

**RECORDATI S.p.A.**  
**MINUTES OF THE**  
**ORDINARY ANNUAL GENERAL MEETING OF**  
**THE SHAREHOLDERS**  
**OF 13<sup>TH</sup> APRIL 2010**

The proceedings of the shareholders' meeting of Recordati S.p.A. convened in ordinary session, in first call commenced at 10.00 a.m. on 13<sup>th</sup> April 2010 at 1 Via Civitali, Milan, Italy.

The meeting was chaired, in accordance with the corporate by-laws, by *ing.* Giovanni Recordati and the functions of the secretary were performed, with the unanimous consent of those present, by the public notary *Prof.* Piergaetano Marchetti.

The **Chairman** advised the meeting that:

- in order to facilitate minute taking, a recording system was in operation. He therefore took the opportunity to ask those speaking to use the microphone and to announce their name and surname and state whether present on their own behalf or as a proxy holder (and in the latter case to state the name of the shareholder for whom the proxy was held);
- he also advised the meeting that a "simultaneous interpretation" service into the English language was in operation to allow the two foreign board members, Dr. William R. Gunnarsson and Dr. Walter Wenninger, to fully understand what was discussed and considered in the shareholders' meeting.

The **Chairman** noted that:

- with the notice to convene published in the Official Journal of the Republic of Italy Part II, No. 30 and in the daily newspaper "Il Sole 24 Ore", on 11<sup>th</sup> March 2010, the ordinary annual general meeting of the shareholders of Recordati S.P.A. had been called on that day, in that place and at that time;
- in addition to himself, the Chairman, the following directors were also present:

- MARIO GARRAFFO
- WILLIAM R. GUNNARSSON
- FEDERICO NAZZARI

- CARLO PEDERSOLI
- ALBERTO RECORDATI
- ANDREA RECORDATI
- MARCO VITALE
- WALTER WENNINGER

together with the members of the Board of Statutory Auditors:

- Dr. MARCO NAVA - Chairman
- Dr. MARCO RIGOTTI - statutory auditor
- Dr. ACHILLE SEVERGNINI - statutory auditor.

While the **Chairman** reserved the right to inform the meeting during the course of the proceedings and in any case before each vote, of final data on the number of people who spoke and the number of shares they represented, he reported that 72 shareholders were so far present, representing 126.566.583 ordinary shares (for which the Company had received communications for participation in the shareholders' meeting issued by the relative intermediaries) of the 209.125.156 shares which constituted the entire share capital, amounting to 60,52% of that capital.

The **Chairman**

- declared the meeting validly convened in first call to discuss and resolve the matters on the agenda.

- noted that:

- a list of the shareholders participating, either on their own behalf or by proxy, with details of the number of shares owned and, in the case of a proxy holder, the name of the actual shareholders, and also the names of any persons voting as secured creditors, pledgees and usufructuaries, would be attached to the minutes as an integral part of them;

- details would also be given in the minutes of the shareholders' meeting or in an attachment to it of the names of those voting against motions or abstaining or who left before a vote, with details also of the number of shares possessed;
- the minutes would also include a summary of the discussions with the names of the speakers, the answers provided and any comments and declarations.

**The Chairman:**

- invited shareholders who could not legitimately cast their votes, pursuant to Art. 120, paragraph five of Legislative Decree No. 58 of 24<sup>th</sup> February 1998 or other legislation in force, to declare this fact and stated that the declaration should be valid for all votes;
- informed shareholders who wished to leave the meeting without returning to hand in their ballots to the personnel concerned and to identify themselves;
- asked those who wished to leave the meeting temporarily to leave their ballots with the security personnel in exchange for a receipt;
- reported that the subscribed and paid up share capital of the Company on that date amounted to €26,140,644.5 and consisted of 209,125,156 ordinary shares;
- shareholders holding interests consisting of ordinary shares with voting rights greater than 2% of share capital, as recorded in the shareholders' register and integrated with information from official communications received and with account taken of the deposits made for the meeting on that day were as follows:

<b>NAME</b>	<b>NUMBER OF SHARES</b>	<b>% OF SHARE CAPITAL</b>
<b>FIMEI S.p.A.</b>	106.000.746	51,166%
<b>TORRE S.S.</b>	6.688.496	3,198%
<b>FIL LIMITED</b> (as the manager of the Fast European Fund which holds the shares)	4.187.100	2,395%

The Company holds 11.472.355 treasury shares, accounting for 5,486% of the share capital.

No shareholders' agreements pursuant to Art. 122 of Legislative Decree No. 58 of 24th February 1998 were known to exist.

The **Chairman** informed the meeting that accredited journalists, experts and financial analysts had been permitted to attend the meeting and that some employees and consultants of the Company were also present to provide their services along with representatives of the independent auditing company, Deloitte & Touche S.p.A.

The meeting then proceeded to the items on the agenda as follows.

1. Board of Directors' Management Report; Report of the Board of Statutory Auditors; Financial Statements as at and for the year ended 31<sup>st</sup> December 2009; relative and consequent resolutions.
2. Proposal to authorise the purchase and utilization of treasury stock; relative and consequent resolutions.
3. Proposal to approve the 2010-2013 Stock Option Plan; relative and consequent resolutions.

The Chairman **informed** the meeting that all the documentation on the items on the Agenda, including the reports prepared by the directors as required by law, had been made available in accordance with the legislation and regulations in force and had been published on the website of the Company and was also contained in the folder distributed to participants in the meeting. It had also been sent to shareholders who had participated in the last shareholders' meetings of the Company and to those who had requested it.

In consideration of what had been said concerning the filing of documents and the distribution of financial reports to shareholders, the Chairman proposed, if the Board of Statutory Auditors agreed with regard to its report, that they open the discussion reading only the resolutions submitted for approval.

The proposal was approved unanimously.

The **Chairman** then moved on to the first item on the agenda as follows:

**Board of Directors' Management Report; Report of the Board of Statutory Auditors;  
Financial Statements as at and for the year ended 31<sup>st</sup> December 2009; relative and  
consequent resolutions**

In compliance, amongst other things, with Consob communication No. 96003558 of 18<sup>th</sup> April 1996 the **Chairman** reported that in relation to the audit of the Financial Statements as at 31<sup>st</sup> December 2009, the independent auditors, Deloitte & Touche S.p.A., had presented the following final statement of their fees:

	<u>hours</u>	<u>Euro</u>
for the audit of the separate annual financial statements of Recordati S.p.A.:	1.300	75.000
for the audit of the consolidated financial statements of Recordati S.p.A.:	500	37.000
for the limited audit of the condensed half year consolidated financial statements of the Group	300	27.000
Total	2.100	139.000

These fees were in line with those agreed in the proposal submitted on 31<sup>st</sup> January 2005 and approved by the Shareholders' Meeting of 6<sup>th</sup> April 2005 as subsequently amended.

Before opening the discussion, the **Chairman** read the proposals of the resolution contained in the report prepared by the Board of Directors as follows:

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

- having viewed the Board of Directors Management Report and the Report of the Board of Statutory Auditors;

- having acknowledged the certification reports of the firm of auditors, one of which relating to the separate company annual report and the other to the consolidated annual report;

resolves

- to approve the Board of Directors' Management Report;
- to approve the separate company financial statements as at 31.12.2009
- to allocate the net income for the year of € 76,068,210.00 as follows:
  - a) € 8.527,00 to the statutory reserve;
  - b) € 54.354.520,28 for a dividend of € 0,275 on each of the outstanding shares on the ex-dividend date, with the exclusion of treasury stock held by the company on that date, account having been taken of the increase in the dividend due to treasury stock in the dividend proposed for outstanding shares;
  - c) €21.705.162,72 to the "Extraordinary reserve";
- to pay the dividend from 29<sup>th</sup> April 2010 on coupon No. 6 from 26<sup>th</sup> April 2010".

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

The **Chairman** opened the discussion on the first item on the agenda and on the resolution submitted. The following discussion ensued.

**Leonetti** asked for information on the expiry of the patent for the product Zanedip (lercanidipine) in relation to the possible reduction in sales resulting from the expiry of the patent and the development of products which combine that product with other ingredients. He also asked: what impact policies to contain health spending and the Obama reform would have, what the state of research into products for rare diseases was and for

forecasts on sales performance, news on the internationalisation process and the state of activities on the Latina site.

The **Chairman** replied that the patent on lercanidipine had in fact expired on 21<sup>st</sup> January 2010 with the consequences expected in these circumstances consisting of the entrance of competitors with generic products on the market (4/5 at present in Italy and more in France), since the phenomenon was obviously greater the stronger the position on the market of the patented product. The Company had adopted appropriate policies consisting of price cuts in Italy, even as great as 55-60%, in order to preserve volumes of sales as much as possible, even if in some countries, such as France, the replacement of a certain proportion of the product is compulsory. The decrease in sales had been partly offset by the increase in sales of the combined product (lercanidipine plus enalapril).

With regard to the containment of spending on health, this is a phenomenon encountered in various forms in different countries and lately even in emerging countries, such as for example Turkey and Russia, which had until now recorded considerable growth on their respective markets. The year 2010 appears to be a particularly delicate year in Italy from this viewpoint, because the risk could emerge of an attempt to compensate for overspending on pharmaceuticals by hospitals with measures to cut back on spending in the community, and that is on consumption through pharmacies which would particularly impact Recordati. The Group has only been affected marginally by the Obama reform, because its presence in the United States is very marginal, but nevertheless that country is also cutting back on pharmaceutical spending.

The **Chairman** also pointed out that Recordati is committed to research into pharmaceuticals for rare diseases. As stated in the report, Recordati has achieved considerable success in the orphan pharmaceuticals sector in terms of profit margins and sales (within the limits of the modest volumes of sales which apply by definition to orphan pharmaceuticals), just as satisfactory results are expected from research and associated pharmaceuticals in the hypertension field.

Internationalisation continues to represent a fundamental line of development for the Group which has brought foreign sales revenues up to 70% of the total over the last ten years. The interest of the Group lies above all in emerging eastern European markets and in Turkey. They are not easy markets and an attempt is made to temper investment with careful measurement and limitation of the risks. The policy in other countries is to consolidate the positions already acquired.

Finally, the Chairman concluded by saying that the Group's pharmaceutical chemicals division was located in Latina, and more precisely at Campoverde di Aprilia. It is a sector which had suffered from the strong impact of competitors from various countries and especially from China and India. This had inevitably led to cutbacks on these operations which concentrated mainly on the active ingredients for the Group's own pharmaceutical operations, and also on the more competitive active ingredients.

**Galeone** complained that he had received the annual report just a few days beforehand and said that in future he would be willing to come and collect it if he was advised when it was available. He then asked for a series of clarifications giving the following page references to the hardcopy report: pages 23 (increase in employees), 25 (improvement in the net financial position), 60 (if the amounts due to employees included investments made by employees or whether they consisted of ordinary employment related items), 61 (whether it would not have been preferable to seek a settlement to the tax dispute), 62 (whether the spread on the Euribor rate wasn't excessive), 67 (again on the big differences in the net financial position compared to the previous year), 82 (programmes to address financial liabilities), 103 (whether it wouldn't be better to repay the mortgage loan of approximately one million euro and release the mortgage), 117 (what policy is followed in the repayment schedules for medium-to-long term loans guaranteed/secured by Recordati), 133 (reason for the special remuneration for the directors Nazzari and Vitale).

**Cogliati** asked for clarifications on hedging derivative instruments.

**Carminati** asked, in relation to the forecast of a decrease in profits of 10%, whether the new products for prostate disorders might not compensate for the fall caused by the expiry of the lercanidipine patent. He also asked why there is no mention in relation to initiatives with China, which had, however, been reported in the press. Finally, he asked for information on what seem to be (pages 3, 22, 154) different indications on profits.

Since no one else asked to speak, in reply to Carminati the **Chairman** said that the product for prostate disorders (silodosin) and the product for hypercholesterolemia (pitavastatin) should start to make a significant contribution to the income statement from 2011, while the impact of the expiry of the lercanidipine patent would be felt in the current year. All that had been agreed with China was a sales license, which replaced a previous Belgian licensee. The profits to which Carminati refers relate at times to the consolidated results and at times to those of the Parent Company only, according to the reconciliation presented in the report.



The **Chairman** provided the following information on Galeone's questions:

- the increase in employees is mainly the result of the expansion in the scope of the consolidation resulting from the acquisition of Herbacos Bofarma;
- the other amounts due to employees are bonuses relating to 2009 paid in 2010 and they include the regular end of year bonus. No funding and investment activity is conducted involving employees;
- the spread of 40 basis points (0,40%) is very favourable. Current market rates would give a spread of around 150 basis points above the Euribor rate. The loan was negotiated in April 2008, before the credit crisis;
- while Management is convinced that the claims made by the tax authorities are without grounds, various attempts were made to reach a settlement agreement with them, which, however, were unsuccessful because they refused an agreement. The tax authorities appealed against the ruling by the court of first instance and this again demonstrates the reluctance of the tax authorities to reach an agreement with the Company. An appeal is in any event about to be made to the Court of Cassation;
- the net financial position of the Group has improved because of the liquidity generated during the year. The liability of €83 million is due to a private placement of debt performed in the United States with repayment due in 2011 and in 2014. No problems exist at present to meet the repayment of this debt because there is available liquidity. Ample lines of credit also exist which can be used;
- the mortgage will be released when the residual debt is repaid according to normal practice;
- the special remuneration paid to the director Nazzari is for special duties performed concerning relations with institutions (trade associations, etc.) in consideration of his great experience. Those made to the director Vitale are for professional consulting services.

As concerns the swap contracts (Cogliati's question), the **Chairman** explained that it was Company policy to use these instruments to a limited extent only and only for hedging operations. The transactions reported on page 118 of the report were performed to hedge debt in dollars and sterling (against currency risk) and to obtain a range of fluctuation in the interest rates of between 3,5% and 4,85%. Only simple

forward contracts on the balance between payables and receivables in foreign currency are used for export business.

**Cogliati** declared his satisfaction for the prudence of the policies pursued.

Since no one else asked to speak, the Chairman declared the discussion on the first item on the agenda closed and declared that 72 shareholders were present either in person or by proxy representing 126.566.583 shares of the 209.125.156 shares which constituted the entire share capital, amounting to 60,52% of that capital.

Voting was performed by a show of hands (11.05 a.m.) and the proposal cited in full above was approved by a majority.

Against: 13.500 shares (part of the shares represented by Biagi); abstained: 46.000 shares (part of the shares represented by Dell'Aere and Biagi) (as in the attachment). The remaining shares voted in favour.

The **Chairman** announced the result.

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The **Chairman** then moved on to the second item on the agenda as follows:

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

He read the proposals of the resolution contained in the report prepared by the Board of Directors as follows:

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

- having viewed the report of the Board of Directors

resolves

- to authorise, pursuant to and for the purposes of Art. 2357 of the Italian Civil Code and until the approval of the 2010 annual report, the purchase, in one or more tranches, of a maximum of 20.000.000 ordinary RECORDATI S.p.A shares with a par value of € 0,125 and, in any event, in an amount such that the maximum number of treasury shares held

by the Company never exceeds one fifth of the share capital, with account also taken of shares that may be held by subsidiaries, for a minimum valuable consideration of not more than the average official stock exchange price in the five sessions prior to the purchase, plus 5%, with a total disbursement which is in any event not greater than € 120.000.000 (onehundredantwenty million);

ii) to grant a mandate to the Board of Directors, and to the Chairman on its behalf, to proceed to the purchase, including through delegated persons, of RECORDATI S.p.A. shares under the conditions reported above, in an appropriate gradual manner in the interests of the company, on regulated markets and in compliance with and according to the procedures of Art 144-*bis*, paragraph one, letter b) of the Issuers' Regulations;

iii) to provide that the authorisation just mentioned may also be used (a) for the purposes of the utilisation of treasury stock in transactions related to continuing operations and that is projects that are consistent with the strategic policies that the Company intends to pursue, in relation to which opportunities for share exchanges arise, according to the procedures, terms and conditions indicated in this resolution, or to fulfil obligations arising from stock option plans already adopted by the Company and those which might be adopted in future also pursuant to, and for the purposes of, market practices concerning the purchase of treasury stock for the constitution of "share inventories" permitted by the Consob in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution No. 16839 of 19th March 2009 (b) for the purposes of investment in the Company's own shares, according to the terms and according to the procedures laid down by the applicable regulations and if it is the case, in the interest of the Company and through specialised intermediaries, also pursuant to, and for the purposes of, market practices concerning liquidity support permitted by the Consob in accordance with Art. 180, paragraph 1, letter c) of Legislative Decree 58/1998 with Resolution 16839 of 19th March 2009. All of the foregoing maybe performed provided that the purchases which may be made pursuant to, and for the purposes of, the cited market practices occur in compliance with the operational conditions laid down for the those practices by Consob Resolution No. 16839 of 19th March 2009, including the limits concerning the payment for purchases and the daily volumes which are intended as fully included herein. The maximum number of treasury shares possessed may not in any case and at any time exceed, as already stated, the maximum limit established by the

applicable regulations in force, with account also taken of shares which may be possessed by subsidiaries;

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

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

The **Chairman** opened the discussion on the second item on the agenda and on the resolution submitted, stating that answers would be given to questions and requests for clarification at the end of the speeches.

**Carminati** announced that he would vote in favour and expressed the opinion that purchases should be made whenever the prices were appropriate, rather than on the basis of exchange transactions only.

**Galeone**, on the contrary, expressed the opposite opinion that there was no need to proceed to new purchases not even for share exchanges or employee loyalty schemes. On the other hand the majority is solid and from this viewpoint too, there was no need to proceed to purchases, because it was normal for the market to fluctuate at times.

The **Chairman** replied, observing that the Company did not intend to trade speculatively on the market, which would in any case further decrease the free floating shares. The purpose of any intervention remained that of servicing stock option plans or share exchanges where acquisitions might be performed by payment in shares.

The director **Vitale** then also stated that the issue had been discussed fully by the independent directors who were convinced of the usefulness of the resolution, provided that the purchases were made for the purposes of stock option plans or share exchanges.

Since no one else asked to speak, the **Chairman** declared the discussion on the second item on the agenda closed and submitted the resolution formulated by the Board of Directors, and cited in full above, to a vote (11.20 a.m.) by a show of hands.

Those who had intervened having remained unchanged, the resolution was approved by a majority. Against: 87.000 shares (part of the shares represented by Biagi); abstained 46.000 shares (part of the shares represented by Dell'Aere and Biagi) (as in the attachment). The remaining shares voted in favour.

The **Chairman** announced the result.

The **Chairman** then moved on to the third item on the agenda as follows:

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

He then read the proposals of the resolution contained in the report prepared by the Board of Directors as follows:

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

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

resolves

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

The **Chairman** declared the discussion on the third item on the agenda and on the resolution submitted open, stating that answers would be given to questions and requests for clarification at the end of the speeches.

Since no one asked to speak, the **Chairman** declared the discussion on the third item on the agenda closed and submitted the resolution formulated by the Board of Directors to a vote (11.25 a.m.) by a show of hands.

Those who had intervened having remained unchanged, the proposal was approved by a majority. Against 8.982.754 shares (Leonetti and Ceola and part of the shares represented by Dell'Aere and Biagi); abstained 71.000 shares (part of the shares represented by Dell'Aere and Biagi) as in the attachment. The remaining shares voted in favour.

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The **Chairman** announced the result and since all the items on the agenda of the shareholders' meeting had been dealt with, he declared the proceedings closed and thanked all those who had taken part. It was 11.30 p.m.

The Secretary

The Chairman