

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

(17TH APRIL 2013 SINGLE CALL)

Report on item 4 on the agenda

4. Proposal to approve regulations for shareholders' meetings.

To Our Shareholders,

When addressing compliance with amendments made to the Corporate Governance Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI (Italian banking association), Ania (National insurance association), Assogestioni (Asset management association), Assonime (Association of joint-stock companies) and Confindustria (Confederation of industry) approved in December 2011, the Board of Directors felt it would be advisable to formulate regulations for proceedings in shareholders' meeting, even though no particular difficulties had been encountered in past meetings. The objective is to further ensure that the proceedings in shareholders' meetings are well-organised and practical and to ensure that each shareholder is able to speak on the items on the agenda.

In consideration of the foregoing, the shareholders are invited to vote to approve the text of the regulations for shareholders' meetings as set out below.

*

REGULATIONS FOR SHAREHOLDERS' MEETINGS

Article 1 Scope of application

- 1.1** These Regulations shall govern proceedings in ordinary and extraordinary general meetings of the shareholders of Recordati S.p.A. (the "**Company**").
- 1.2** These Regulations shall be made available to shareholders and those with a legitimate right to participate in shareholders' meetings at the registered office of the Company and in places where shareholders' meetings are held. They shall be made available on the Company website (www.recordati.it).
- 1.3.** Amendments to these Regulations shall be approved by an ordinary general meeting of the shareholders.

Article 2 Speaking and participation in shareholders' meetings

- 2.1** Those with a legitimate right in accordance with the Law and the Corporate By-laws may speak at Shareholders' Meetings.
- 2.2** Senior managers, employees, associate workers or advisors of the Company or of other companies in the Group whose attendance is considered useful by the Chairman in consideration of the matters to be discussed or for the performance of the proceedings of the meeting may participate in Shareholders' Meetings.

- 2.3** Experts, financial analysts and accredited journalists that have been invited or authorised by the Chairman may attend Shareholders' Meetings.

Article 3 Verification of the legitimate right to speak in Shareholders' Meetings

- 3.1** Those who have a right to speak in Shareholders' Meetings in accordance with the preceding article 2 of these Regulations, must present a personal identification document to the auxiliary personnel at the entrance to the premises in which the meeting is held. The auxiliary personnel shall issue a special document to be conserved during the period in which the proceedings of the Shareholders' Meeting take place.
- 3.2** In order to facilitate verification of the right to speak in a Shareholders' Meeting, those with the right to speak may deliver the documentation proving their right to speak to the Company Secretariat, in accordance with the procedures and time limits which may be contained in the notice to convene or published on the Company website.
- 3.3** Participants in the meeting who leave the premises in which the general meeting is held for any reason whatsoever are required to inform the auxiliary personnel that they are leaving.

Article 4 Constitution of Shareholders' Meetings and opening the proceedings

- 4.1** The person indicated by the Corporate By-laws takes the chairmanship of the general meeting at the time set in the notice to convene it.
- 4.2** The Chairman shall be assisted by a secretary, even if the person is not a shareholder, proposed by the Chairman and appointed by the Shareholders' Meeting. The Chairman may request assistance from the secretary even if the minutes are prepared by a public notary. Secretaries or public notaries may make use of recording equipment.
- 4.3** Shareholders' Meetings may appoint two or more scrutineers, who need not be shareholders, on the basis of a proposal by the Chairman, when he considers it appropriate.
- 4.4** The Chairman may be assisted by persons authorised to participate in meetings in accordance with the preceding article 2 and he may also ask them to illustrate items on the agenda and to answer questions posed in relation to specific matters. He may also be assisted by outside experts specially invited.
- 4.5** The chairman, assisted if necessary by auxiliary personnel, shall ascertain the legitimate right to speak and to vote, the validity of proxies and the proper constitution of a Shareholders' Meeting.
- 4.6** If there are insufficient shareholders present to constitute a valid Shareholders' Meeting once the time set by the Chairman with respect to the starting time for the meeting has elapsed, the Chairman postpones discussion of the items on the agenda to the subsequent Shareholders' Meeting to be called.
- 4.7.** Unless otherwise decided by the Chairman of the Shareholders' Meeting, no recording equipment of any type whatsoever may be used including photographic and similar equipment which allows the filming and/or audio/video recording of the proceedings of the Shareholders' Meeting.

Article 5 Agenda

- 5.1** The Chairman and, on his invitation, those who assist him in accordance with the preceding point 4.4 of these Regulations, shall illustrate the items on the agenda and the proposals submitted for approval by the Shareholders' Meeting. When starting discussion of those items and proposals, as long as the Meeting does not object, the Chairman may follow a different order to that given in the

notice to convene and may decide that all or some of the items on the agenda are discussed together as one item or alternatively that single parts of one item on the agenda are dealt with separately, where this is necessary for the discussion and, if it is the case, for a subsequent vote.

- 5.2.** Except when the Chairman considers it appropriate or a specific request is approved by the Meeting, no reading is given of the documentation filed beforehand and made available to those concerned, as indicated in the notice to convene.

Article 6 Speaking and replies

- 6.1** The Chairman of a general meeting presides over discussion allowing directors, statutory auditors and those to have requested to speak in accordance with this article to do so.

- 6.2** Those with the right to vote may ask to speak *(i)* solely on the items on the agenda and *(ii)* once only for each item on the agenda.

In order to facilitate shareholder speeches and the relative discussion, requests to speak on individual items on the agenda must be made before discussion on the matter in question is opened.

- 6.3** The Chairman decides the procedures for making requests to speak and the order of the speakers.

- 6.4** Replies to speeches and answers to those who have posed questions before the Shareholders' Meeting shall be provided by the Chairman and, on his invitation, by those who assist him in accordance with point 4.4. of these Regulations.

- 6.5** Those who have asked to speak have the right to one reply only.

- 6.6** In order to ensure that Shareholders' Meetings proceed efficiently, each speech must last no longer than 5 (five) minutes and each reply no longer than 2 (two) minutes. The Chairman, having taken account of the contents and importance of the individual items on the agenda, may in any event set different lengths of time both for speeches and for replies. The Chairman may invite speakers to conclude before the end of the time set for speaking or replying.

- 6.7** Once the speeches, answers and possible replies have ended, the Chairman declares discussion on the item closed.

Article 7 Powers of the Chairman

- 7.1** The Chairman may prevent persons from speaking whenever this is necessary in order to guarantee the proper proceedings of the Meeting and, if it is the case, the exercise of the rights of those speaking. This may also be done if a person speaks without the right or continues to speak after the maximum time pursuant to the previous point 6.6 of these Regulations have elapsed, or, after being warned, when the speech is clearly not relevant to the item on the agenda under discussion.

- 7.2** If one or more speakers prevent others from speaking or by their behaviour present a clear hindrance to the normal proceedings of the Shareholders' Meeting, the Chairman may have the persons, previously warned, removed from the meeting hall for the whole of the discussion period. Before allowing voting to start, the Chairman may allow those who have been removed to be readmitted to the meeting.

- 7.3** The Chairman has the right to not reply to questions that regard matters not on the agenda and questions concerning extremely detailed information which are of no interest to the Shareholders' Meeting or which can have no influence on how shareholders decide to vote. The Chairman may in any event provide a single answer to questions having the same content and he has the right not to reply in Shareholders' Meetings to questions received before the meeting, where that is permitted by the regulations in force.

Article 8 Suspension of a Shareholders' Meeting

The Chairman may suspend the proceedings during the course of a meeting when he considers it appropriate, giving his reasons, but not for longer than two hours.

Article 9 Voting and closing the Shareholders' Meeting

- 9.1** The Chairman may decide that voting takes place on one or more matters immediately after discussion on them has finished or at the end of the discussions on all the items on the agenda. In the latter case the Chairman shall also decide the order in which proposals submitted on the individual items on the agenda are put to the vote, normally giving precedence to those, if any, submitted by the Board of Directors.
- 9.2** The Chairman shall also decide whether to put a single item on the agenda to a vote or whether to vote separately on individual parts of it and he shall decide the procedures for open ballot voting, recording and counting votes and may also set a maximum time-limit within which votes must be cast.
- 9.3** Votes not cast in the manner indicated by the Chairman are not valid.
- 9.4** Shareholders and those with voting rights who vote against or abstain must give their name to the auxiliary personnel, indicating the number of shares for which they are voting against or abstaining. Each of those with the right to vote may declare the reason for their vote in the time strictly necessary.
- 9.5** At the end of the vote, the votes are counted, and when concluded the Chairman, who may be assisted by the secretary or public notary, announces the results of the vote to the Shareholders' Meeting.
- 9.6** Once the items on the agenda have been discussed and the relative voting completed, the Chairman shall declare the meeting closed.

Article 10 Final provisions

- 10.1** In addition to the provisions contained in these regulations, the Chairman may adopt any measures considered appropriate to guarantee the proper proceedings of Shareholders' Meetings and the exercise of the rights of speakers.
- 10.2** The provisions of the Italian Civil Code, of special laws on the matter and of the Corporate By-Laws shall apply for that which not provided for in these Regulations.

* * * *

Milan, 7th March 2013

on behalf of the Board of Directors
the Chairman and Chief Executive Officer
Ing. Giovanni Recordati