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MEDIA RELEASE

Parmalat to acquire certain fresh milk operations from National Foods

National Foods announced today that it has entered into a binding Sale Agreement for the sale of some of National Foods' fresh milk manufacturing operations in New South Wales (NSW), and South Australia (SA), subject to the approval of the Australian Competition and Consumer Commission (ACCC).

Under the sale, Parmalat Food Products Pty Ltd, a wholly-owned subsidiary of Parmalat SpA will acquire a portfolio of fresh milk assets across these regions, including the Lidcombe and Clarence Gardens manufacturing facilities, licences to market brands and distribution networks in NSW, SA and the Australian Capital Territory.

The manufacturing operations had combined revenue of approximately A\$200 million in the twelve months to 30 June 2008 and tangible assets of around A\$60 million at that date.

The sale and associated brand licensing arrangements are required under divestment undertakings given by National Foods to the ACCC as part of its acquisition of Dairy Farmers last year.

Under the terms of the Sale Agreement, Parmalat has agreed to make offers of employment to approximately 95 per cent of employees currently working within the operations it is proposing to acquire from National Foods. Any employees currently in roles made redundant as a result of the sale will, of course, receive their full entitlements.

National Foods Managing Director, Ashley Waugh, said "We are pleased to reach agreement on the divestment of these assets following a comprehensive process."

"The integration of the National Foods and Dairy Farmers businesses continues to progress well and finalisation of these arrangements, which is subject to ACCC approval, will represent another important milestone in the implementation of the acquisition of Dairy Farmers," Mr Waugh said.

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