

## **DIRECTORS' REPORT ON THE PROPOSALS ON THE AGENDA OF THE EXTRAORDINARY AND ORDINARY MEETING OF THE COMPANY'S SHAREHOLDERS**

**(11 APRIL 2007: FIRST CALL – 12 APRIL 2007: SECOND CALL)**

### *Ordinary part*

#### *Report on item 1 on the agenda and the relative proposal for resolution*

### **1. Report of the Board of Directors; Report of the Board of Statutory Auditors; 2006 Financial Statements; ensuing and related business.**

Dear Shareholders,

Pursuant to article 3 of Italian Ministerial Decree No. 437 of 5 November 1998, we hereby inform you that you have been called to an ordinary and extraordinary meeting of the company's shareholders, the purpose of which is to approve the 2006 financial statements, as well as to pass a resolution concerning the allocation of the net profit for the year of Euro 50,630,974.00. We propose that Euro 36,955,556.52 thereof be distributed as dividends, marking a 34.2% increase over the previous year, and the remaining Euro 13,675,417.48 be allocated to extraordinary reserves.

We propose that the meeting pass the following specific resolution:

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

- having acknowledged the Report of the Board of Directors and the Report of the Board of Statutory Auditors;
- having acknowledged the audit reports by the auditing firm, the first concerning the company's financial statements and the second its consolidated financial statements;

resolves

- to approve the report of the board of directors;
- to approve the 2006 financial statements;
- to allocate the net profit for the year of Euro 50,630,974.00 as follows:
  - a) Euro 36,955,556.52 to dividends at the ratio of Euro 0.185 per outstanding share on the ex-dividend date, excluding treasury shares in the company's portfolio on that date, the dividend proposed for the outstanding shares having taken into account the increase in dividends paid to treasury shares;
  - b) Euro 13,675,417.48 to extraordinary reserves”;
- to disburse payment of the dividend from 26 April 2007, with ex-dividend date on 23 April 2007.”

Shareholders may collect the dividend through their intermediaries, or, in the event of shares that have not yet been converted to electronic format, the same must be delivered to an intermediary for input into the centralised management system for electronic securities pursuant to article 51 of Consob resolution no. 11768 of 23.12.1998.

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman

Giovanni Recordati

*Ordinary part**Report on item 2 on the agenda and the relative proposal for resolution***2. Proposal to authorise the purchase and disposal of treasury shares.**

Dear Shareholders,

Pursuant to article 3 of Italian Ministerial Decree No. 437 of 5 November 1998 and article 73 of the Regulations enacted by Consob resolution no. 11971 of 14 May 1999, as amended (the "Issuer Regulations"), we hereby inform you of the following.

On 6 April 2006 the shareholders' meeting authorised the purchase and disposal of treasury shares until the date of approval of the 2006 financial statements. By virtue of this authorisation, 1,856,227 treasury shares were purchased from 6 April 2006 to the present. You are now asked to authorise the further purchase and disposal of treasury shares under the limits and conditions specified below.

This proposal has several purposes. First of all, the purchase of treasury shares is justified for business purposes, since it will allow the company to engage in transactions such as the sale, transfer and exchange of treasury shares to acquire equity investments and/or reach agreements with strategic partners in pursuit of the Group's growth goals.

The authorisation to purchase treasury shares, if granted, will also allow the company to make investments on the stock market involving its own securities.

Furthermore, the purchase of treasury shares may be used to establish the provision necessary to execute the stock option plans that the company has already adopted, as well as any additional stock options that it should approve in the future.

In order to pursue the above goals, we propose that you authorise the Board of Directors, and, on its behalf, the Chairman, to purchase in one or more tranches a maximum of 20,000,000 shares of common stock, including the treasury shares already held by the company, with a par value of Euro 0.125, equating to 9.6892% of the company's stock of Euro 25,801,832.00, up to a maximum limit of Euro 120,000,000.00; said percentage and amount are in compliance with the provisions of article 2357 of the Italian Civil Code, as specified below.

In the meanwhile, we ask you to authorise the Board of Directors, and, on its behalf, the Chairman, in accordance with article 2357, paragraph three, of the Italian Civil Code, to dispose of any treasury shares that should be purchased in one or more tranches and in compliance with the purposes for which authorisation is requested, including subsequent purchase and sale transactions, under the conditions set out below.

In the interest of compliance with paragraph three of article 2357 of the Italian Civil Code, please note that the company's share capital of Euro 25,801,832.00 is currently divided into 206,414,656 shares of common stock worth Euro 0.125 each.

Furthermore, please note that the company currently holds 6,654,891 treasury shares in portfolio with an overall par value of Euro 0.125, equating to 3.224% of capital stock.

We request that the authorisation of the purchase remain valid until the approval of the 2007 financial statements. There will be no time limit on the disposal of the shares purchased.

The Board proposes that the minimum purchase price per share be no less than the par value of a share of common stock of RECORDATI S.p.A. (currently Euro 0.125) and the maximum price no greater than the average official trading prices on the five stock market sessions prior to the date of purchase, plus 5%.

As for the maximum expenditure limit, the Board would like to remind you that pursuant to article 2357 of the Italian Civil Code, the maximum amount of treasury shares that may be purchased is limited to the profit to be distributed and the available reserves as reported on the last approved financial statements. In this regard, please note that in the company's 2006 financial statements submitted for your approval, the total amount of profit and reserves that the company may use to purchase treasury shares was Euro 205,687,092.00, broken down as follows:

Share premium reserve:	Euro	73,164,801.00
Extraordinary reserve:	Euro	34,851,501.00
Reserves established following the transition to IASs/IFRSs	Euro	83,995,373.00
Profit available for distribution:	Euro	13,675,417.00

Consequently, with regard to the above maximum price, the available reserves disclosed in the financial statements are adequate to cover the purchase of treasury shares.

As for the conditions of the purchase transactions, which may consist of one or more tranches, the Board proposes that said transactions be undertaken on regulated markets, in accordance with the conditions set forth in article 144 bis, paragraph one, section b) of the Issuer Regulations.

With regard to the conditions of disposal, we propose firstly that the shareholders' meeting authorise the Board of Directors, and, on its behalf, the Chairman, in accordance with article 2357, paragraph three, of the Italian Civil Code, to dispose of the treasury shares acquired at any time, in whole or in part, in one or more tranches, regardless of whether all purchases have been completed, whether through sale on the stock exchange or block market, or through public offering. Secondly, we propose that any treasury shares purchased may be transferred as compensation for the acquisition of equity investments and/or to reach agreements with strategic partners, and, generally, to execute stock option plans already adopted by the company or that should be adopted by the company in the future. We therefore ask that the shareholders' meeting grant the Board of Directors, and on its behalf, the Chairman, the power to determine from time to time the terms, methods and conditions that are deemed most appropriate, in accordance with the provisions of the law and the regulations, without prejudice to the fact that the minimum price for the sale of the shares may not be less than their par value. The Board of Directors shall act in compliance with the disclosure obligations set forth in article 144 bis, paragraphs three and four, of the Issuer Regulations.

In the light of the foregoing, we propose that the meeting pass the following specific resolution:

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

- having acknowledged the report of the board of directors;

resolves

- to authorise, in accordance with article 2357 of the Italian Civil Code, the purchase in one or more tranches by the date of approval of the 2006 financial statements of a maximum of 20,000,000 shares of common stock of RECORDATI S.p.A. with a par value of Euro 0.125, on the condition that the maximum number of treasury shares held by the company at any given time may not exceed one-tenth of its share capital, including any shares held by subsidiaries, for a minimum price of no less than the par value of a share of RECORDATI S.p.A. (Euro 0.125) and a maximum price of no more than the official average trading price of the stock on the five stock market sessions prior to the date of purchase, plus 5%, with an overall disbursement of no more than Euro 120,000.000.00 (one hundred twenty million euro);
- to authorise the Board of Directors, and, on its behalf, the Chairman, to purchase, directly or through proxies, shares of RECORDATI S.p.A. stock under the above conditions, according to the schedule deemed to be in the company's best interest, on regulated markets, in compliance with the conditions set forth in article 144 bis, paragraph one, section b) of the Issuer Regulations;
- to authorise the Board of Directors, and, on its behalf, the Chairman, in accordance with article 2357, paragraph three, of the Italian Civil Code, to dispose of the treasury shares purchased on the basis of this resolution, whether directly or through proxies, at any time, in whole or in part, in one or more tranches, regardless of whether all purchases have been completed, including subsequent purchase and sale transactions, whether through the sale thereof on the stock exchange or the block market, through public offering, in execution of the stock option plans already adopted by the company or that should be adopted by the company in the future, or as compensation for the acquisition of equity investments and/or the reaching of agreements within the framework of the company's investment policy, to this end granting the Board, and, on its behalf, the Chairman, the power to determine the terms, methods and conditions deemed most appropriate from time to time in compliance with the provisions of the law and the regulations, without prejudice to the condition that the minimum sale price of the shares may not be less than their par value;
- to grant the Board of Directors, and, on its behalf, the Chairman, all powers necessary to execute this resolution in compliance with the disclosure obligations set forth in article 144 bis, paragraphs three and four of the Issuer Regulations, with the power to proceed with the purchase and disposal of treasury shares within the limits indicated above, through specialised intermediaries and having entered into specific liquidity agreements according to the provisions of the competent market authorities."

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman

Giovanni Recordati

*Ordinary part**Report on item 3 on the agenda and the relative proposal for resolution***3. Appointment of a director.**

Dear Shareholders,

Pursuant to article 3 of Italian Ministerial Decree No. 437 of 5 November 1998, we would like to inform you that, as was already disclosed to the market on 8 February 2007, the Board of Directors met on said date and co-opted Dr. Federico Nazzari into the position of Director of the Board until the next Shareholders' Meeting in replacement of Dr. Francesco Costantini, who had accepted the position of Chairman of the Board of Directors of two competing companies and therefore submitted his resignation from the company's Board on 18 December 2006.

We consequently ask you to resolve to appoint a new director, either by confirming Dr. Nazzari, or, if you should choose not to do so, to resolve to decrease the number of members of the Board of Directors from nine to eight.

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman

Giovanni Recordati

*Ordinary part**Report on item 4 on the agenda and the relative proposal for resolution***4. Extension of the term of the auditing assignment in accordance with articles 155 et seq. of Italian Legislative Decree No. 58 of 24 February 1998.**

Pursuant to article 3 of Italian Ministerial Decree No. 437 of 5 November 1998, we hereby inform you of the following.

On 10 April 2002 a meeting of the shareholders of Recordati S.p.A. contracted Deloitte & Touche S.p.A. to audit its accounts for financial years 2002, 2003 and 2004; on 6 April 2005, this contract was extended with the same auditing firm for a further three financial years, i.e. until the meeting of the company's shareholders that approves the 2007 financial statements.

Article 159, paragraph five, of Italian Legislative Decree No. 58/98 (the Finance Consolidation Act, hereinafter referred to as the "TUF"), as amended by Italian law no. 262/05 containing "Savings protection provisions and financial market regulations" (hereinafter the "Savings Law") and, finally, Italian Legislative Decree No. 303/2006 (hereinafter the "Corrective Decree") provide that auditing assignments shall have a duration of nine financial years and may not be renewed or extended unless at least three years have passed from the termination of the previous assignment.

Article 8, paragraph seven, of the Corrective Decree provides that assignments that are underway when the Corrective Decree takes effect and that have an overall duration, including previous renewals and extensions, of less than nine financial years on the date of the first ordinary shareholders' meeting called to approve the financial statements may be extended in order to increase said duration to the limit of nine financial years established in cited article 159, paragraph five, of the TUF.

In the light of the foregoing laws, Deloitte & Touche S.p.A. has sent the company and its Board of Statutory Auditors a proposal to extend the company's existing contract with Deloitte & Touche S.p.A. to financial years 2008, 2009 and 2010, i.e. until the shareholders' meeting that approves the 2010 financial statements, without prejudice to any other terms and conditions set forth in the proposal dated 31 January 2005, as amended.

At the meeting of the Board of Directors held on today's date, the Chairman of the Board of Statutory Auditors informed the directors that the Board intends to lend its support to the proposal advanced by Deloitte & Touche, and consequently to propose that the shareholders' meeting resolve to extend the contract of said auditing firm under the terms and conditions set forth above. The Board of Directors resolved to assent to the proposal advanced by the Board of Statutory Auditors, considering that the extension in question meets the company's considerable needs for operational and organisational continuity.

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman  
Giovanni Recordati



***Extraordinary part:***

***Report on item 1 on the agenda and the relative proposal for resolution***

**1. Amendment of articles 10, 14, 15, 16, 18, 20, 26, 27 of the company's by-laws to comply with Italian law no. 262/05, as amended by Italian Legislative Decree No. 303/2006.**

Dear Shareholders,

Pursuant to article 3 of Italian Ministerial Decree (Grace and Justice) No. 437 of 5 November 1998 and article 72 of the Regulations enacted by Consob resolution no. 11971 of 14 May 1999, as amended, we hereby inform you that you have been called to an extraordinary meeting of the company's shareholders to pass resolutions concerning the proposed amendments to articles 10, 14, 15, 16, 18, 20, 26, 27 of the company's by-laws, largely to comply with Italian law no. 262/05, which contains "Savings protection provisions and financial market regulations" (hereinafter the "Savings Law"), as amended by Italian Legislative Decree No. 303/2006 (hereinafter the "Corrective Decree").

The foregoing legislation has, among other changes, significantly amended Italian Legislative Decree No. 58/98 (Consolidation Act on Provisions regarding financial intermediation, hereinafter referred to as the "TUF"), specifically the portion of the Decree regulating listed issuers.

The amendments also take into account certain recommendations contained in the Code of Self-Discipline for listed companies published in March 2006.

Article 8, paragraph two, of the Corrective Decree requires companies to amend their by-laws to comply with the provisions of the Savings Law and the Corrective Decree by 30 June 2007. With regard to this deadline, we believe it appropriate to propose that you enact the above amendments during the meeting of the company's shareholders called to approve the 2006 financial statements in order to avoid convening an extraordinary meeting *ad hoc*.

We would also like to inform you that some of the proposed amendments may be revised after the entrance into effect of the regulatory provisions that, according to the Savings Law and the Corrective Decree, Consob is to issue shortly.

We have taken advantage of this occasion to submit an amendment to article 10 to you as well in order to bring it into line with previous changes in the law.

Please note that the proposed amendments do not trigger the right of withdrawal.

The following is a comparative account of the current text of the articles proposed for amendment and the amended version of the same. The reasons for the proposed changes are set out below each article.

Current text	Proposed text
<p>Article 10) – In order to participate in the meeting, shareholders must produce their obligatory certifications. Notification from brokers who hold the relevant accounts must be received at least two days before the date of the meeting.</p>	<p>Article 10) – In order to participate in the meeting, <del>shareholders must produce their obligatory certification and</del> notification from brokers who hold shareholders' accounts must be received at least two <u>non-holidays</u> before the date of the meeting.</p>

Reasons for the proposed changes: the proposed amendments are in response to the clarification as to the deadline for the service of notification by brokers required by article 2370, paragraph two, of the Italian Civil Code, as amended by article 10 of Italian Legislative Decree No. 310 of 28 December 2004, in addition to the provisions of Consob Regulation No. 11768/98 on markets, as amended by Consob Resolution of 23 April 2005 (see in particular articles 33 and 34 bis). The foregoing provide that certification is not required in order for an authorised entity to participate in the meeting; rather, the entity's broker is required to serve notification of participation in the meeting.

<p>Article 14) – When an absolute majority of votes is considered sufficient to pass resolutions under the law, it shall be calculated without counting abstentions. A relative majority shall be sufficient for the appointment of directors. In the event of an equal number of votes, the more senior candidate shall be elected.</p>	<p>Article 14) – When an absolute majority of votes is considered sufficient to pass resolutions under the law, it shall be calculated without counting abstentions. <del>A relative majority shall be sufficient for the appointment of directors. In the event of an equal number of votes, the more senior candidate shall be elected.</del></p>
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Reasons for the proposed changes: the proposed amendment is required by article 147, paragraph three, of the TUF, which established that the Board of Directors shall be appointed by voting by list, as illustrated in greater detail below.

<p>Article 15) – The Company shall be managed by a Board of Directors composed of six to sixteen members; the meeting shall determine their number in accordance with article 2380 bis of the Italian Civil Code.</p>	<p>Article 15) – The Company shall be managed by a Board of Directors composed of six to sixteen members; the meeting shall determine their number in accordance with article 2380 bis of the Italian Civil Code.</p> <p><u>Directors may be appointed for no more than three financial years and may be re-</u></p>
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	<p><u>elect</u>ed. Their term shall expire and they shall be re-elected or replaced in accordance with the law and these by-laws.</p> <p><u>Directors must meet the requirements established by legislation in effect at the time; a minimum number of the Directors equating to the minimum established in said legislation must meet the independence requirements set forth in article 148, paragraph three of Italian Legislative Decree No. 58/1998.</u></p> <p><u>When a director ceases to meet these requirements, said director's term of office shall expire. When a director ceases to meet the independence requirement set forth above, said director's term shall not expire if the requirements are still met by the minimum number of directors that the law establishes must meet said requirement.</u></p>
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Reasons for the proposed changes: the proposed new version integrates the provision of article 147 quinquies of the TUF governing the integrity requirements for persons fulfilling management and direction functions for listed issuers.

Furthermore, the new version is intended to bring the by-laws into line with the provisions of article 147 ter, paragraph four, of the TUF (as recently amended by the Corrective Decree), which extended the independence requirements previously applied to statutory auditors to other directors. The above law specifically provides that one of the members of the Board of Directors (or two, if the Board is composed of more than seven members) must meet the independence requirements established for statutory auditors by article 148, paragraph three, of the TUF, and that the term of any director who ceases to meet the independence requirement shall expire.

We propose that a provision be added to the effect that said expiration may be avoided if the independence requirements continue to be met by the minimum number of directors that applicable law establishes must meet said requirement; in the latter case, the director in question shall remain in office but shall no longer be considered an independent director.

<p>Article 16) – Directors may be appointed for no more than three financial years and may be re-elected. Their term shall expire and they shall be re-elected or replaced in accordance with the law.</p>	<p>Article 16) - <del>Directors may be appointed for no more than three financial years and may be re-elected. Their term shall expire and they shall be re-elected or replaced in accordance with the law.</del></p> <p><u>The Board of Directors shall be appointed on the basis of progressively numbered lists submitted by shareholders under the</u></p>
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	<p><u>following conditions:</u></p> <p><u>Lists submitted by shareholders must be signed by the submitter, kept on file in the Company's head office and made available to all those who so request a minimum of fifteen days prior to the date for which the first call of the meeting is scheduled. The lists shall be subject to other forms of disclosure as provided by the legislation in effect at the time.</u></p> <p><u>Each shareholder, including shareholders who have signed a shareholders' agreement identified by article 122 of Italian Legislative Decree No. 58/1998, controlling entities, subsidiaries, and jointly-controlled entities as defined in article 93 of Italian Legislative Decree No. 58/1998, is prohibited from submitting more than one list, whether individually or jointly, or voting for more than one list, even through a third party or trust company. Candidates may only run on one list on pain of forfeiting the right to stand election. Assent and votes expressed in violation of the above prohibition shall not be attributed to any list.</u></p> <p><u>Only shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% of company stock with voting rights in ordinary meetings, or representing a lesser percentage established by binding legislative or regulatory provisions, shall have the right to submit lists.</u></p> <p><u>The following items must be filed for each list within the respective deadlines set out above: (i) certification issued <i>ad hoc</i> by a legally authorised intermediary attesting to the ownership of the number of shares required to submit a list; (ii) statements by individual candidates to the effect that each accepts candidacy and declares, assuming full responsibility, that there are no reasons preventing the candidate from being elected or rendering him unsuitable for the office, and that the candidate meets any specific requirements for the relevant office; (iii) a curriculum vitae detailing</u></p>
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	<p><u>each candidate's personal and professional characteristics and indicating that the candidate may be considered independent. Any lists submitted in violation of the foregoing provisions shall be disregarded. The Board of Directors shall be elected according to the following conditions:</u></p> <p><u>a) all directors to be elected, except for one, shall be drawn from the list that obtains the greatest number of votes registered by shareholders according to the progressive order in which the candidates are placed on said list;</u></p> <p><u>b) the remaining director shall be the candidate placed at the number one position on the minority list, which shall not be connected in any way with the list indicated in letter a) above, nor with the shareholders who submitted or voted for the list indicated in letter a) above, which obtains the second-highest number of votes registered by shareholders. However, lists that do not obtain a percentage of votes equal to a minimum of half the number required to submit a list as indicated in paragraph four of this article shall not be considered for the above purpose.</u></p> <p><u>If the candidates elected through the above methods do not result in the appointment of a number of directors meeting the independence requirements established for statutory auditors by article 148, paragraph three, of Italian Legislative Decree No. 58 of 28 February 1998 equal to the minimum number established by the law in relation to the total number of directors, the non-independent candidate elected with the lowest progressive number on the list that obtains the largest number of votes as indicated in letter a) of the foregoing paragraph shall be replaced by the first independent candidate in terms of progressive numbering that was not elected on the basis of the list, or, for want of the former, the first independent candidate in terms of progressive numbering not elected by the other lists, according to the number of votes obtained</u></p>
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	<p><u>by each. This replacement procedure shall be repeated until the board of directors is composed of a number of members meeting the requirements established by article 148, paragraph three of Italian Legislative Decree No. 58 of 1998 equal to the legal minimum. If said procedure does not lead to the aforementioned result, the directors shall be replaced by resolution passed by relative majority of the shareholders' meeting upon presentation of candidates satisfying the above requirements.</u></p> <p><u>If only one list is submitted, all directors to be elected shall be drawn from said list; in the event that no lists are presented, the shareholders' meeting shall pass a resolution by legal majority without observing the procedure set out above.</u></p> <p><u>All of the foregoing is understood as notwithstanding further binding legislative or regulatory provisions to the contrary.</u></p>
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Reasons for the proposed changes: The current text of article 16 was shifted to the more appropriate context of article 15; the purpose of the new text proposed to replace it is to bring the by-laws into line with the provisions of article 147 ter of the TUF. The first paragraph of said article requires that the by-laws regulate the election of members of the Board of Directors according to a vote-by-list system and establish the minimum shareholding required to present a list at no less than one-fortieth (2.5%) of capital stock, or a different limit as established by Consob regulation (to be issued by 31 March 2007), including market capitalisation, outstanding shares, and proprietary assets of listed companies. Paragraph three states that at least one of the directors must be elected from the minority list that obtained the greatest number of votes and is not connected in any manner, whether directly or indirectly, with the shareholders who presented or voted for the list that received the most votes.

The text then proceeds to set forth the procedure for submitting candidate lists. In accordance with the Code of Self-Discipline published in 2006, a deadline of fifteen days is set for the submission of lists at the company's head office.

The mechanism proposed for the drawing of candidates from the lists ensures firstly that at least one director is drawn from a minority list, and secondly that the number of independent directors appointed is in agreement with the provisions of paragraph four of the aforementioned article 147 ter, which, as already indicated during the discussion of the proposed amendments for article 15 of the by-laws, states that at least one of the members of the Board of Directors (or two if the Board is composed of more than seven members) must meet the independence requirements for statutory auditors established by article 148, paragraph three, of the TUF.

Further provisions are included to deal with the situations in which only one list is submitted or no lists are submitted at all.

It is also proposed that a provision be added in accordance with article 147 ter to the effect that lists that do not obtain a percentage of votes equal to a minimum of half the number required to present a list, i.e. 1.25% of capital stock under applicable law, not be considered for the above purpose.

<p>Article 18) Directors who leave office during the year shall be replaced in accordance with article 2386 of the Italian Civil Code.</p>	<p><del>Article 18) Directors who leave office during the year shall be replaced in accordance with article 2386 of the Italian Civil Code.</del></p> <p><u>If one or more directors leave office during the year, but the majority is still composed of directors appointed by the meeting, the provisions of article 2386 of the Italian Civil Code shall be followed, as set out below:</u></p> <p><u>a) the Board of Directors shall draw the replacement from the same list from which the outgoing director was drawn, without being bound by the progressive numbering on said list, and the meeting shall pass a resolution by legal majority according to the same criterion;</u></p> <p><u>b) if there are no previously unelected candidates remaining on said list, no candidates meeting the established requirements, or if for any other reason it is not possible to follow the provisions of letter a), the Board of Directors shall replace the director or directors by legal majority without voting by list, as shall the meeting at a later date.</u></p> <p><u>Regardless of the circumstances, the Board and the meeting shall proceed with the appointment or appointments in such a manner as to ensure that the total number of independent directors satisfies applicable legal requirements.</u></p>
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Reasons for the proposed changes: We propose the insertion of a mechanism for the replacement of directors who leave office before their term expires that ensures, insofar as possible, that the balance of distribution established by the original appointments is maintained, while at the same time guaranteeing that the minimum number of independent directors satisfies the requirements of the Savings Law.

<p>Article 20) The Board shall meet at the registered office or elsewhere, including</p>	<p>Article 20) The Board shall meet at the registered office or elsewhere, including</p>
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<p>abroad, whenever the Chairman, or if the Chairman is absent or unable to act for any reason, the Vice-Chairman, or in his absence, the most senior Director, considers it necessary, or when a written request shall be made by the majority of Directors, specifically identifying the items to be included in the agenda.</p> <p>The Board of Directors may also be called to meet by at least two Statutory Auditors, provided that the Chairman is notified in advance.</p> <p>Board meetings shall be called by way of a letter sent by registered mail, telegram, fax or equivalent means sent to each Director and Statutory Auditor at least five full days before the date set for the meeting, or, in urgent cases, at least one day in advance.</p> <p>Members attending meetings of the Board of Directors may participate remotely by means of audiovisual connection, videoconferencing, or telephone link-up systems.</p> <p>In the above case:</p> <ul style="list-style-type: none"> <li>- the following must always be ascertained:</li> <li>a) the identity of all members attending, at each point of connection, shall be confirmed;</li> <li>b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;</li> <li>- the Board of Directors' meeting shall be considered to be held at the place where both the Chairman and Secretary are located.</li> </ul>	<p>abroad, whenever the Chairman, or if the Chairman is absent or unable to act for any reason, the Vice-Chairman, or in his absence, the most senior Director, considers it necessary, or when a written request shall be made by the majority of Directors, specifically identifying the items to be included in the agenda.</p> <p>The Board of Directors may also be called to meet by at least <del>two Statutory Auditors</del> <u>one Statutory Auditor</u>, provided that the Chairman is notified in advance.</p> <p>Board meetings shall be called by way of a letter sent by registered mail, telegram, fax or equivalent means sent to each Director and Statutory Auditor at least five full days before the date set for the meeting, or, in urgent cases, at least one day in advance.</p> <p>Members attending meetings of the Board of Directors may participate remotely by means of audiovisual, videoconferencing, or telephone link-up systems.</p> <p>In the above case:</p> <ul style="list-style-type: none"> <li>- the following must always be ascertained:</li> <li>a) the identity of all members attending, at each point of connection, shall be confirmed;</li> <li>b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;</li> <li>- the Board of Directors' meeting shall be considered to be held at the place where both the Chairman and Secretary are located.</li> </ul>
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Reasons for the proposed changes: the proposed amendment responds to the provisions of article 151, paragraph two, of the TUF, as amended by the Savings Law, which establishes that the power to convene the Board of Directors may also be exercised individually by each member of the Board of Statutory Auditors.

Article 26) – The Board may also delegate all or part of its powers to an Executive Committee of three to ten members	Article 26) – The Board may also delegate all or part of its powers to an Executive Committee of three to ten members
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chosen from among the directors themselves; the Board of Directors shall determine their number.

The Executive Committee shall be enabled to meet through videoconference or by telephone link-up, as per article 20.

Resolutions of the Executive Committee shall be valid with the favourable vote of the majority of its appointed members.

The Board may also set up special committees, including those identified under article 6 of Italian Legislative Decree No. 231 dated 8 June 2001, as amended, selecting their members from among its membership and establishing their functions. The two paragraphs prior to this one shall apply to these committees.

chosen from among the directors themselves; the Board of Directors shall determine their number.

The Executive Committee shall be enabled to meet through videoconference or by telephone link-up, as per article 20.

Resolutions of the Executive Committee shall be valid with the favourable vote of the majority of its appointed members.

The Board may also set up special committees, including those identified under article 6 of Italian Legislative Decree No. 231 dated 8 June 2001, as amended, selecting their members from among its membership and establishing their functions. The two paragraphs prior to this one shall apply to these committees.

The Board of Directors shall appoint and dismiss the Manager charged with drafting accounting documents in accordance with article 154 bis of Italian Legislative Decree No. 58/1998, subject to a binding opinion from the Board of Statutory Auditors. The professional competence for this position, which the Board of Directors must evaluate, must have been acquired through professional experience in a position of appropriate responsibility for a suitable period of time.

Reasons for the proposed changes: the proposed amendment responds to the new provision set forth in article 154 bis of the TUF, which was introduced by the Savings Law, concerning the role of the manager charged with drafting company accounting documents. Paragraph one of article 154 bis specifically requires that the by-laws establish the professional requisites and methods of appointment of said manager, subject to a binding opinion from the board of statutory auditors.

In the interest of greater flexibility of operations, we have decided to delegate the appointment of said manager to the Board of Directors.

Article 27) – The Shareholders’ Meeting shall appoint the Board of Statutory Auditors, composed of three Statutory Auditors and two Alternate Auditors, who may be re-elected, determining their remuneration. Their assignments, duties and term shall be as established by law.

Auditors must satisfy the requirements of good repute and professionalism provided by applicable regulations. For this purpose the matters and sectors of activity strictly connected with that of the company shall be research, production and sale of chemical and pharmaceutical products.

The minority shareholders shall elect one Statutory Auditor and one Alternate Auditor.

The Board of Statutory Auditors shall be appointed on the basis of lists presented by Shareholders listing candidates with progressive numbers.

The list shall have two sections: one for candidates for the office of Statutory Auditor, and another for candidates for the office of Alternate Auditor.

Only Shareholders individually or jointly possessing a total number of shares with voting rights representing at least 3% of capital stock with voting rights shall have the right to present lists.

Each Shareholder, including shareholders belonging to the same group, or belonging to the same shareholders’ voting syndicate, may not submit more than one list, or vote for different lists, even through an intermediary or trust company.

Each candidate shall be presented on only one list, or shall otherwise be deemed unelectable.

Lists may not include candidates already holding office as Auditors with five other listed companies, excluding Group companies, or not satisfying the requirements of good repute and professional skill established by the applicable laws.

The submitted lists shall be deposited at the Company’s head offices at least ten days before the date scheduled for the first

Article 27) – The Shareholders’ Meeting shall appoint the Board of Statutory Auditors, composed of three Statutory Auditors and two Alternate Auditors, who may be re-elected, determining their remuneration. Their assignments, duties and term shall be as established by law.

Auditors must satisfy the requirements of ~~good repute and professionalism~~ provided by applicable regulations. As regards requirements of professionalism, For this purpose the matters and sectors of activity strictly connected with that of the company shall be research, production and sale of chemical and pharmaceutical products.

The minority shareholders shall elect one Statutory Auditor and one Alternate Auditor.

Binding legal or regulatory provisions to the contrary notwithstanding, the Board of Statutory Auditors shall be appointed according to the procedures set out in the following paragraphs on the basis of lists presented by Shareholders listing candidates with progressive numbers,

The lists, consisting of names of one or more candidates marked with a progressive number, must specify whether each candidate is nominated for the office of Statutory Auditor or Alternate auditor and shall have two sections: one for candidates for the office of Statutory Auditor, and another for candidates for the office of Alternate Auditor.

Only Shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% ~~3%~~ of capital stock with voting rights or representing a lesser percentage established or provided by binding legal or regulatory provisions shall have the right to present lists.

Each shareholder, including shareholders who have signed a shareholders’ agreement identified in article 122 of Italian Legislative Decree No. 58/1998, controlling entities, subsidiaries, and jointly-controlled entities, is prohibited

call of the Shareholders' Meeting and the aforesaid lists shall be mentioned in the notice of call for the meeting.

Statements by individual candidates accepting their candidacy and certification, assuming full responsibility, that there are no grounds for ineligibility or incompatibility, attesting to their compliance with the requirements of the law and the articles of association for the office in question shall be submitted by the deadline specified hereinabove as an annex to the aforementioned lists.

Lists not in compliance with the legal requirements specified above shall be considered as not having been submitted.

Auditors shall be elected as follows:

1. Two Statutory Auditors and one Alternate Auditor shall be drawn from the list which obtains the highest number of votes at the Shareholders' Meeting, according to the progressive order in which they appear in the sections of the list;

2. One Statutory Auditor and one Alternate Auditor shall be drawn from the list obtaining the second highest number of votes at the Shareholders' Meeting, according to the progressive order in which they appear in the sections of the list.

The Board of Statutory Auditors shall be chaired by the first candidate on the list that obtains the highest number of votes.

Should a single list be submitted, all candidates named on the aforesaid list shall be appointed as Statutory and Alternate Auditors.

Should they no longer satisfy requirements under the law and articles of association, the Statutory Auditors shall leave their office.

Should it become necessary to replace a Statutory Auditor, an Alternate Auditor belonging to the same list as the outgoing auditor shall take the place of the latter.

The above requirements for election of Statutory Auditors shall not apply to Shareholders' Meetings legally obliged to

from individually or jointly submitting more than one list or voting for different lists, even through a third party or trust company. Each candidate may only run on one list on pain of disqualification. Assent and votes expressed in violation of the above prohibition shall not be attributed to any list.

~~Each Shareholder, including shareholders belonging to the same group, or belonging to the same shareholders' voting syndicate, may not submit more than one list, or vote for different lists, even through an intermediary or trust company. Each candidate shall be presented on only one list, or shall otherwise be deemed unelectable.~~

~~Lists may not include candidates already holding office as Auditors with five other listed companies, excluding Group companies, or not satisfying the requirements of good repute and professional skill established by the applicable laws.~~

The submitted lists shall be deposited at the Company's head offices at least fifteen ~~ten~~ days before the date scheduled for the first call of the Shareholders' Meeting without prejudice to further disclosure required by regulatory or other provisions in force at the time and the aforesaid lists shall be mentioned in the notice of call for the meeting.

The following documents shall be submitted by the deadline specified hereinabove: a brief note identifying the shareholders submitting the lists (indicating the total percentage of capital stock held), a thorough review of the professional and personal characteristics of each candidate, a list of any management and direction positions filled by the candidates in other companies, and statements by individual candidates accepting their candidacy and certification, assuming full responsibility, that there are no grounds for ineligibility or incompatibility, attesting to their compliance with the requirements of the

appoint Statutory and/or Alternate Auditors or appoint a Chairman in order to fill all seats on the Board of Statutory Auditors following substitution or a lapse from office, without prejudice to the provisions of paragraphs two and three.

Members of the Board of Statutory Auditors may participate in meetings remotely by means of audiovisual connection, videoconferencing, or telephone link-up systems.

In the above case:

- the following must always be ascertained:

a) the identity of all members attending, at each point of connection, shall be confirmed;

b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;

- Meetings of the Board of Statutory Auditors shall be considered to be held at the place where both the Chairman and Secretary are located.

The company's financial records shall be audited by the Auditing Firm on the basis of applicable regulations.

law and the articles of association for the office in question.

Lists not in compliance with the legal requirements specified above shall be considered as not having been submitted.

Auditors shall be elected as follows:

1. Two Statutory Auditors and one Alternate Auditor shall be drawn from the list which obtains the highest number of votes at the Shareholders' Meeting, according to the progressive order in which they appear in the sections of the list;

2. One Statutory Auditor, who shall chair the Board of Statutory Auditors, and one Alternate Auditor shall be drawn from the list obtaining the second highest number of votes at the Shareholders' Meeting not connected in any manner, even indirectly, with the shareholders who submitted and voted for the list that obtained the highest number of votes, according to the progressive order in which they appear in ~~the sections of the list~~.

In the event of a tie between lists for the appointment of the Auditors indicated in point 2 of the foregoing paragraph, the list submitted by shareholders with the largest stake in capital stock, or, as a further alternative, the list submitted by the largest number of shareholders, shall prevail.

~~The Board of Statutory Auditors shall be chaired by the first candidate on the list that obtains the highest number of votes.~~

Should a single list be submitted, all candidates named on the aforesaid list shall be appointed as Statutory and Alternate Auditors. Should no lists be submitted, the candidates voted in by the shareholders' meeting shall be appointed as Statutory and Alternate Auditors, provided that they obtain a relative majority of the votes expressed in the shareholders' meeting.

Should they no longer satisfy requirements under the law and articles of association, the Statutory Auditors shall leave their office.

	<p>Should it become necessary to replace a Statutory Auditor, an Alternate Auditor belonging to the same list as the outgoing auditor shall take the place of the latter. <u>Should the minority auditor leave office, said auditor will be replaced by the next candidate on the list from which the outgoing auditor was drawn, or, as a further alternative, by the first candidate on the minority list that received the second-highest number of votes.</u></p> <p><u>It is understood that the Board of Statutory Auditors shall continue to be chaired by the minority auditor.</u></p> <p><u>The procedure outlined below shall be followed when the shareholders' meeting is called to appoint Statutory and/or Alternate Auditors to complete the Board: should circumstances require the replacement of auditors elected on the basis of the majority list, the replacements shall be appointed by relative majority vote without voting by list; should circumstance require the replacement of auditors elected on the basis of the minority list, the shareholders' meeting shall replace them by a relative majority vote, choosing candidates from the list from which the outgoing auditor was drawn, or from the list that received the second-highest number of votes.</u></p> <p><u>Should the application of the above procedures not result in the replacement of the auditors designated by minority shareholders for whatever reason, the shareholders' meeting shall hold a relative majority vote. However, votes registered by shareholders who hold the relative majority of voting rights that may be exercised in the meeting as identified in disclosures made in accordance with applicable regulations, whether directly, indirectly, or jointly with other shareholders who have signed a shareholders' agreement as indicated in article 122 of Italian Legislative Decree No. 58/1998, shall not be considered in establishing the outcome of said vote.</u></p> <p><del>The above requirements for election of</del></p>
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	<p><del>Statutory Auditors shall not apply to Shareholders' Meetings legally obliged to appoint Statutory and/or Alternate Auditors or appoint a Chairman in order to fill all seats on the Board of Statutory Auditors following substitution or a lapse from office, without prejudice to the provisions of paragraphs two and three.</del></p> <p>Members of the Board of Statutory Auditors may participate in meetings remotely by means of audiovisual connection, videoconferencing, or telephone link-up systems.</p> <p>In the above case:</p> <ul style="list-style-type: none"> <li>- the following must always be ascertained:             <ol style="list-style-type: none"> <li>a) the identity of all members attending, at each point of connection, shall be confirmed;</li> <li>b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;</li> </ol> </li> <li>- Meetings of the Board of Statutory Auditors shall be considered to be held at the place where both the Chairman and Secretary are located.</li> </ul> <p>The company's financial records shall be audited by the Auditing Firm on the basis of applicable regulations.</p>
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Reasons for the proposed changes: the proposed amendments enact the provisions of article 148, paragraph two of the TUF, as amended by the Savings Law and the Corrective Decree, which state that the Consob shall issue regulations (which it has not issued to date) establishing the mechanism for election through voting by list of a Statutory Auditor by minority-interest shareholders who are not connected directly or indirectly with the shareholders who submitted or voted for the list that received the highest number of votes. In its previous form, the above legislation authorised companies to include clauses in their by-laws ensuring that one Statutory Auditor was elected by minority-interest shareholders. Paragraph three of said article 148 also provides that the Chairman of the Board of Statutory Auditors be appointed by the shareholders' meeting from among the auditors elected by the minority.

The proposed amendments also respond to the provisions of article 148 bis of the TUF, concerning which Consob must issue regulations (which it has not issued to date) establishing a cumulative limit to the number of management and direction positions that company officers may fulfil.

In accordance with the Code of Self-Discipline published in March 2006, we propose that the deadline of ten days' time for the submission of the lists at the company's head office be extended to fifteen.

Furthermore, in the interest of conformity with the proposals concerning the appointment of members of the Board of Directors, we propose that the minimum percentage of capital stock required in order to submit lists of candidates be lowered from 3% to 2.5%, notwithstanding any lesser percentages established by binding legislation.

Lastly, we propose the insertion of a mechanism for the replacement of auditors who leave office before their term expires that ensures, insofar as possible, that the balance of distribution established by the original appointments is maintained, while at the same time guaranteeing that the Board of Statutory Auditors is chaired by an auditor elected by minority-interest shareholders.

Dear Shareholders,

In the light of the foregoing, we propose that the meeting pass the following specific resolutions:

“This extraordinary meeting of the shareholders of RECORDATI S.p.A.,

- having acknowledged the report of the board of directors;

resolves

1.) to amend as follows articles 10, 14, 15, 16, 18, 20, 26, 27 of the company’s by-laws:

Article 10) – In order to participate in the meeting, notification from brokers who hold shareholders’ accounts must be received at least two non-holidays before the date of the meeting.

Article 14) – When an absolute majority of votes is considered sufficient to pass resolutions under the law, it shall be calculated without counting abstentions.

Article 15) - Directors may be appointed for no more than three financial years and may be re-elected. Their term shall expire and they shall be re-elected or replaced in accordance with the law and these by-laws.

Directors must meet the requirements provided in the current provisional legislation; a minimum number of the Directors equating to the minimum established in said legislation must meet the independence requirements set forth in article 148, paragraph three of Italian Legislative Decree No. 58/1998.

When a director ceases to meet these requirements, said director’s term of office shall expire. When a director ceases to meet the independence requirement set forth above, said director’s term shall not expire if the requirements are still met by the minimum number of directors that the law establishes must meet said requirement.

Article 16) - The Board of Directors shall be appointed on the basis of progressively numbered lists submitted by shareholders under the following conditions.

Lists submitted by shareholders must be signed by the submitter, kept on file in the Company’s head offices and made available to all those who so request a minimum of fifteen days prior to the date for which the first call of the meeting is scheduled. The lists shall be subject to other forms of disclosure as provided by the legislation in effect at the time.

Each shareholder, including shareholders who have signed a shareholders’ agreement identified by article 122 of Italian Legislative Decree No. 58/1998, controlling entities, subsidiaries, and jointly-controlled entities as defined in article 93 of Italian Legislative Decree No. 58/1998, is prohibited from submitting more than one list, whether individually or jointly, or voting for more than one list, even through a third party or trust company. Candidates may only run on one list on pain of forfeiting the right to



stand election. Assent and votes expressed in violation of the above prohibition shall not be attributed to any list.

Only shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% of capital stock with voting rights in ordinary meetings, or representing a lesser percentage established by binding legislative or regulatory provisions, shall have the right to submit lists.

The following items must be filed for each list within the respective deadlines set out above: (i) certification issued *ad hoc* by a legally authorised intermediary attesting to the ownership of the number of shares required to submit a list; (ii) certifications by each candidate to the effect that each accepts candidacy and declares, assuming full responsibility, that there are no reasons preventing the candidate from being elected or rendering him unsuitable for the office, and that the candidate meets any specific requirements for the relevant office; (iii) a curriculum vitae detailing each candidate's personal and professional characteristics and indicating that the candidate may be considered independent.

Any lists submitted in violation of the foregoing provisions shall be excluded from consideration.

The Board of Directors shall be elected according to the following conditions:

- a) all directors to be elected, except for one, shall be drawn from the list that obtains the greatest number of votes registered by shareholders according to the progressive order in which the candidates are placed on said list;
- b) the remaining director shall be the candidate placed at the number one position on the minority list, which shall not be connected in any way with the list indicated in letter a) above, nor with the shareholders who submitted or voted for the list indicated in letter a) above, and which obtains the second-highest number of votes registered by shareholders. However, lists that do not obtain a percentage of votes equal to a minimum of half the number required to submit a list as indicated in paragraph four of this article shall not be considered for the above purpose.

If the candidates elected through the above methods do not result in the appointment of a number of directors who meet the independence requirements established for statutory auditors by article 148, paragraph three, of Italian Legislative Decree No. 58 of 28 February 1998 equal to the minimum number established by the law in relation to the total number of directors, the non-independent candidate elected with the lowest progressive number on the list that obtains the largest number of votes as indicated in letter a) of the foregoing paragraph shall be replaced by the first independent candidate in terms of progressive numbering that was not elected on the basis of the list, or, for want of the latter, the first independent candidate in terms of progressive numbering not elected by the other lists, according to the number of votes obtained by each. This replacement procedure will be repeated until the board of directors is composed of a number of members meeting the requirements established by article 148, paragraph three of Italian Legislative Decree No. 58 of 1998 equal to the legal minimum. If said procedure does not lead to the aforementioned result, the directors shall be replaced by resolution passed by relative majority of the shareholders' meeting once candidates meeting the above requirements have been presented.

If only one list is submitted, all directors to be elected shall be drawn from said list; in the event that no lists are submitted, the shareholders' meeting shall pass a resolution by legal majority without following the procedure set out above.

All of the foregoing is understood as notwithstanding further binding legislative or regulatory provisions to the contrary.

Article 18) - If one or more directors leave office during the year, but the majority is still composed of directors appointed by the meeting, the provisions of article 2386 of the Italian Civil Code shall be observed, as set out below:

- a) the Board of Directors shall draw the replacements from the same list from which the outgoing director was drawn, without being bound by the progressive numbering on said list, and the shareholders' meeting shall pass a resolution by legal majority according to the same criterion;
- b) if there are no previously unelected candidates remaining on said list, no candidates meeting the established requirements, or if for any reason it is not possible to comply with the provisions of letter a), the Board of Directors shall replace the director or directors by legal majority without voting by list, as shall the shareholders' meeting at a later date.

Regardless of the circumstances, the Board and the meeting shall proceed with the appointment or appointments in such a way as to ensure that the total number of independent directors meets current legal requirements.

Article 20) - The Board shall meet at the registered office or elsewhere, including abroad, whenever the Chairman, or if the Chairman is absent or unable to act for any reason, the Vice-Chairman, or in his absence, the most senior Director, considers it necessary, or when a written request shall be made by the majority of Directors, specifically identifying the items to be included in the agenda.

The Board of Directors may also be called to meet by at least one Statutory Auditor, provided that the Chairman is notified in advance.

Board meetings shall be called by way of a letter sent by registered mail, telegram, fax or equivalent means sent to each Director and Statutory Auditor at least five full days before the date set for the meeting, or, in urgent cases, at least one day in advance.

Members attending meetings of the Board of Directors may participate remotely by means of audiovisual, videoconferencing, or telephone link-up systems.

In the above case:

- the following must always be ascertained:

- a) the identity of all members attending, at each point of connection, shall be confirmed;
- b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;

- the Board of Directors' meeting shall be considered to be held at the place where both the Chairman and Secretary are located.

Article 26) – The Board may also delegate all or part of its powers to an Executive Committee of three to ten members chosen from among the directors themselves; the Board of Directors shall determine their number.

The Executive Committee shall be enabled to meet through videoconference or by telephone link-up, as per article 20.

Resolutions of the Executive Committee shall be valid with the favourable vote of the majority of its appointed members.

The Board may also set up special committees, including those identified under article 6 of Italian Legislative Decree No. 231 dated 8 June 2001, as amended, selecting their members from among its membership and establishing their functions. The two

paragraphs prior to this one shall apply to these committees.

The Board of Directors shall appoint and dismiss the Manager charged with drafting accounting documents in accordance with article 154 bis of Italian Legislative Decree No. 58/1998, subject to a binding opinion from the Board of Statutory Auditors. The professional competence for this position, which the Board of Directors must evaluate, must have been acquired through professional experience in a position of appropriate responsibility for a suitable period of time.

Article 27) – The Shareholders' Meeting shall appoint the Board of Statutory Auditors, composed of three Statutory Auditors and two Alternate Auditors, who may be re-elected, determining their remuneration. Their assignments, duties and term shall be as established by law.

Auditors must satisfy the requirements provided by applicable regulations. As regards requirements of professionalism, the matters and sectors of activity strictly connected with that of the company shall be research, production and sale of chemical and pharmaceutical products.

The minority shareholders shall elect one Statutory Auditor and one Alternate Auditor. Binding legal or regulatory provisions to the contrary notwithstanding, the Board of Statutory Auditors shall be appointed according to the procedures set out in the following paragraphs on the basis of lists presented by Shareholders listing candidates with progressive numbers.

Lists must specify whether each candidate is nominated for the office of Statutory or Alternate Auditor.

Only Shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% of capital stock with voting rights or representing a lesser percentage established or provided by binding legal or regulatory provisions shall have the right to present lists.

Each shareholder, including shareholders who have signed a shareholders' agreement identified in article 122 of Italian Legislative Decree No. 58/1998, controlling entities, subsidiaries, and jointly-controlled entities as defined in article 93 of Italian Legislative Decree No. 58/1998, is prohibited from individually or jointly submitting more than one list or voting for different lists, even through a third party or trust company. Each candidate may only run on one list on pain of forfeiting the right to stand election. Assent and votes expressed in violation of the above prohibition shall not be attributed to any list.

The submitted lists shall be deposited at the Company's head offices at least fifteen days before the date scheduled for the first call of the Shareholders' Meeting without prejudice to further notification required by regulatory or other provisions in force at the time.

The following documents shall be submitted by the deadline specified hereinabove as an annex to the aforementioned lists: a brief note identifying the shareholders submitting the lists (indicating the total percentage of capital stock held), a thorough review of the professional and personal characteristics of each candidate, a list of any management and direction positions filled by the candidates in other companies, and statements by individual candidates accepting their candidacy and certification, assuming full responsibility, that there are no grounds for ineligibility or incompatibility, attesting to their compliance with the requirements of the law and the articles of association for the office in question.

Lists not in compliance with the legal requirements specified above shall be considered as not having been submitted.

Auditors shall be elected as follows:

1. Two Statutory Auditors and one Alternate Auditor shall be drawn from the list which obtains the highest number of votes at the Shareholders' Meeting, according to the progressive order in which they appear in the sections of the list;

2. One Statutory Auditor, who shall chair the Board of Statutory Auditors, and one Alternate Auditor shall be drawn from the list obtaining the second highest number of votes at the Shareholders' Meeting not connected in any manner, even indirectly, with the shareholders who submitted and voted for the list that obtained the highest number of votes, according to the progressive order in which they appear in the list.

In the event of a tie between lists for the appointment of the Auditors indicated in point 2 of the foregoing paragraph, the list submitted by shareholders with the largest stake in capital stock, or, as a further alternative, the list submitted by the largest number of shareholders, shall prevail.

Should a single list be submitted, all candidates named on the aforesaid list shall be appointed as Statutory and Alternate Auditors. Should no lists be submitted, the candidates voted in by the shareholders' meeting shall be appointed as Statutory and Alternate Auditors, provided that they obtain a relative majority of the votes expressed in the shareholders' meeting.

Should they no longer satisfy requirements under the law and articles of association, the Statutory Auditors shall leave their office.

Should it become necessary to replace a Statutory Auditor, an Alternate Auditor belonging to the same list as the outgoing auditor shall take the place of the latter. Should the minority auditor leave office, said auditor will be replaced by the next candidate on the list from which the outgoing auditor was drawn, or, as a further alternative, by the first candidate on the minority list that received the second-highest number of votes.

It is understood that the Board of Statutory Auditors shall continue to be chaired by the minority auditor.

The procedure outlined below shall be followed when the shareholders' meeting is called to appoint Statutory and/or Alternate Auditors to complete the Board: should circumstances require the replacement of auditors elected on the basis of the majority list, the replacements shall be appointed by relative majority vote without voting by list; should circumstance require the replacement of auditors elected on the basis of the minority list, the shareholders' meeting shall replace them by a relative majority vote, choosing candidates from the list from which the outgoing auditor was drawn, or from the list that received the second-highest number of votes.

Should the application of the above procedures not result in the replacement of the auditors designated by minority shareholders for whatever reason, the shareholders' meeting shall hold a relative majority vote. However, votes registered by shareholders who hold the relative majority of voting rights that may be exercised in the meeting as identified in disclosures made in accordance with applicable regulations, whether directly, indirectly, or jointly with other shareholders who have signed a shareholders' agreement as indicated in article 122 of Italian Legislative Decree No. 58/1998, shall not be considered in establishing the outcome of said vote.

Members of the Board of Statutory Auditors may participate in meetings remotely by means of audiovisual connection, videoconferencing, or telephone link-up systems.

In the above case:

- the following must always be ascertained:

a) the identity of all members attending, at each point of connection, shall be confirmed;

b) each member attending shall be permitted to express a personal opinion verbally, to view, receive, or transmit any documentation, and to participate simultaneously in discussion of the points at issue and pass resolutions;

- Meetings of the Board of Statutory Auditors shall be considered to be held at the place where both the Chairman and Secretary are located.

The company's financial records shall be audited by the Auditing Firm on the basis of applicable regulations.

2.) to authorise the Board of Directors, and, on its behalf, to the Chairman and Vice Chairman in office at the time, separately between them, to engage in all necessary and appropriate action to execute this resolution and to amend the resolution to include any changes required by the competent authorities, including during registration with the Business Registry.”

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman

Giovanni Recordati

***Extraordinary part:******Report on item 2 on the agenda and the relative proposal for resolution*****2. Assigning of powers to the Board of Directors in accordance with articles 2420 ter and 2443 of the Italian Civil Code; ensuing amendment to article 6 of the Company By-Laws**

Dear Shareholders,

Pursuant to article 3 of Italian Ministerial Decree (Grace and Justice) No. 437 of 5 November 1998 and article 72 of the Regulations enacted by Consob resolution no. 11971 of 14 May 1999, as amended, we hereby inform you that you have been called to an extraordinary meeting of the company's shareholders to pass resolutions concerning the proposal to assign the Board of Directors the power to issue capital stock pursuant to article 2443 of the Italian Civil Code and to issue convertible bonds pursuant to articles 2420 ter of the Italian Civil Code and the ensuing amendment to article 6 of the Company's By-Laws.

The aforementioned powers effectively represent an extension of the previous powers, which will expire on 10 April 2007, authorised by resolution passed by the extraordinary meeting of the company's shareholders held on 10 April 2002 and amended by the extraordinary meeting held on 7 April 2004 (said amendment responded to the change in the authority to issue non-convertible bonds effected by the reform of corporate law), which authorised the Board of Directors, within a period of five years, relating to the ability to: issue capital stock on one or more occasions up to a maximum nominal amount of Euro 51,645,690, either through scrip or rights issue, consisting of shares of ordinary stock and warrants, and to issue bonds convertible into shares of ordinary stock, with the right to purchase or subscribe, up to a maximum amount of Euro 76,603.647.

The powers that are about to expire were exercised by the Board solely to resolve upon the issue of capital stock to service stock option plans adopted by the company for the amount of Euro 943,500, whereas the powers to issue convertible bonds were never exercised.

The Board therefore believes that the justification for the powers that are about to expire is still current, both in terms of the expediency of having access to the instruments necessary to act on the market and request the participation of shareholders on short notice, and of the ability to act swiftly to resolve to establish reserves in the service of the exercise of stock options in the event of new options granted as part of the 2006-2009 Stock Option Plan approved by the ordinary meeting of the company's shareholders held on 6 April 2006, instead of drawing on treasury shares held by the company.

For the above reasons, we propose that the Board be granted new powers with substantially the same terms and for amounts essentially in line with those indicated in the authorisation granted by the shareholders' meeting of 10 April 2002 (as amended on 7 April 2004).

Lastly, in the light of the amendments to article 114 bis of Italian Legislative Decree No. 58/98 (Consolidation Act of Provisions regarding financial intermediation), enacted by Italian Legislative Decree No. 303/2006 (the so-called “corrective decree”), we would like to take advantage of this opportunity to supplement the notice provided with regard to the approval of the 2006-2009 Stock Option Plan in the directors’ report submitted to the shareholders’ meeting held on 6 April 2006. We would like to clarify specifically that, as required by paragraph one, section b) of the aforementioned article, the beneficiaries of the Plan include three executive directors of the company, namely the Chairman and Managing Director, Mr. Giovanni Recordati, the Vice Chairman, Mr. Alberto Recordati, and Director of the Board, Mr. Andrea Recordati.

In the light of the foregoing, we propose that the meeting pass the following specific resolutions:

“This extraordinary meeting of the shareholders

- having acknowledged the report of the board of directors;

resolves

a) to grant the directors powers in accordance with article 2443 of the Italian Civil Code to issue capital stock on one or more occasions, by scrip and/or rights issue, for a maximum nominal value of Euro 50,000,000 (fifty million euro) for a maximum of five years from the date of this resolution.

The directors are authorised to pass resolutions on the issue of capital stock to be executed by using shares of ordinary stock and/or warrants for the subscription of said shares, to be assigned or offered to shareholders on option.

The directors may also resolve that the issue carry a share price premium and determine the relative amount, or provide that should the resolved issue not be fully subscribed by a deadline specifically set for this purpose, the amount of the capital stock issued shall be equal to the amount subscribed by said date.

In accordance with the combined provisions of the final paragraph of article 2441 of the Italian Civil Code and article 134, paragraph two, of Italian Legislative Decree No. 58/1998, directors are also authorised to offer the shares for subscription to the employees of Recordati S.p.A. or its subsidiaries as part of stock option plans authorised by resolution of the shareholders' meeting;

b) to grant the directors powers in accordance with article 2420 ter of the Italian Civil Code to issue bonds convertible into shares of ordinary stock, or with warrants for the subscription of said shares, on one or more occasions, for a maximum nominal value of Euro 80,000,000 (eighty million euro), for a period of five years from the date of this resolution, with the authority to set the interest rate and maturity of the loan and all other conditions thereof. The convertible bonds must be offered on option to shareholders.

In exercising the powers granted to them herein, the directors must ensure compliance with applicable legislation governing limits on bond issues, should circumstances so require.

The directors shall pass the relative resolutions in accordance with the provisions of article 2420 bis of the Italian Civil Code; specifically, they shall set the conversion ratio, period and conditions and concurrently pass a resolution authorising a capital stock issue for an amount corresponding to the nominal value of the shares to be issued by conversion, with the option of establishing a share price premium;

c) to amend article 6 (six) of company by-laws as follows:

<p>Article 6) – The company’s capital stock shall be Euro 25,801,832.00, divided into 206,414,656 ordinary shares with a nominal value of Euro 0.125 each. Shares with rights differing from those of the previous ones may be issued. The shares are indivisible and the company shall only recognise one owner for each of them. The shares may be registered or to the bearer, in accordance with the mandatory provisions of the law. Registered shares may be transferred in accordance with the law. Possession of shares implies acceptance of these by-laws and of the resolutions of the meetings. In a resolution dated 10 April 2002, amended by a resolution dated 7 April 2004, the Extraordinary Shareholders’ Meeting assigned powers to the Board of Directors, to be exercised once or several times within five years of the said resolution:</p> <p>a) to increase capital stock in compliance with Article 2443 of the Italian Civil Code, of a maximum nominal amount of Euro 51,645,690 now decreased to Euro 50,702,190 as a rights or scrip issue of common shares and/or warrants, to be underwritten on a deferred basis over time;</p> <p>b) to issue bonds convertible into common shares or bonds with purchase or subscription rights, in compliance with Article 2420 ter of the Italian Civil Code, of a maximum nominal amount of Euro 76,603,647, within the maximum allowed by law at any particular time. The foregoing applies in compliance with pre-emption rights and without prejudice to the Board’s right to reserve capital increases for company and/or parent company and/or subsidiary company employees, according to the terms and principles of the shareholders’ interests</p>	<p>Article 6) – The company’s capital stock shall be Euro 25,801,832.00, divided into 206,414,656 ordinary shares with a nominal value of Euro 0.125 each. Shares with rights differing from those of the previous ones may be issued. The shares are indivisible and the company shall only recognise one owner for each of them. The shares may be registered or to the bearer, in accordance with the mandatory provisions of the law. Registered shares may be transferred in accordance with the law. Possession of shares implies acceptance of these by-laws and of the resolutions of the meetings. <u>By resolution passed on 11 April 2007, the extraordinary meeting of the company’s shareholders:</u></p> <p><u>a) granted the directors powers in accordance with article 2443 of the Italian Civil Code to issue capital stock on one or more occasions through rights and/or scrip issue for a maximum nominal amount of Euro 50,000,000 (fifty million) within a maximum of five years from the date of this resolution, through the issue of ordinary shares and/or warrants for the subscription of said shares, to be assigned or offered on option to shareholders, with the authority in accordance with the final paragraph of article 2441 of the Italian Civil Code and article 134, paragraph two, of Italian Legislative Decree No. 58/1998, to offer the shares for subscription by employees of Recordati S.p.A. or its subsidiaries as part of stock option plans approved by the shareholders' meeting;</u></p> <p><u>b) granted the directors the power in accordance with article 2420 ter of the Italian Civil Code to issue bonds convertible into ordinary shares, or with warrants for the subscription of said shares, on one or more occasions, for a maximum par value of Euro 80,000,000</u></p>
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established by the Board of Directors, the latter having full powers as regards the above, including powers to establish premiums, if any, and to identify available reserves and funds to allocate to capital.

As a result of the resolutions adopted by the Board of Directors' meeting of November 13, 2001, partially implementing the powers granted to it pursuant to art. 2443 of the Italian Civil Code by the Shareholders' Extraordinary meeting of April 30, 1997, power extended by the Shareholders' meeting resolution of December 18, 1998 and amended by the Shareholders' meeting resolution of October 25, 2000, and as a result of the resolutions adopted by the Shareholders' Extraordinary meeting of April 6, 2005 and the Board of Directors' meeting of May 5, 2005, the Board of Directors approved an increase in the authorised share capital in the amount of Euro 224,000 (two hundred and twenty-four thousand) separately, by issuing a maximum of 1,792,000 (one million seven hundred and ninety-two thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one hundred and twenty-five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 5.27 (five point twenty-seven) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2001-2003 Stock Options Plan", and (ii) a maximum of 812,000 (eight hundred twelve thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2001-2003 Management Staff Stock Options Plan".

The increase in capital shall take place by 28 (twenty-eight) November 2006 (two thousand and six).

(eighty million), within a maximum of five years from the date of this resolution, in compliance with applicable laws governing limits on bond issues, passing a concurrent resolution authorising the issue of capital stock for an amount corresponding to the nominal value of the shares to be issued on conversion.

~~In a resolution dated 10 April 2002, amended by a resolution dated 7 April 2004, the Extraordinary Shareholders' Meeting assigned powers to the Board of Directors, to be exercised once or several times within five years of the said resolution:~~

~~a) to increase capital stock in compliance with Article 2443 of the Italian Civil Code, of a maximum nominal amount of Euro 51,645,690 now decreased to Euro 50,702,190 as a bonus issue or through payment upon issue of common shares and/or warrants, to be underwritten on a deferred basis over time;~~

~~b) to issue bonds convertible into common shares or bonds with purchase or subscription rights, in compliance with Article 2420 ter of the Italian Civil Code, of a maximum nominal amount of Euro 76,603,647, within the maximum allowed by law at any particular time.~~

~~The foregoing applies in compliance with pre-emption rights and without prejudice to the Board's right to reserve capital increases for company and/or parent company and/or subsidiary company employees, according to the terms and principles of the shareholders' interests established by the Board of Directors, the latter having full powers as regards the above, including powers to establish premiums, if any, and to identify available reserves and funds to allocate to capital.~~

~~As a result of the resolutions adopted by the Board of Directors' meeting of November 13, 2001, partially implementing the powers granted to it pursuant to art. 2443 of the Italian Civil Code by the Shareholders' Extraordinary meeting of April 30, 1997, power~~

As a result of the resolution adopted on 30 October 2002, partially implementing the powers granted pursuant to art. 2443 of the Italian Civil Code by the Shareholders' Extraordinary meeting held 10 April 2002, and the resolution adopted by the Extraordinary meeting held 6 April 2005 and the resolution adopted by the Board of Directors held 5 May 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro 236,000 separately, by issuing a maximum of 1,888,000 (one million eight hundred and eighty-eight thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 5.18 (five point one eight) to be reserved for subscription as follows: (i) a maximum of 908,000 (nine hundred and eight thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2001-2003 Stock Options Plan", and (ii) a maximum of 908,000 (nine hundred and eight thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2001-2003 Management Staff Stock Options Plan".

The increase in capital shall take place by 28 (twenty-eight) November 2007 (two thousand and seven).

As a result of the resolution adopted on 14 May 2003, in further partial implementation of the authority granted to it pursuant to Article 2443 of the Italian Civil Code by the Shareholders' Extraordinary Meeting held on 10 April 2002, and the resolution adopted by the Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro

~~extended by the Shareholders' meeting resolution of December 18, 1998 and amended by the Shareholders' meeting resolution of October 25, 2000, and as a result of the resolutions adopted by the Shareholders' Extraordinary meeting of April 6, 2005 and the Board of Directors' meeting of May 5, 2005, the Board of Directors approved an increase in the authorised share capital in the amount of Euro 224,000 (two hundred and twenty-four thousand) separately, by issuing a maximum of 1,792,000 (one million seven hundred and ninety-two thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one hundred and twenty five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 5.27 (five point twenty-seven) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2001-2003 Stock Options Plan", and (ii) a maximum of 812,000 (eight hundred twelve thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2001-2003 Management Staff Stock Options Plan".~~

~~The increase in capital shall take place by 28 (twenty eight) November 2006 (two thousand and six).~~

As a result of the resolution adopted on 30 October 2002, partially implementing the powers granted pursuant to art. 2443 of the Italian Civil Code by the Shareholders' Extraordinary meeting held 10 April 2002, and the resolution adopted by the Extraordinary meeting held 6 April 2005 and the resolution adopted by the Board of Directors held 5 May 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro

237,750 (two hundred thirty-seven thousand seven hundred and fifty) separately, by issuing a maximum of 1,902,000 (one million nine hundred and two thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 3.6775 (three point six seven seven five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2003-2007 Stock Options Plan", and (ii) a maximum of 922,000 (nine hundred twenty-two thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2003-2007 Management Staff Stock Options Plan".

The increase in capital shall take place by 24 (twenty-four) May 2008 (two thousand and eight).

As a result of the resolution adopted on 7 April 2004, in a further partial implementation of the authority granted to it pursuant to Article 2443 of the Italian Civil Code by the Shareholders' Extraordinary Meeting held on 10 April 2002, and the resolution adopted by the Shareholders' Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro 230,500 (two hundred and thirty thousand five hundred) by issuing a maximum of 1,844,000 (one million, eight hundred and forty-four thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price,

236,000 separately, by issuing a maximum of 1,888,000 (one million eight hundred and eighty-eight thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 5.18 (five point one eight) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2001-2003 Stock Options Plan", and (ii) a maximum of 908,000 (nine hundred and eight thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2001-2003 Management Staff Stock Options Plan".

The increase in capital shall take place by 28 (twenty-eight) November 2007 (two thousand and seven).

As a result of the resolution adopted on 14 May 2003, in further partial implementation of the authority granted to it pursuant to Article 2443 of the Italian Civil Code by the Shareholders' Extraordinary Meeting held on 10 April 2002, and the resolution adopted by the Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro 237,750 (two hundred thirty-seven thousand seven hundred and fifty) separately, by issuing a maximum of 1,902,000 (one million nine hundred and two thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 3.6775 (three point six

inclusive of share premium, of Euro 3.575 (three point five seven five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "2003-2007 Top Management Stock Options Plan", as well as (ii) a maximum of 864,000 (eight hundred and sixty-four thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2003-2007 Management Staff Stock Options Plan".

The increase in capital shall take place by 24 (twenty-four) May 2009 (two thousand and nine).

As a result of the resolution adopted on 27 October 2004, in a further partial implementation of the authority granted to it pursuant to article 2443 of the Italian Civil Code by the Extraordinary Shareholders' meeting held on April 10, 2002, and the resolution of the Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorized capital stock, on a divisible basis, of a maximum nominal amount of Euro 239,250 (two hundred and thirty-nine thousand, two hundred and fifty) by issuing a maximum of 1,914,000 (one million nine hundred and fourteen thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of premium, of Euro 4.055 (four point zero five five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "2003-2007 Top Management Stock Options Plan", as well as (ii) a maximum of 934,000 (nine hundred and thirty four thousand) shares for the Group's

seven seven five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "Top Management 2003-2007 Stock Options Plan", and (ii) a maximum of 922,000 (nine hundred twenty-two thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2003-2007 Management Staff Stock Options Plan".

The increase in capital shall take place by 24 (twenty-four) May 2008 (two thousand and eight).

As a result of the resolution adopted on 7 April 2004, in a further partial implementation of the authority granted to it pursuant to Article 2443 of the Italian Civil Code by the Shareholders' Extraordinary Meeting held on 10 April 2002, and the resolution adopted by the Shareholders' Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorised capital stock of a maximum nominal amount of Euro 230,500 (two hundred and thirty thousand five hundred) by issuing a maximum of 1,844,000 (one million, eight hundred and forty-four thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of share premium, of Euro 3.575 (three point five seven five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "2003-2007 Top Management Stock Options Plan", as well as (ii) a maximum of 864,000 (eight hundred and sixty-four thousand) shares for the Group's management staff and employees that have been identified

<p>management staff and employees that have been identified pursuant to the "2003-2007 Management Staff Stock Options Plan".</p> <p>The increase in capital shall take place by 28 (twenty-eight) November 2009 (two thousand and nine).</p> <p>The capital stock may be increased by non-cash means within the limits established by law.</p>	<p>pursuant to the "2003-2007 Management Staff Stock Options Plan".</p> <p>The increase in capital shall take place by 24 (twenty-four) May 2009 (two thousand and nine).</p> <p>As a result of the resolution adopted on 27 October 2004, in a further partial implementation of the authority granted to it pursuant to article 2443 of the Italian Civil Code by the Extraordinary Shareholders' meeting held on April 10, 2002, and the resolution of the Extraordinary Meeting held on 6 April 2005, the Board of Directors approved an increase in the authorized capital stock, on a divisible basis, of a maximum nominal amount of Euro 239,250 (two hundred and thirty-nine thousand, two hundred and fifty) by issuing a maximum of 1,914,000 (one million nine hundred and fourteen thousand) ordinary shares of a nominal value of Euro 0.125 (zero point one two five) each, with ordinary dividend entitlement at the time of issue, excluding shareholders' option rights pursuant to art. 2441, paragraph 8 of the Italian Civil Code, at an issue price, inclusive of premium, of Euro 4.055 (four point zero five five) to be reserved for subscription as follows: (i) a maximum of 980,000 (nine hundred and eighty thousand) shares for the Group's management staff that have been identified pursuant to the "2003-2007 Top Management Stock Options Plan", as well as (ii) a maximum of 934,000 (nine hundred and thirty four thousand) shares for the Group's management staff and employees that have been identified pursuant to the "2003-2007 Management Staff Stock Options Plan".</p> <p>The increase in capital shall take place by 28 (twenty-eight) November 2009 (two thousand and nine).</p> <p>The capital stock may be increased by non-cash means within the limits established by law.</p>
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d) to grant the Board, and, on its behalf, the Chairman and Vice Chairman, separately between them, all necessary powers to perform any formalities required for the recording of the resolutions passed in the Business Registry, accepting and carrying out any formal and non-substantive amendments, supplements or eliminations requested by the competent authorities.

Milan, 6 March 2007

On behalf of the Board of Directors

The Chairman

Giovanni Recordati