

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

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

(13TH APRIL 2010 1ST CALL – 16TH APRIL 2010 2ND CALL)

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

1. Board of Directors' Review of Operations; Report of the Board of Statutory Auditors; Financial Statements as at and for the year ended 31st December 2009; relative and consequent resolutions.

To Our Shareholders,

We inform you, as we are required to by Art. 3 of Ministerial Decree No. 437 of 5, November 1998, that you have been convened to an ordinary general meeting of the shareholders not only to approve the annual report for the year ended 31st December 2009, but also to decide the allocation of net income for the year amounting to 76,068,210.00, of which we propose to allocate € 8,527,00 to a statutory reserve, € 54,354,520.28 to a dividend, with an increase of 10% compared to the previous year, and €21,705,162.72 to the extraordinary reserve.

In particular, we submit the following resolutions to you for your approval:

"The ordinary general meeting of the shareholders of RECORDATI S.p.A.,

- having viewed the Board of Directors Review of Operations 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 company financial statements as at 31.12.2009;
- to allocate the net income for the year of € 76,068,210.00 as follows:

- a) € 8.527,00 to the statutory reserve;
- b) € 54,354,520.28 for a dividend of € 0.275 on each of the outstanding shares on the ex-dividend date, with the exclusion of treasury stock held by the company on that date, account having been taken of the increase in the dividend due to treasury stock in the dividend proposed for outstanding shares;
- c) €21,705,162.72 to the "extraordinary reserve";

- to pay the dividend from 29th April 2010 on coupon No. 6 from 26th April 2010".

Shareholders will be able to obtain payment of the dividend through their respective intermediaries or, in the case of shares that have not yet been dematerialised, they must first consign them to an intermediary to be entered in the central management system on a dematerialised basis.

Milan, 5th March 2010

for the Board of Directors

The Chairman

Ing. Giovanni Recordati

Report on item 2 on the agenda and the relative resolution submitted

2. Proposal to authorise the purchase and utilization of treasury stock; relative and consequent resolutions.

To Our Shareholders,

In compliance with article 3 of Ministerial Decree No. 437 of 5th November 1998 and article 73 of the regulations adopted with Consob resolution No. 11971 of 14th May 1999 and subsequent amendments (hereinafter the "Issuers' Regulations"), we inform you of the following.

On 7th April 2009 the shareholders of Recordati S.p.A. (hereinafter the "Company") authorised the purchase and utilization of treasury stock until the date of the approval of the 2009 Separate Company Annual Report. No treasury stock has been purchased since 7th April 2009 and until today. You are now asked to again authorise, within the limits and according to the procedures detailed below, the purchase and utilization of treasury stock.

The proposal fulfils various functions: it meets corporate requirements because the purchase of treasury stock, if authorised, will allow transactions to be performed such as the sale, contribution and exchange of treasury stock in order to acquire interests in companies and/or to reach agreements with strategic partners which form part of the Group's objectives for expansion; it meets requirements regarding the fulfilment of obligations resulting from the stock option plans already adopted by the Company and other stock option plans which might be approved in future also pursuant to, and for the purposes of, market practices concerning the purchase of treasury stock for the constitution of "share inventories" permitted by the CONSOB in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 16839 of 19th March 2009. Furthermore, the authorisation to purchase Treasury stock, if granted, will allow the Company to make investments, if required, on the stock market in its own shares, even through financial intermediaries and if required also pursuant to, and for the purposes of market practices concerning liquidity support permitted by the Consob in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution 16839 of 19th March 2009.

In order to achieve the objectives just mentioned, we propose that you authorize the Board of Directors, and the Chairman on its behalf, to purchase, even in one or more tranches, taking account of the treasury stock already held, a maximum of 20.000.000 (twenty million) ordinary shares with a par value of € 0,125, corresponding to 9,56% of the current share capital of € 26.140.644,50 and in any event for a maximum amount of € 120.000.000 (onehundredandtwenty million), a percentage and amount which, as detailed below, complies with article 2357 of the Italian Civil Code.

At the same time, we ask you to authorize, in accordance with Art. 2357-ter of the Italian Civil Code, the Board of Directors, and the Chairman on its behalf, to utilize, even in more than one tranche and for the purposes for which the authorisation is requested, the treasury stock that may be purchased, even by means of transactions subsequent to the purchase and sale, according to the procedures indicated below.

For the purposes of compliance with the third paragraph of article 2357 of the Italian Civil Code, we report that the share capital of the company amounting to € 26,140,644.50 currently consists of 209,125,156 ordinary shares with a value of € 0.125 each.

We also report that the Company currently possesses treasury stock of 11,472,355 shares with a par value of € 0.125, corresponding to 5.486% of the share capital.

The authorisation to purchase is requested until the date of the approval of the 2010 Annual Report. The utilisation of the shares purchased may occur without limits on the timing, without prejudice, if the case, to the provisions of the market practices already mentioned.

The Board proposes that the minimum unit price for the purchase should not be less than the par value of the RECORDATI S.P.A. ordinary shares (currently € 0.125) and that the maximum price should not be greater than the average of the official stock exchange prices in the five sessions prior to the purchase, plus 5%.

With regard to the maximum limit on spending, the Board observes that in accordance with article 2357 of the Italian Civil Code, treasury stock may be purchased up to the limits of the distributable profits and the reserves available resulting from the last financial report approved. In this respect, it will be seen that in the financial statements of the Company as at and for the year ended 31st December 2009, submitted for your approval, the total amount of the profits and reserves that may be used by the Company for the purchase of treasury stock amounts to € 249,704,629 and is composed as follows:

Additional paid-in capital:	€ 83,718,523
Extraordinary reserve:	€ 60,285,570
Reserve formed following transition to IFRS/IAS standards:	€ 83,995,373
Distributable profit:	€ 21,705,163

We therefore observe that in view of the maximum price mentioned previously, the distributable reserves recognised are quite sufficient to allow any purchase of treasury stock there may be.

As concerns the procedures for purchase transactions, which may be performed in one or more tranches, the Board proposes that these transactions are performed on regulated markets in compliance with Art. 144 *bis*, paragraph one, letter b), of the Issuers' Regulations. Furthermore, if those purchase transactions are performed pursuant to, and for the purposes of, the market practices cited permitted by the Consob in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 16839 of 19th March 2009 with Resolution No. 16839 of 19th March 2009, they must be performed in compliance with the operational conditions laid down for the those practices by the resolution cited, including the limits concerning the payment made for the purchases and the daily volumes (paragraphs 15 to 23 of the market practices concerning liquidity support; paragraphs 5 to 8 of the market practices concerning the purchase of treasury stock for the constitution of "share inventories").

As concerns procedures for the utilisation, on the one hand it is proposed that shareholders authorise the Board of Directors, and the Chairman on its behalf, pursuant to and for the purposes of Art. 2357 *ter* of the Italian Civil Code to utilise - at any time, in one or more tranches and even before

all possible purchases are made – the treasury stock purchased, by selling it on regulated markets, or in lots, or by public tender offer and if it is the case, in compliance with the operational conditions set by the market practises already mentioned. On the other hand, any treasury stock purchased may be used as payment for the purchase of shares and/or the conclusion of agreements with strategic partners and in any event, also to implement stock option plans already adopted by the Company or which may be adopted in future. Shareholders are therefore asked to grant the Board of Directors, and the Chairman on its behalf, the right to establish, as the occasion arises and in compliance with the relative legislation and regulations, the terms, procedures and conditions considered most appropriate, while the condition remains that the minimum price for the sale of shares cannot be less than their par value and also that the utilitions which may be performed pursuant to, and for the purposes of the market practises already mentioned must occur in compliance with the operational conditions set for those practises by Consob Resolution No. 16839 of 19th March 2009. The Board of Directors shall act in compliance with the disclosure obligations pursuant to Art. 144-*bis*, paragraphs three and four of the Issuers' Regulations and, if applicable, to the reporting obligations pursuant to the market practises mentioned.

Finally the proposal for the purchase of treasury stock is not made for the purpose of reducing the share capital.

In the light of the information we have provided, we propose that you approve the following resolutions:

“The ordinary general meeting of the shareholders of Recordati S.p.A.,

- having viewed the report of the Board of Directors

resolves

- (i) to authorise, pursuant to and for the purposes of Art. 2357 of the Italian Civil Code and until the approval of the 2010 annual report, the purchase, in one or more tranches, of a maximum of 20,000,000 ordinary RECORDATI S.p.A shares with a par value of € 0.125 and, in any event, in an amount such that the maximum number of treasury shares held by the Company never exceeds one fifth of the share capital, with account also taken of shares that may be held by subsidiaries, for a minimum valuable consideration of not more than the average official stock exchange price in the five sessions prior to the purchase, plus 5%, with a total disbursement which is in any event not greater than € 120,000,000 (onehundredantwenty million);
- ii) to grant a mandate to the Board of Directors, and to the Chairman on its behalf, to proceed to the purchase, even through delegated persons, of RECORDATI S.p.A. shares under the conditions reported above, in an appropriate gradual manner in the interests of the company, on regulated markets and in compliance with and according to the procedures of Art 144-*bis*, paragraph one, letter b) of the Issuers' Regulations;
- iii) to provide that the authorisation just mentioned shall be used also (a) for the purposes of the utilisation of treasury stock in transactions related to continuing operations and that is projects that are consistent with the strategic policies that the Company intends to pursue, in relation to which opportunities for share exchanges arise, according to the procedures, terms and conditions indicated in this resolution, or to fulfil obligations arising from stock option plans already adopted by the Company and those which might be adopted in future also pursuant to, and for the purposes of, market practices concerning the purchase of treasury stock for the constitution of “share inventories” permitted by the CONSOB in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution No. 16839 of 19th March 2009 (b) for the purposes of

investment in the Company's own shares, according to the terms and according to the procedures laid down by the applicable regulations and if appropriate, in the interest of the Company and through specialised intermediaries, also pursuant to, and for the purposes of, market practices concerning liquidity support permitted by the CONSOL in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution 16839 of 19th March 2009. All of the foregoing may be performed provided that the purchases which may be made pursuant to, and for the purposes of, the cited market practices occur in compliance with the operational conditions laid down for those practices by Consob Resolution No. 16839 of 19th March 2009, including the limits concerning the payment for purchases and the daily volumes which are intended as fully included herein. At any time, the maximum number of treasury shares possessed may not in any case exceed, as already stated, the maximum limit established by the applicable regulations in force, with account also taken of shares which may be possessed by subsidiaries;

iv) to authorise the Board of Directors, and the Chairman on its behalf, pursuant to and for the purposes of Art. 2357 *ter* of the Italian Civil Code to utilise - even through delegated persons, at any time, fully or in part, in one or more tranches, even before all possible purchases are made and even by means of transactions subsequent to the purchase and sale - the shares purchased on the basis of this resolution, either by selling them on regulated markets in lots or by a public tender offer, or by means of stock option plans already adopted by the Company and which it may adopt in future and also as valuable consideration for the acquisition of shares and/or the conclusion of agreements in the framework of a policy of corporate investments, granting the Board, and the Chairman on its behalf, the right to establish, as the occasion arises and in compliance with the relative legislation and regulations, the terms, procedures and conditions considered appropriate, while the condition remains that the sale of shares must be made at a minimum price of not less than their par value. All of the foregoing is subject to the condition that the utilisations that may be performed pursuant to and for the purposes of the the market practises mentioned must occur in compliance with the operational conditions set for those practises by Consob Resolution No. 16839 of 19th March 2009.

v) to grant the Board of Directors, and the Chairman on its behalf, all necessary powers to implement this resolution, in compliance with the disclosure obligations pursuant to Art. 144 *bis*, paragraphs three and four of the Issuers' Regulations and, if applicable, to the reporting obligations pursuant to the market practises mentioned, with the right to proceed to the purchase and the utilisation of treasury stock within the limits already stated, even through specialist intermediaries and also pursuant to and for the purposes of market practices concerning liquidity support permitted by the Consob in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution 16839 of 19th March 2009."

Milan, 5th March 2010

for the Board of Directors

The Chairman

Ing. Giovanni Recordati

Report on item 3 on the agenda and the relative resolution submitted

3. Proposal to approve the 2010-2013 Stock Option Plan; relative and consequent resolutions.

To Our Shareholders,

In compliance with article 114 *bis* of Legislative Decree No. 58/1998 (consolidated law on financial intermediation) and article 84 *bis* of the Issuers' Regulations issued by the CONSOB with resolution No. 11971 of 14th May 1999 and subsequent amendments (hereinafter the "Issuer's Regulations") and also in accordance with Art. 3 of Ministerial Decree No. 437 of 5th November 1998, information is provided here on the new incentive plan based on the grant to employees of Recordati S.P.A. and other companies either directly or indirectly controlled by it (hereinafter the "Beneficiaries") of options (hereinafter the "Options") to purchase ordinary shares of Recordati S.P.A. (hereinafter the "Company"), entitled the "2010-2013 Stock Option Plan" (hereinafter the "Plan"), which will be submitted to an ordinary general meeting of the shareholders of the Company on 13th April 2010 in first call and on 16th April in second call, following a proposal formulated by the Board of Directors with a resolution of 5th March 2010, with account taken of the proposal of the Remuneration Committee in a meeting held on 11th February 2010.

The reasons underlying the proposal to approve the Plan, in short, consist of the objective to continue, following the expiry of the 2006-2009 Stock Option Plan, approved by a shareholders' meeting on 6th April 2006, to employ an instrument to reinforce the loyalty of management and to allow them to share in the profits of the Recordati Group, while maintaining appropriate continuity with previous stock option plans adopted by the Company.

These reasons, together with the basic characteristics of the plan and in particular, by way of example, the beneficiaries of the plan, the conditions for exercising Options that may be granted, the exercise periods and so forth, are described below in detail in compliance with the recommendations for the information document pursuant to Art. 84-bis, paragraph 1 of the Issuers' Regulations and contained in schedule No. 7 of attachment 3A of those regulations.

1. The beneficiaries

1.1 The names of the beneficiaries who are members of the board of directors or the management board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

1.2 The categories of employees or collaborators of the issuer and of the companies controlling or controlled by this issuer.

The Options maybe granted by the Board of Directors to executives of the Company or of companies either directly or indirectly controlled and to employees who, although not being members of senior management, nevertheless occupy particularly important positions and contribute to the achievement of Group results. It is observed that the Options insofar as they are destined to

employees of strategic importance to the Company may also be granted to the executive directors of the Company and therefore to the directors *Ing. Giovanni Recordati, Dr. Alberto Recordati and Dr. Andrea Recordati*. Similarly, Options may be granted to other executives of strategic importance to the Company who also occupy the position of director in some of the subsidiaries of the Company. The Plan qualifies as a plan “of particular significance” according to Art. 114 *bis*, paragraph 3 of Legislative Decree No. 58/1998 and Art. 84 *bis* paragraph 2 of the Issuers’ Regulations, because the beneficiaries of the Plan include “significant persons” pursuant to Art. 152 *sexies* paragraph 1, letters c1) and c2), who consist in particular of members of the board of directors of the company (even with the observation concerning them just made), persons who perform management functions and executives of the Company with regular access to privileged information and who hold the power to make management decisions which may affect the development and future prospects of the Company.

1.3 The names of the persons who benefit from the scheme belonging to the following groups:

a) the general managers referred to in Article 152-*sexies*, paragraph 1, letter c)-c.2 in the Company;

Beneficiaries to whom the board may grant Options include the Chairman and Chief Executive Officer *Ing. Giovanni Recordati*, who also occupies the position of General Manager of the Company and as such has regular access to privileged information and holds the power to make operational decisions that may affect the development and future prospects of the Company;

b) general managers in a company controlled, directly or indirectly, by an issuer of shares, if the book value of the shareholding in the aforesaid controlled company represents more than fifty percent of the balance sheet assets of the issuer of the shares, as shown in the latest approved financial statement, as specified in Article 152-*sexies*, paragraph 1, letter c)-c.3;

Not applicable.

c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.

Not applicable.

1.4 Description and number, broken down by category:

a) of the group of managers who have regular access to inside information and are authorized to take management decisions that can influence the development and prospects of the issuer of shares, referred to in Article 152-*sexies*, paragraph 1, letter c)-c.2;

Beneficiaries of the Plan may include the sole senior manager qualifying as a “significant person” pursuant to Art. 152 *sexies*, paragraph 1, letter c2, identified in the person of the Group CFO and General Manager for co-ordination of operations.

b) of the group of managers who have regular access to inside information and are authorized to take management decisions that can influence the development and prospects of a company controlled, directly or indirectly, by an issuer of shares, if the book value of the shareholding in the aforesaid controlled company represents more than fifty percent of the balance sheet assets of the

issuer of shares, as shown in the latest approved financial statement, as specified in Article 152-*sexies*, paragraph 1, letter c)-c.3

Not applicable.

c) any other categories of employees or collaborators subject to different treatment under the plan (for example, senior managers, middle managers, clerical workers etc.).

Not applicable.

d) if different strike prices are established for the exercise of stock options for the persons within the two categories identified in letters a) and b), the aforesaid persons classed under letters a) and/or b) must be identified separately and named.

Not applicable.

2. The reasons for the adoption of the scheme

2.1 the objectives to be achieved through the awarding of the schemes.

The reasons underlying the proposal to adopt the Plan consist of the benefits which generally issuing companies may acquire from share-based remuneration schemes and from stock option plans in particular.

Stock option plans constitute a tool whereby management may share in the profits of the issuer. They allow a company to align the remuneration of managers with company performance, with the consequent alignment of the interests of the managers with those of the company and therefore with those of the shareholders.

Furthermore stock option plans play an important role in attracting high level personnel and making them loyal. It attracts them because the grant of stock options implicitly contain a significant power to reward and also because stock options allow managers to potentially obtain higher monetary remuneration which also satisfies their needs for esteem and self-realisation. It strengthens loyalty because by establishing a "vesting period", during which the beneficiary of the plan must provide the Company with his or her services in order to acquire the right to exercise the options, it acts as a retention mechanism. Finally, a well structured stock option plan instils attitudes and conduct in managers designed to produce innovation rather than to exploit competitive advantages already acquired, with the consequent potential creation of value for the issuing company.

The number of Options to be granted to each of the Beneficiaries shall be decided by the Board of Directors, based on the proposal of the Remuneration Committee.

The Plan covers a four year time horizon (2010/2011/2012/2013) and a graduated vesting period, with Options vesting in four *tranches*, as better illustrated in section 4. The Options that may be granted shall expire at the end of the eighth year following that in which the board granted the Options on the basis of the Plan. It is considered that these vesting periods and the expiry dates are appropriate to achieving the management incentivising and loyalty objectives of the Plan.

2.2 The key variables, also in the form of performance indicators, considered for the allocation of schemes based on financial instruments.

The exercise of the Options which may be granted and of each tranche of Options in particular is subject for all the Beneficiaries to achieving determined consolidated net income objectives set by the Board of Directors, as explained in detail in section 4. The mere grant of Options on the basis of the Plan is not tied to the achievement of determined performance objectives, since they are rather linked to the position occupied by the Beneficiary.

2.3 The factors underlying the establishment of the extent of the remuneration based on financial instruments, or the criteria used for its establishment.

The number of Options that may be granted to Beneficiaries is related to the organisational structure of the Company and it is determined on the basis of the importance of the positions occupied in the organisation by the managers concerned.

In order to define the importance of the positions occupied in the organisation by the managers concerned, reference is made to remuneration surveys conducted by major consulting firms and to the "gradings" formulated by them to photograph the organisational structure. The term "grading" relates to a system for classifying positions in an organisation in relation to the responsibility assigned to each role and to the size and complexity of the organisation in which it is set.

Modifications have been introduced to the Plan compared to previous stock option plans adopted by the Company, designed mainly to strengthen their loyalty increasing capacity and to improve administration of the plans.

In particular the most substantial modification are as follows:

- the expiration of the Options has been extended to the end of the eighth year following that in which the board granted the Options on the basis of the Plan, while on the basis of previous plans, the options granted expired on the last day of the exercise period in progress or following the fifth anniversary of the grant date;
- Beneficiaries may exercise Options, once they have matured, at any time during the year, while the two periods of the year (from 9th to 24th May and from 13th to 28th November) provided under the previous stock option plans have been eliminated;
- Options may be granted by the Board of Directors at any time during the year. However, the end of the vesting period for the first tranche of the Options has been extended so that these may be exercised after thirty days have passed since the approval by shareholders of the annual report of the Company for the year following that in which the Board of Directors granted the Options, while for the previous incentive plan, the first tranche of the Options could reach the vesting date beforehand, in the year following that in which the Options were granted;
- the Plan shall be served exclusively by treasury stock already held in the portfolio of the Company or shares purchased on the market, while the possibility of making use of new share issues with increases in the share capital at the service of the Plan has been eliminated.

2.4 The reasons behind any decision to award remuneration schemes based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or controlling companies or by third party companies with respect to its group; if the aforesaid instruments are not tradable on regulated markets, information on the criteria used to determine the value attributable to them.

Not applicable.

2.5 Assessment of the significant tax and accounting implications that influenced the formulation of the schemes.

There were no significant tax and accounting implications that influenced the proposal to adopt the Plan.

2.6 Any support for the scheme from the special fund for the encouragement of worker participation in firms, referred to in Article 4, paragraph 112, of the Italian Law No. 350 of 24th December 2003.

The Plan receives no support from the special fund for the encouragement of worker participation in firms, pursuant to article 4, paragraph 112, of Italian Law No. 350 of 24th December 2003.

3. Approval procedures and time scales for the assignment of the instruments

3.1 Scope of the powers and functions assigned to the shareholders' meeting and the board of directors for the implementation of the scheme.

3.2 Specification of the persons appointed to administer the scheme and their function and responsibilities,

The adoption of the Plan shall be subject, pursuant to Art. 114 *bis* of Legislative Decree No. 58/98, to approval by the ordinary general meeting to be held on 13th April 2010 in first call and on 16th April 2010 in second call.

It is proposed that the shareholders' meeting delegate powers to implement and manage the Plan to the Board of Directors of the Company, with the power to further delegate powers, also granting it, by way of example, all powers to select the Beneficiaries and to decide the number of the Options to be granted to each of them, to then grant the Options to the Beneficiaries, to set the consolidated net income objectives to which the vesting of the Options is subject and generally all powers for the implementation of the Plan in all its aspects, including that to determine, should it be necessary, appropriate procedures for implementation and for the resolution of any disputes that may arise. The board shall consult with the Remuneration Committee, created by the board itself from among its members.

3.3 Any existing procedures for the revision of the schemes, also with respect to changes in the key objectives.

Any substantial changes to the Plan which should become necessary shall be submitted to a shareholders meeting by the Board of Directors. Furthermore, as illustrated in greater detail in

section 4.5, the Plan allows the consolidated net income target set by the board (which constitutes a condition for the exercise of each tranche of Options), to be amended by the board when the annual budget is approved if there are any changes to the growth plans of the Company.

3.4 Description of the methods used to determine the availability and the assignment of the financial instruments that the schemes are based on (for example: the assignment of shares free of charge, share capital increases with the exclusion of pre-emptive rights, and the sale and purchase of treasury shares).

The Plan provides for the grant of Options for the purchase of the ordinary shares of the company, either purchased on the market and/or already held in portfolio (treasury stock) on the basis of an authorisation granted by a shareholders' meeting pursuant to Art. 2357 of the Italian Civil Code and Art. 144-bis of the Issuers' Regulations. Each Option grants the right to purchase one ordinary share of the Company.

3.5 The role performed by each director in determining the features of the above mentioned schemes and the occurrence of any situations of conflicts of interest for the directors involved.

The principal characteristics and the guidelines of the proposed Plan have been drawn up by the Remuneration Committee which, with the assistance of Company functions (Human Resources Department, Finance Department, Legal Department), has examined and developed the matter in meetings held on 22nd July 2009, 26th October 2009, 15th December 2009 and 11th February 2010. The committee then submitted the Plan to the Board of Directors of the Company for collegial approval, which decided to submit the proposal to adopt it to the shareholders with the abstention of three executive directors who may be Beneficiaries of the Plan when Options are granted in the future.

3.6 For the purposes of the requirements of Article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the shareholders' meeting and the proposal by the remuneration committee, if present.

The Board of Directors decided to submit the Plan for approval to the shareholders' meeting held on 5th March 2010, on the basis of a proposal made by the Remuneration Committee which met on 11th February 2010.

3.7 For the purposes of the requirements of Article 84-bis, paragraph 5, the date of the decision made by the body responsible for the assignment of the instruments and any proposal to the aforementioned body made by the remuneration committee, if present.

This information shall be provided in accordance with Art. 84-bis, paragraph 5, letter a) of the Issuers' Regulations, at the time when the board makes decisions to grant Options in implementation of the Plan.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the schemes are based, if traded in regulated markets.

The market price of the shares on 11th February 2010 and 5th March 2010 (see previous section 3.6) was € 5.2762 and € 5.5734 respectively.

3.9 In the case of schemes based on financial instruments traded in regulated markets, the terms and procedures adopted by the issuer in determining the time scales for the assignment of the financial instruments to take account of any possible time correlation between:

- i) the afore mentioned assignment or any related decisions made by the remuneration committee, and**
- ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:**
 - a. not already public and capable of positively influencing the market prices, or**
 - b. already published and capable of negatively influencing the market prices.**

As concerns the timing of the grant of Options, the Plan makes reference to the date of the resolution with which the board in addition to granting the Options to those selected as Beneficiaries also sets the strike price for the Options, on the basis of the arithmetic average of the prices of the ordinary shares of the Company recorded on the market in the period between the grant date of the Options and the same day of the previous calendar month. This criterion for setting the strike price for the Options attenuates the effects of any sudden appreciations or depreciations in the quoted price of the shares of the Company.

4. The features of the instruments assigned

4.1 Details of the structure of the remuneration schemes based on financial instruments. For example, specify whether the plan is based on the assignment of: financial instruments (assignment of restricted stock); increase in the value of these instruments (phantom stock); options to subsequently buy the financial instruments (option grants) with settlement by physical delivery (stock options) or in cash on the basis of a differential (stock appreciation rights).

As already mentioned, the Plan proposed is based on the grant of stock options, i.e. option rights for the subsequent purchase of the ordinary shares of the Company with settlement by physical delivery in the amount of one share per option right.

4.2 Specification of the scheme's effective period of implementation, also with reference to the various cycles established.

4.3 The end date of the Plan.

The Plan has a life of four years for the years 2010, 2011, 2012 and 2013.

On the basis of the Plan, during each of the years just mentioned, more than one option grant may be performed at any time during the year, which vest in tranches and may be exercised before determined expiry dates are reached. More specifically, as explained in more detail in section 4.5, the vesting of the Options granted to Beneficiaries shall occur in four successive tranches, the first of which, amounting to 25% of the Options granted, shall vest – if the consolidated net income

condition reported in section 4.5 is met – thirty days following the approval by shareholders of the annual report of the Company for the year following that in which the Board of Directors granted the Options, while the maturity of the subsequent tranche shall be subject to similar expiration terms. The Options granted on the basis of the Plan expire at the end of the eighth year following that in which the board granted the Options.

4.4 The maximum number of financial instruments, including in the form of options, assigned in each tax year in relation to the persons identified by name or the categories stated.

The Plan does not set a maximum number of options to be granted to the Beneficiaries for each year of the validity of the Plan.

4.5 The scheme's implementation procedures and clauses for the scheme, specifying whether the actual assignment of the instruments is subject to the meeting of certain conditions or the achievement of particular results, including performance related; and description of these conditions and results.

As concerns the vesting and exercise of the options, the Plan proposed provides for the following: 25% of the Options granted to a Beneficiary (the "First Tranche") vest and become exercisable after thirty days have passed since the approval by shareholders of the annual report of the Company for the year following that in which the Board of Directors granted the Options (the "First Vesting Date"). A further 25% of the Options granted to a Beneficiary participating in the Plan (the "Second Tranche") vest and become exercisable after thirty days have passed since the approval by shareholders of the annual report of the Company for the second year following that in which the Board of Directors granted the Options (the "Second Vesting Date").

A further 25% of the Options granted to a Beneficiary participating in the Plan (the "Third Tranche") vest and become exercisable after thirty days have passed since the approval by shareholders of the annual report of the Company for the third year following that in which the Board of Directors granted the Options (the "Third Vesting Date").

The remaining 25% of the Options granted to a Beneficiary participating in the Plan (the "Fourth Tranche") vest and become exercisable after thirty days have passed since the approval by shareholders of the annual report of the Company for the fourth year following that in which the Board of Directors granted the Options (the "Fourth Vesting Date").

Once the respective vesting date has been reached, each of the tranches just described may be exercised by the Beneficiary participating in the Plan, together with other tranches which may have already vested and have not yet been exercised at any time during the financial year, without prejudice to the expiry dates indicated in sections 4.2-4.3 and 4.17.

Independently of when they are exercised, the Options may only be exercised, in relation to each Tranche, for the whole of the shares of which the Tranche is composed. In the case of failure to exercise a Tranche in the proper manner, inclusive of failure to make payment of the entire exercise price for it, the exercise shall be considered as not having taken place with regard to the whole of that same Tranche.

As already mentioned in the preceding sections, under the conditions of the Plan proposed, the exercise of single tranches of Options is subject, for all Beneficiaries, to the condition that the net income resulting from the consolidated financial statements of the Group for each financial year prior to the vesting date for single tranches of the Options is not less than the amount set by the

board when Options were granted, with reference to the result in the medium term business plan forecast for each of the years considered.

The shares purchased by a Beneficiary following the exercise of one or more tranches on the basis of the Plan have normal dividend entitlement.

4.6 Details of any restrictions on the availability of the instruments deriving from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

Under the conditions of the Plan proposed, the options may not be transferred to third parties, nor may they be subject to other agreements concerning ownership. The Options may be exercised solely by the Beneficiary or by his or her legal representative, in the case of an incapacitated person, or by the heirs in cases of death. No restrictions are placed by the Plan on shares resulting from the exercise of Options which may be granted, except for restrictions which may be placed on the ownership of financial instruments by law.

4.7 Description of any termination conditions for the assignments under the schemes if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments assigned, including in the form of options, or the financial instruments resulting from the exercise of these options.

Not applicable.

4.8 Description of the effects generated by the termination of the employment relationship.

Under the conditions of the Plan, unless decided otherwise by the Board of Directors, the termination of the contract of employment of a Beneficiary with the Company or, according to the case, with another Company in the Recordati Group ("Termination of Employment") for any reason, shall automatically result in the exclusion of the Beneficiary from the Plan and the final and irrevocable loss of validity of the Options already granted on that date and not yet exercised and/or not exercisable, without prejudice to what has already been provided for in relation to Options that have already vested and in the case of the death of the Beneficiary. If on the date of the Termination of Employment, a Beneficiary participating in the Plan holds options in relation to one or more tranches that have already vested, but which have not yet been exercised, that Beneficiary may exercise the Options in relation to those tranches that have already vested within 30 days of the date of the Termination of Employment, while those Options lose all validity if they are not exercised within that period.

Furthermore, in the case of the Termination of Employment due to death or permanent invalidity of a Beneficiary participating in the Plan, the Options already granted on the date of the Termination of Employment just mentioned shall become immediately exercisable by the heirs of the beneficiary in the case of the death of the latter, or by the beneficiary in person or his/her legal representative if incapacitated in the case of permanent invalidity, for a period of one year following the date of the Termination of Employment. After that period of one year has passed, the Options shall permanently and irrevocably lose their validity.

In all cases, the termination of the employment contract of a Beneficiary with the Company as a result of the transfer of the latter to another company in the Recordati Group, does not constitute a

case of Termination of Employment as described here. However, it does constitute Termination of Employment in cases where a change of control occurs, in the sense of a transfer to third parties (i) of the subsidiary to which the Beneficiary belongs by the Company or (ii) of the company or the part of the company in which the Beneficiary works by the Company or one of its subsidiaries.

4.9 Details of any other reasons for the cancellation of the schemes.

No other causes for invalidating the Plan exist other than the provisions of the previous section 4.8 concerning the effects on the Plan of the termination of employment.

4.10 The reasons for the provision of any “redemption” by the company of the financial instruments involved in the schemes, pursuant to Article 2357 and following of the Italian Civil Code; the beneficiaries of the redemption, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the afore mentioned redemption.

Not applicable.

4.11 Any loans or concessions due to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code.

On written application of a Beneficiary, the Company may grant him/her a loan for the payment of the exercise price of the Options. The terms and conditions of the loan shall be specified in a special communication which shall be sent to the beneficiary where the loan application is accepted, while it is understood that: i) the loan shall be interest bearing at a rate to be set as the occasion arises by the Company on the basis of the Euribor two month rate plus 0.50%; ii) the amount of the loan shall be repaid to the Company with interest by the 120th day following the date on which the shares were made available to the Beneficiary.

4.12 Details of the valuations of the expected burden for the company as at the date of the assignment, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the scheme.

The expected cost for the Company cannot be determined at present because it is related to the number of Options that will be granted on the respective grant dates and the relative exercise prices. It will be recalled that the expected total cost (fair value as defined in IFRS 2) estimated by the Company in relation to each grant of Options performed on the basis of the 2006-2009 stock option plan was as follows: grant of 6th April 2006: € 1,935,898; grant of 29th October 2008: € 1,521,270; grant of 11th February 2009: € 86,310; grant of 27th October 2009: € 2,493,305.

4.13 Specification of any dilution effect on the capital generated by the remuneration schemes.

The Plan proposed shall be serviced with ordinary shares of the Company purchased on the market and/or already held in portfolio (treasury stock) and therefore it will involve no dilution effect.

4.14 Any limits established for the exercise of the voting rights and for the assignment of property rights.

Not applicable.

4.15 If the shares are not traded in regulated markets, any other information needed to properly measure the value attributable to them.

Not applicable.

4.16 Number of financial instruments underlying each option.

As already mentioned in the preceding sections, each Option grants the right to purchase one ordinary share of the Company.

4.17 Expiration of the Options.

The Options that shall be granted on the basis of the Plan shall expire at the end of the eighth year following that in which the board granted the Options on the basis of the Plan.

4.18 Exercise procedures (American/European), timescales (e.g. exercise periods) and clauses (e.g. knock-in and knock-out clauses).

See section 4.5.

4.19 The strike price of the option or the methods and criteria for its determination, particularly with reference to:

- a) the formula for the calculation of the strike price in relation to a particular market price (fair market value) (for example: strike price corresponding to 90%, 100% or 110% of the market price), and
- b) the methods for the determination of the market price used as a reference for the determination of the strike price (for example: last price on the day before the assignment, average for the day, average of the last 30 days etc.).

The exercise price of each Option, which is the same for all the Beneficiaries of the Piano, corresponds to the fair market value and is the "normal value" of the shares, i.e. the arithmetic average of the share prices quoted on the stock market in the period running from the grant date of the Options and the same date of the previous calendar month pursuant to Art. 9 paragraph 4, letter a) of the Consolidated Law on Financial Intermediation.

4.20 If the strike price is not equal to the market price determined in the manner specified in item 4.19.b (fair market value), the reasons for this difference.

Not applicable.

4.21 The criteria for the establishment of different strike prices between the various beneficiaries or the various categories of beneficiaries.

Not applicable.

4.22 If the financial instruments underlying the options are not traded in regulated markets, specification of the value attributable to the underlying instruments or the criteria used to determine their value.

Not applicable.

4.23 Criteria for the adjustments needed as a result of corporate actions involving equity or other corporate actions entailing a change in the number of the underlying instruments (capital increases, extraordinary dividends, consolidation or splitting of the underlying shares, mergers and splits, conversions into other classes of shares, etc.).

Under the conditions of the Plan, in the presence of extraordinary transactions which affect the formal structure of the share capital of the company, the number of shares underlying the Options granted under the Plan and the relative exercise price per share shall be considered to be automatically modified to reflect those changes. Beneficiaries shall be informed of those modifications by written communication.

TABLE NO.1 to outline 7 of Attachment 3A of Regulation no. 11971/1999

CHART 2									
OPTIONS (grant option)									
SECTION 1									
Options relating to plans currently valid, approved on the basis of previous general meeting's resolutions									
NAME OR CATEGORY	CAPACITY	Date of the General Meeting resolution	Description of instrument	No. of fin. Instruments underlying the Options allocated which cannot be exercised	No. of fin. Instruments underlying the options which can be exercised but which have not been exercised	Date of allocation by B.o.D.	Exercise price	Mkt. price of underlying fin. Instruments at the date of allocation (Official p.) **	Expiry date of option
Giovanni Recordati	Chairman, Managing Director and General Manager *	06/04/2006 (Ass.)	Options on Recordati spa shares with payment for actual issue of the shares	75,000	225,000	06/04/2006	6.4975	6.476	24/05/2011
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	300,000	0	29/10/2008	4.073	3.783	28/11/2013
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	300,000	0	27/10/2009	4.87	5.1138	28/11/2014
Alberto Recordati	Vice Chairman *	06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	37,500	112,500	06/04/2006	6.4975	6.476	24/05/2011
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	150,000	0	29/10/2008	4.073	3.783	28/11/2013
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	150,000	0	27/10/2009	4.87	5.1138	28/11/2014
Andrea Recordati	Director *	06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	20,000	60,000	06/04/2006	6.4975	6.476	24/05/2011
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	100,000	0	29/10/2008	4.073	3.783	28/11/2013
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	100,000	0	27/10/2009	4.87	5.1138	28/11/2014

* = It is stressed that these parties are Beneficiaries of the Stock Option Plans because they are employees of strategic importance to the company.

TABLE NO.1 to outline 7 of Attachment 3A of Regulation no. 11971/1999

		CHART 2							
		OPTIONS (grant option)							
		SECTION 1							
		Options relating to plans currently valid, approved on the basis of previous general meetings resolutions							
NAME OR CATEGORY	CAPACITY	Date of the General Meeting resolution	Description of instrument	No. of fin. Instruments underlying the Options allocated which cannot be exercised	No. of fin. Instruments underlying the options which can be exercised but which have not been exercised	Date of allocation by B.o.D.	Exercise price	Mkt. price of underlying fin. Instruments at the date of allocation (Official p.) **	Expiry date of option
n. 1 Manager with regular access to privileged information who have the power to take management decisions which could affect the growth and future prospects of the share issuer, as at art. 152- sexies, paragraph 1 c) – c.2 Managers	Director of the Group's, Finance Section, General Director of Management Coordination	06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	37,500	112,500	06/04/2006	6.4975	6.476	24/05/2011
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	150,000	0	29/10/2008	4.073	3.783	28/11/2013
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	150,000	0	27/10/2009	4.87	5.1138	28/11/2014
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	294,375	883,125	06/04/2006	6.4975	6.476	24/05/2011
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	3,005,000	0	29/10/2008	4.073	3.783	28/11/2013
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	220,000	0	11/02/2009	3.894	4.0796	24/05/2014
		06/04/2006 (Ass.)	Options on Recordati SpA shares with payment for actual issue of the shares	3,285,000	0	27/10/2009	4.87	5.1138	28/11/2014

In the light of the information we have provided, we propose that you approve the following resolutions:

“The ordinary general meeting of the shareholders of RECORDATI S.p.A.,

- having viewed the illustrative report of the Board of Directors which describes the fundamental characteristics of the new stock option plan proposed

resolves

- to approve the text attached to this report on the 2010-2013 Stock Option Plan, designed to incentivise and strengthen the loyalty of the senior managers of Recordati S.P.A. and of companies either directly or indirectly controlled by it, and also of employees who, although not being members of senior management, nevertheless occupy particularly important positions;
- to grant the Board of Directors, with the authorisation to sub-delegate, all necessary or advisable powers to implement the 2010-2013 Stock Option Plan and in particular, by way of example but not limited to these, all powers to select the beneficiaries and to decide the number of the options to be granted to each of them, to then grant the options to the Beneficiaries and to perform all actions, formalities and communications that may be necessary or opportune for the purposes of managing and/or implementing the plan.

Milan, 5th March 2010

for the Board of Directors

The Chairman

Ing. Giovanni Recordati

Company information

Recordati S.p.A.

via M. Civitali 1, 20148 Milan, Italy

Paid-in Capital Euro 26.140.644,5

Company Register of Milan/Fiscal Code/VAT 00748210150