]
- 22 Put Option [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
 - (iii) Option Exercise Date(s): [●]
 - (iv) Description of any other Noteholders' option: [●]
 - (v) Notice period¹: [●]
- 23 Final Redemption Amount of each Note [[●] per Note of [●] specified denomination/ Other/See Appendix]
- 24 Early Redemption Amount
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/ or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

¹ If setting notice periods which are different to those provided in the terms and conditions, the issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	Bearer Notes/Exchangeable Bearer Notes/Registered Notes] [Delete as appropriate]
(i)	Temporary or permanent global Note/Certificate:	[temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate] [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice] [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
(ii)	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 16(ii), 17(iv) and 19(vii) relates]]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details]
29	Details relating to Instalment Notes:	[Not Applicable/give details]
	(i) Instalment Amount(s):	[●]
	(ii) Instalment Date(s):	[●]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]
30	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
31	Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement] apply]
32	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

- 33 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
(iii) Dealer's Commission: [●]
- 34 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 35 Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 36 ISIN Code: [●]
- 37 Common Code: [●]
- 38 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 39 Delivery: Delivery [against/free of] payment
- 40 The Agents appointed in respect of the Notes are: [●]

GENERAL

- 41 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]
- 42 The aggregate principal amount of Notes issued has been translated into Euro at the rate of [●], producing a sum of (for Notes not denominated in Euro): [Not Applicable/Euro [●]]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €2,000,000,000 Debt Issuance Programme of Parmalat Finance Corporation B.V. guaranteed by Parmalat S.p.A.]

[STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the “Stabilising Agent”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligations on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There]¹ has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since [*insert date of last published annual accounts*.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

¹ Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular comprising supplementary listing particulars rather than in a Pricing Supplement.

Signed on behalf of the Issuer:

By:.....
Duly authorised

Signed on behalf of the Guarantor:

By:.....
Duly authorised

GENERAL INFORMATION

- (1) The Luxembourg Stock Exchange has allocated the number 12606 to the Programme for the purpose of admission to the Luxembourg Stock Exchange.
- (2) In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the constitutional documents of the Issuer and the Guarantor will be deposited with the Registrar of the Commerce and Companies of Luxembourg ("*Registre de commerce et des sociétés à Luxembourg*") where such documents may be examined and copies obtained.
- (3) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in the Netherlands and in the Republic of Italy in connection with the establishment and update of the Programme and the guarantee relating to the Programme. The establishment and update of the Programme was authorised by a resolution of the Board of Managing Directors of the Issuer passed on 6th July 2001 and the giving of the guarantee relating to the Programme by the Guarantor falls within the general powers and authority conferred on the Chairman of the Board of Directors of the Guarantor by a resolution of the Board of Directors of the Guarantor made on 16th May 2001.
- (4) Except as disclosed in this document there has been no significant change in the financial or trading position of the Issuer or of the Group since 31st December 2002 and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since 31st December 2002.
- (5) Save as disclosed herein neither the Issuer nor the Guarantor nor any of their respective subsidiaries is or has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer or the Guarantor is aware is any such litigation or arbitration pending or threatened.
- (6) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
- (8) Copies of the latest annual report and non-consolidated accounts and unaudited semi-annual financial statements of the Issuer, consolidated and non-consolidated accounts and unaudited consolidated semi-annual financial statements of the Guarantor, this Offering Circular, any future offering circulars and supplements to this Offering Circular and the Pricing Supplement may be obtained free of charge, and copies of the Agency Agreement and the Deed of Covenant and Guarantee will be available for inspection, in each case, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. The Issuer does not publish consolidated accounts. The Guarantor does not publish non-consolidated semi-annual financial statements.
- (9) Deloitte & Touche Netherlands have audited, and rendered unqualified audit reports on, the financial statements of the Issuer for the three years ended 31st December 2002. Deloitte & Touche S.p.A. have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Guarantor for the three years ended 31st December 2002. Grant Thornton S.p.A. have audited, and rendered unqualified audit reports on the non-consolidated financial statements of the Guarantor for the three years ended 31st December 2002.

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Netherlands

Registered Office of the Guarantor

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Parma
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20122 Milan
Italy

**Bayerische
Hypo- und Vereinsbank AG**

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Germany

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Citigroup Centre
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HSBC Bank plc

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UniCredit Banca Mobiliare S.p.A.

Via Tommaso
Grossi 10
20121 Milan
Italy

Fiscal Agent, Principal Paying Agent, Registrar, Calculation Agent and Transfer Agent**BNP Paribas Securities Services, Luxembourg Branch**

23, avenue de la Porte Neuve,
L-2085 Luxembourg

Transfer Agent and Paying Agent**BNP Paribas London**

10 Harewood Avenue
London NW1 6AA

Arrangers

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Italy

UniCredit Banca Mobiliare S.p.A.
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20121 Milan
Italy

Luxembourg Listing Agent

BNP Paribas Securities Services, Luxembourg Branch
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Auditors

To the Issuer

Deloitte & Touche Accountants
Oostmaaslaan 71
3063 AN Rotterdam
Netherlands

To the Guarantor

Deloitte & Touche S.p.A.
Palazzo Carducci
Via Olona, 2
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Italy

Legal Advisers

To the Issuer and the Guarantor

in respect of English, Netherlands and Italian law

Zini & Associates

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20122 Milan
Italy

Professional Corporation
460 Park Avenue
21st Floor
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To the Dealers

Linklaters

in respect of English law

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in respect of Netherlands law

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