

## **DIRECTORS' REPORT ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS**

**(15<sup>th</sup> APRIL 2015 SINGLE CALL)**

### **Report on item 1 on the agenda and the relative resolution submitted**

**Board of Directors' Review of Operations; Report of the Board of Statutory Auditors; Financial Statements as at and for the financial year ended 31<sup>st</sup> December 2014; relative and consequent resolutions.**

To Our Shareholders,

We propose that you approve the following resolutions:

“The Ordinary General Meeting of the Shareholders of Recordati S.p.A.,

- having read the Board of Directors Operational Reviews and the Report of the Board of Statutory Auditors;
- having acknowledged the certification reports of the firm of auditors, one of which relating to the separate company annual report and the other to the consolidated annual report;

**resolves**

- to approve the Board of Directors' Review of Operations;
- to approve the separate annual financial statements as at and for the period ended 31.12.2014;
- to distribute to shareholders a dividend of €0.50 on each ordinary share (with account taken of the interim dividend for the financial year 2014 of €0.26, and therefore with a balance on that interim dividend of €0.24 per share), an amount that will be applied to the number of ordinary shares outstanding on the ex dividend date and therefore excluding treasury stock held in portfolio by the Company on that date, and to be drawn as follows: (i) €88,926,182 from profits recognised in the income statement for the year ended 31.12.2014 and (ii) the remainder from the extraordinary reserve;
- to grant a mandate to the Chairman of the Board of Directors to ascertain, in due time, the amount to be distributed, in relation to the final number of shares on which a dividend is paid;
- to pay the dividend from 22<sup>nd</sup> April 2015 on coupon No. 15 with ex dividend date of 20<sup>th</sup> April 2015 and record date of 21<sup>st</sup> April 2015”.

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That proposal takes into consideration the fact that the financial statements as at and for the year ended 31<sup>st</sup> December 2014, submitted for your approval, report equity of €376,934,552 and total reserves available for distribution amounting to €316,405,359 as follows:

Additional paid-in capital:	€ 83,718,523
Extraordinary reserve:	€141,119,063
Reserves formed following first time adoption of IFRS/IAS standards:	€91,567,773

The Board of Directors therefore underlines that the Company has substantial reserves available for distribution recognised in its balance sheet.

That proposal also takes account of the positive performance by operations, not only for the company but also for the Recordati Group. In fact the consolidated financial statements as at and for the year ended 31<sup>st</sup> December 2014 report net income of €161.2 million, significantly higher than the total amount proposed

for allocation to the dividend. Furthermore, operations also performed positively in the first two months of 2015.

Milan, 4<sup>th</sup> March 2015

On behalf of the Board of Directors  
the Chairman and Chief Executive Officer  
Giovanni Recordati