PROJECT FOR THE CROSS-BORDER MERGER BY ACQUISITION

OF

"RECORDATI SA CHEMICAL AND PHARMACEUTICAL COMPANY"

INTO

"RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

Acquiring company

"Recordati Industria Chimica e Farmaceutica S.p.A.", a joint-stock company subject to Italian law with shares quoted on the *mercato telematico azionario* (electronic stock exchange) organised and managed by "BORSA ITALIANA S.p.A.", in the MTA segment, located at 1, Via Matteo Civitali, Milan, with share capital of €26,140,644.50 (twentysix million onehundredandforty thousand sixhundredandfortyfour and fifty eurocents), fully paid up, divided into 209,125,156 ordinary shares of €0.125 (zero and onehundredandtwentyfive thousand) each, tax identification number and Milan Company Registration 00748210150 and REA (business register) number 401832, (hereinafter, also "Recordati S.p.A." or the "Acquiring Company", in the person of its Chief Executive Officer, Andrea Alessandro Recordati, born in London (United Kingdom) on 6th November 1971, with service address for the position at the registered offices of the company, authorised to sign this merger project by virtue of a resolution of the Board of Directors dated 1st March 2017

Acquired Company

"Recordati S.A. Chemical and Pharmaceutical Company", an "anonymous company" ("société anonyme") subject to Luxembourg law, wholly owned by Recordati S.p.A., located at 6, rue Eugène Ruppert, L-2453 Luxembourg, with fully paid-up share capital of €82,500,000.00 (eightytwo million fivehundred thousand and zero eurocents), divided into 82,500,000 (eightytwo million fivehundred thousand) ordinary shares of €1.00 (one and zero eurocents) each, registered with the *Registre de Commerce et des Sociétés* (Chamber of Commerce) of Luxembourg under number B 59154 (hereinafter also "Recordati S.A." or the "Acquired Company"), in the person of the Director Fritz Squindo, born at Gressoney St. Jean on 19th May 1956, with service address for the position at Recordati S.A., authorised to sign this merger project by virtue of a resolution of the Board of Directors dated 27th February 2017.

WHEREAS

- Recordati S.p.A. is a company listed on the *mercato telematico azionario* (electronic stock exchange) organised and managed by "BORSA ITALIANA S.p.A.", in the MTA segment;
- the company Recordati S.p.A. is the owner of 100% of the shares of Recordati S.A.;
- on the basis of objectives to rationalise the companies and more generally the Group itself and in order to create synergies, amongst other things, in terms of savings on costs and on duplications, detailed below, which could arise from it Recordati S.p.A. and Recordati S.A. intend to proceed to a cross-border merger by acquisition of Recordati S.A. into Recordati S.p.A.;
- the Company Acquired is a company subject to Luxembourg law and therefore the merger by acquisition of Recordati S.A. into Recordati S.p.A. allows the possibility of a "cross-border merger" in accordance with Directive 2005/56/EC of 26th October 2005;
- the Directive 2005/56/EC concerning cross-border mergers of joint-stock companies, is implemented in Italy by Legislative Decree No. 108 of 30th May 2008 ("Legislative Decree No. 108/2008") and in Luxembourg by articles 257 *et seq* of a law of 10th August 1915 relating to commercial companies, as subsequently amended (hereinafter the "Luxembourg Law");
- the merger by acquisition must be carried to completion in compliance with Italian and Luxembourg law and also with the provisions contained in Legislative Decree No. 108/2008 and the Luxembourg Law by Recordati S.p.A. and Recordati S.A., respectively;
- the legal characteristics of the companies participating in the merger are such that it is possible to implement a merger between them in accordance with articles two paragraph 1 and three paragraph 1 of Legislative Decree No. 108/2008 and with Art. 257, paragraph 3 of the Luxembourg Law;
- articles from 2501 to 2505 *ter* of the Italian Civil Code apply to the Acquiring Company and articles 257 *et seq* of the Luxembourg Law to the Company Acquired;

- since this is a merger by acquisition carried out by one company which holds all the shares conferring voting rights in a Shareholders' Meeting of the Company Acquired, the following applies: a) for the Acquiring Company, article 2505 of the Italian Civil Code (according to which the provisions of article 2501-*ter* 1, paragraph numbers 3), 4) and 5) and articles 2501 *quinquies* and 2501 *sexies* of the Italian Civil Code do not apply) and Art. 18 paragraph 1 of Legislative Decree No. 108/2008 (according to which the provisions of article 6, paragraph 1, lettera b) do not apply); b) for the Company Acquired, articles 278 *et seq* of the Luxembourg Law;
- this common project of cross-border merger has been drawn up in compliance with the legislation and regulations referenced on the question of cross-border mergers and also, where applicable, in compliance with the provisions of Italian and Luxembourg law;
- on 1st March 2017 the Board of Directors of the Acquiring Company and on 27th February 2017 the Board of Directors of the Company Acquired each within the scope of their responsibilities and in co-operation with each other, approved this common project of cross-border merger by virtue of which Recordati S.A. will be merged into Recordati S.p.A.

1. REASONS FOR THE OPERATION

The decision by the Recordati Group to deploy a strong presence (also) in Luxembourg had been dictated in the past by reasons of a strategic/financial nature, with the expectation that in this country in particular the dynamism of the capital markets made it possible to raise international capital more easily compared with the Italian market. In recent years, the international capital market – which follows global trends – no longer sees Luxembourg as a key financial centre, to the extent that the Recordati Group itself has changed its strategies for raising debt capital by financing itself directly through its parent company or other Group subsidiaries. On the basis of these circumstances, the managing bodies came to the decision to dispose of the investments present in that country, thereby rationalising the chain of control over foreign companies at the same time. The merger will in fact simplify the current chain of command, headed by Recordati S.p.A., with the elimination of costs and duplications connected with maintaining intermediate sub-holding companies, which Recordati S.A. currently is, within the Group. The concentration in a single company of activities to manage subsidiaries currently carried out by Recordati S.A. will allow decided savings on costs related to the Group's corporate ownership structure and it will avoid duplications of corporate responsibilities, time consumption and complications resulting from the application in two separate sets of legislation and regulations. As a result of the merger, the Acquiring Company, the sole shareholder of the Company Acquired, will takeover all the rights and obligations of the Company Acquired, continuing in its place with all its relationships, including those involving the courts, existing prior to the merger and therefore in accordance with Luxembourg law it will acquire by right of universal succession all the assets and liabilities of the Company Acquired. As a result of the merger, all payables and receivables to and from the companies participating in the merger shall be cancelled and all the holdings in companies held today by Recordati S.A. shall be transferred to Recordati S.p.A..
The expected impacts of the operation can therefore be summarised as follows:
- a decrease in overheads;
- simplification of cash flows;
- simplification of the Group's corporate ownership structure with a view to greater transparency with respect to the market;
- a stronger operating and capital structure of the listed company.

2. TYPE OF MERGER

The merger is a cross-border merger, because the two companies participating in it belong to two different member states of the European Union and it shall be carried out by acquisition with the merger of Recordati S.A. into Recordati S.p.A.. Therefore on the date on which the Merger takes effect, the Acquiring Company will maintain its current corporate form, company name and registered offices and will be governed by Italian law.

3. DATE OF EFFECT OF THE MERGER

In accordance with the combined provisions of Art. 12 of Directive 2005/56/EC and Art. 15 of Legislative Decree No. 108/2008, in compliance with Italian law, the real legal effects of the operation will run from the date on which the merger contract is filed with the Company Registrar of the Acquiring Company or from a different date which will be indicated in the merger contract. The latter will in any case be subsequent to the date on which the merger contract is filed with the Company Registrar of the Acquiring Company.
From the date of legal effect of the Merger, Recordati SpA from a legal viewpoint will fully inherit all the accounting assets and liabilities, including all the physical assets both movable and immovable, tangible and intangible and so forth of which the Company Acquired is the owner, committing itself to meet all commitments and obligations under the agreed terms and conditions.
The Acquiring Company will take over all the relationships of the Acquired Company, continuing with all its activities.
On the date of legal effect of the merger every person, entity or office (private or public) will be authorised without any liability on their part to transfer, place in the name of, change the registration and transpose into the name of Recordati S.p.A. all that which previously fell legally within the sphere of Recordati S.A. and therefore all rights, deeds, documents, deposits, certificates, policies, contracts, orders, brands, patents, licences and by way of example:
- all shareholdings in companies, consortia, consortium companies and groups of companies and as a consequence the companies, consortia, consortium companies and groups of companies shall acknowledge the merger agreement and shall formalise registration of the shareholdings held by the Acquiring Company in place of the Company Acquired, with the simple presentation of this document and with exemption from all liability;
- the rights, obligations, legitimate interests and expectations with regard to any third party;
- asset and liability accounts of any nature;
- guarantees and counter guarantees provided to third parties in relation to contracts and/or orders relating to the above;
- all relationships involving courts, both as claimant or defendant, entered into by the Company Acquired.
The merger shall take effect for accounting and tax purposes from 1st January 2017.

4. TREATMENT OF PARTICULAR CATEGORIES OF SHAREHOLDERS AND HOLDERS OF SECURITIES OTHER THAN SHARES

Because no categories of shareholders other than ordinary shareholders exist both in the Acquiring Company and in the Company Acquired, no reserved treatment exists.
Since there are no holders of securities, other than shareholders, who enjoy special rights with regard to the Company Acquired, the merger involves no recognition of any special right, nor is any form of emolument paid as remuneration.
Furthermore, because there are no holders of special rights, neither in the capacity of shareholder nor in the capacity of holders of financial instruments other than shares, no special rights will be granted and nor will any emoluments be paid as remuneration.
Nevertheless, the Acquiring Company issued a non-convertible bond in 2014. The regulations for the bond will not be subject to any amendments as a result of the merger.
The Company Acquired has not issued any bonds.
Neither of the companies participating in the merger have any bonds convertible into shares in issue.

5. PARTICULAR ADVANTAGES IN FAVOUR OF DIRECTORS, EXPERTS, MEMBERS OF THE SUPERVISORY BODIES AND THIRD PARTIES

No particular advantages are reserved to Directors and members of the supervisory bodies of the companies participating in the merger or to third parties in relation to the merger. Because this is a “simplified” merger, no experts are appointed.

6. IMPLEMENTATION PROCEDURES

The merger will take place by means of the cancellation of all shares issued by Recordati SA with no increase in the share capital by the Acquiring Company, because Recordati S.p.A. owns the entire share capital of Recordati S.A..
As a consequence, in accordance with the provisions of article 2505 of the Italian Civil Code, article 18 of Legislative Decree No. 108/2008 and article 15, paragraph 1 of Directive 2005/56/EC, there is no reason to report a share exchange ratio, nor to report procedures for the allotment of shares or participation in profits. On the same grounds there is no reason, nor therefore any obligation, to draft an experts' report pursuant to article 2501– of the Italian Civil Code (as referred to in article 9 of Legislative Decree No. 108/2008, in implementation of article 8 of Directive 2005/56/EC).
Since this is a merger by acquisition in which the Acquiring Company is the direct owner of the entire share capital of the Company Acquired, the conditions exist for a "simplified" merger considered by article 2505 of the Italian Civil Code, by article 18 of Legislative Decree No. 108/2008, (which implements article 15, paragraph 1 of Directive 2005/56/CE) and by article 278 *et seq* of the Luxembourg Law.
In accordance with Art. 2505, paragraph 2 of the Italian Civil Code and article 22 of the Corporate By-Laws of Recordati S.p.A., the merger to which this project relates shall be definitively approved, for the Acquiring Company, by its Board of Directors with a resolution satisfying the relative notarial requirements, without prejudice to the right of the shareholders of the Acquiring Company who represent at least 5% of the share capital to ask for the decision by the Acquiring Company to be made by means of a shareholders resolution with an application addressed to the Company within eight days of the date on which the merger project is filed with the Company Registrar by the latter.

7. REPORT OF THE MANAGING BODY

Although the operation falls within the scope of a "simplified" merger, in compliance with the provisions of Art. 8 of Legislative Decree No. 108/2008, which implements article 7 of Directive 2005/56/EC and by virtue of the last paragraph of article 278 of the Luxembourg Law, the preparation of a report to illustrate the merger by the board of directors of each company participating in the merger remains compulsory, due to the cross-border nature of the merger. The reports thus drawn up will be disclosed as part of prompt reporting to shareholders and the market in general on the characteristics of the merger.

8. CORPORATE BY-LAWS OF THE ACQUIRING COMPANY

The Corporate By-Laws of Recordati S.p.a. as the Acquiring Company are attached as "Attachment 1" in the version which already includes the amendments that will be submitted to a Shareholders' Meeting on 11th April 2017 and which are destined to become effective before the merger. That version will not undergo any amendments as a result of the merger.

9. PROBABLE REPERCUSSIONS OF THE CROSS-BORDER MERGER ON EMPLOYMENT

The Company Acquired has no employees and therefore the merger will have no impact on the employment of workers in the Acquiring Company and in the group in general.
Since the Company Acquired has no employees, the procedure provided for by article 47 of Law No. 428 of 29/12/1990 does not apply.
Nevertheless, in accordance with article 8 of Legislative Decree 108/2008 and in implementation of article 7 of Directive 2005/56/EC, the report illustrating this common project of merger will be sent to representatives of Recordati S.p.A.'s workers at least thirty days before the final approval of the merger by the Board of Directors of the Acquiring Company.
Article 16.2 of Directive 2005/56/EC and article 19 of Legislative Decree No. 108/2008 do not apply to the merger because the necessary conditions applicable are not satisfied.

10. PROSPECTS CONCERNING THE FUTURE COMPOSITION OF THE BOARD OF DIRECTORS OF THE ACQUIRING COMPANY

No changes are forecast in the composition of the Board of Directors of the Acquiring Company following the merger.

11. ACCOUNTING DOCUMENTS

The merger will take place on the basis of the financial positions of the companies participating in the merger as at 31st December 2016, as represented by the proposed separate company financial statements as at and for the period ended 31st December 2016.

12. INFORMATION ON THE MEASUREMENT OF ASSET AND LIABILITY ITEMS THAT ARE TRANSFERRED TO THE ACQUIRING COMPANY

Items of assets and liabilities that are transferred to the Acquiring Company are reported in the operating and financial positions for the merger as at 31st December 2016, as represented by the separate company financial statements as at and for the period ended 31st December 2016 and they are measured by applying IFRS/IAS accounting standards.

13. IMPACTS OF THE MERGER ON CREDITORS' RIGHTS

All asset and liability items will be transferred automatically to the Acquiring Company as a result of the merger. The creditors of the Company Acquired will become the creditors of the Acquiring Company.
In compliance with article 262 (2), c) of the Luxembourg Law, the creditors of the Company Acquired may obtain, free of charge, exhaustive and full information on the exercise of their rights from the registered offices of the Acquiring Company located in Rue Eugène Rupert, L-2453, Luxembourg.

14. LANGUAGE

The Italian version is to be considered binding for the purposes of Italian law. The French version is to be considered binding for the purposes of Luxembourg law.

15. COMMUNICATIONS AND DISCLOSURES

The merger procedure will be reported in accordance with Italian legislation and regulations in force to the Consob (Italian securities market authority) and to Borsa Italiana S.p.A., while no communication need be submitted to the anti-trust authority and to the market, because the merger is between companies that cannot be considered independent within the meaning of anti-trust regulations.
This common project of cross-border merger will be filed with the Company Registrar of Milan with which Recordati S.p.A. is registered and also, in compliance with the provisions of Luxembourg law, with the *Registre de Commerce et des Sociétés del Luxembourg*, where Recordati S.A. is registered.
The foregoing is without prejudice to any amendments, additions and updates to this project of merger and to the Corporate By-Laws of the Acquiring Company attached to this project, which may possibly be required by any public authority, both Italian and Luxembourg, including the competent Company Registrars.

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Milan, 1st March 2017 /Luxembourg, 27th February 2017

For the Acquiring Company, the Chief Executive Officer

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For the Company Acquired, the Director

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"RECORDATI S.p.A."
* * * * *
Corporate By-Laws

DENOMINATION – HEAD OFFICE – TERM - PURPOSE

Article 1) – A joint-stock company is hereby established under the name:

"RECORDATI - INDUSTRIA CHIMICA E FARMACEUTICA S.P.A.".

The company's name may also be used in the abbreviated form "RECORDATI S.P.A.".
Article 2) – The Company has its registered office in Milan and a branch office in Campoverde di Aprilia (Latina).

In accordance with the procedures and in the manner provided for from time to time, the Company may establish branch offices, branches, affiliates, agencies and representative offices in Italy and abroad.

Article 3) – Each shareholder's address for service, with respect to his or her relations with the company, shall be that set out in the shareholders' register.

Article 4) – The Company's duration shall be until 31 December, 2100 and may be extended one or more times.

Article 5) – The purpose of the company shall be the research, manufacture and trade in medicinal specialties, fine chemistry products, and pharmaceutical, para-pharmaceutical, medical, biological, diagnostic, galenical, hygienic, food, dietetic, nutritional, cosmetic and perfumery, zootechnical and veterinary products and agricultural aids; chemical products and raw materials in general; alcoholic and non-alcoholic beverages, liqueurs, confectionery products; apparatuses, systems and instruments for industrial use as above and for medical and scientific use; related products.

The company may also carry out editing, publication and circulation of non-daily publications of a technical, scientific, industrial, cultural and artistic nature, and production of documentary films of a technical, scientific and industrial nature.

Other purposes of the company are the acquisition, directly or indirectly, in Italy and abroad, of equity holdings, interests and shares in other companies or bodies already constituted or being constituted, with any form and purpose; as well as their operation, financing and technical, scientific administrative and financial co-ordination;

- purchasing, selling, owning, administrating and placing public or private securities of any type, whether or not they are listed on the stock exchange, and movables generally speaking;

- building, purchasing, selling, owning, and administrating real property in its name, and leasing of real property.

In order to achieve its objectives, the company may carry out in Italy and abroad and with no restriction whatsoever, any industrial, commercial, financial, securities and real estate transactions that it considers appropriate or necessary; the company may issue suretyships, endorsements and any other form of guarantee, including secured guarantees; it may accept representative offices, franchises, agencies and

warehouses of other firms and grant the same to other firms.

CAPITAL STOCK

Article 6) – The company's capital stock shall be Euro 26,140,644.50 divided into 209,125,156 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.

By resolution passed on 11 April 2017, the extraordinary meeting of the company's shareholders:

a) granted the Board of 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 issues for a maximum nominal amount of Euro 50,000,000 (fifty million), through the issue of ordinary shares of the Company of the same class as those outstanding on the issue date, 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 rights holders, with the authority in accordance with the final paragraph of article 2441 of the Italian Civil Code 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;
b) granted the Board of Directors the power in accordance with article 2420 *ter* of the Italian Civil Code to issue, on one or more occasions, for a maximum par value of Euro 80,000,000 (eighty million), bonds convertible into ordinary shares, or with warrants valid for the subscription of said shares, with a consequent increase in the capital stock at the service of the conversion through the issue of ordinary shares of the Company of the same class as those outstanding on the issue date, to be offered as an option to rights holders, within a maximum of five years from the date of this resolution, in compliance with applicable laws governing limits on bond issues.
The capital stock may be increased by non-cash means within the limits established by law.

Article 7) - Payments on shares must be made in accordance with the law, pursuant to the terms and conditions defined by the Board of Directors.

Shareholders who are late in making payments will be charged 5% (five per cent) yearly interest, without prejudice to the provisions of Article 2344 of the Italian Civil Code.

Article 8) – If legal requirements are satisfied, the Shareholders' Meeting may approve a reduction of capital, without prejudice to the provisions of Articles 2327 and 2413 of the Italian Civil Code, including by way of assignment of certain company assets and of shares in subsidiaries of the company to individual shareholders or groups of shareholders.

SHAREHOLDERS' MEETING

Article 9) - The Shareholders' Meeting shall be either ordinary or extraordinary, in accordance with the law. It may also be called outside the company's head office, as long as the location is in Italy.

The Notice of Meeting shall be made as required by the law.

The Notice of Meeting containing the information required by the legislation in force must be published within the legal time limits:

- on the corporate website;

- where necessary due to mandatory instructions or decided by the directors, in at least one of the following national newspapers: Il Corriere della Sera, La Repubblica, La Stampa, il Giornale, Milano Finanza;

- with other means provided for by legislation and also by the regulations currently in force.

The Notice of Meeting may also contain the date of any subsequent convocation. The Board of Directors may decide, if it considers it appropriate, to convene Ordinary and Extraordinary Shareholders' Meetings to be held following one single Notice of Meeting. In the case of a single call the legal majorities for that purpose apply.

Ordinary Shareholders' Meetings are called to approve the financial statements within one hundred and twenty days of the end of the company's financial year. Within the terms of the law, the Shareholders' Meeting may be called within one hundred and eighty days of the end of the financial year. Directors shall indicate the reasons for the delay in the report required by Article 2428 of the Italian Civil Code.

Other than on the initiative of the Board of Directors, a Shareholders' Meeting may be called pursuant to the law by the Board of Statutory Auditors or by only two of its members, or upon the request of shareholders representing at least 5% of the capital stock.

Article 10) Those who are entitled to attend the Shareholders' Meeting shall have the right to be represented by a written proxy, within the limits and the procedures provided for by the applicable regulation.

The Company may be notified of the proxy for participation in the Shareholders' Meeting by sending the document to the email address indicated in the Notice of Meeting.

Article 11) – The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or, if he is absent or unable to act for any reason, by the Vice-Chairman. Failing this, the Meeting shall elect its own Chairman. The Chairman shall be assisted by a secretary appointed by the Meeting or by a Notary, and whenever considered advisable, by two scrutineers elected by the Meeting.

The Chairman of the Meeting has the duty of ascertaining whether the Meeting has been properly convened, for verifying the identity of the attendees and their right to attend the Meeting; for managing the progress of the Meeting and for verifying voting results.

Article 12) – Resolutions of ordinary and extraordinary meetings, on the first and successive calls and also in the case of a single call are valid if made in the presence of the required number of persons and the majorities required by law.

Article 13) – When an absolute majority of votes is considered sufficient to pass resolutions under the law, it shall be calculated without counting abstentions.

MANAGEMENT

Article 14) - 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.

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 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 15) - The Board of Directors shall be appointed, in compliance with the legislation in force at the time concerning gender balance, 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 twentyfive 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 at ordinary meetings, or representing a lesser percentage as established by binding legislative or regulatory provisions which shall be specified in the notice of meeting, shall have the right to submit lists.
The following items must be filed for each list within the respective deadlines set out above and as provided by applicable regulations: (i) statements 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; (ii) a curriculum vitae detailing each candidate's personal and professional characteristics and indicating that the candidate may be considered independent.
The specific certification demonstrating title to the necessary number of shares for the presentation of the list, issued by a legally authorized intermediary, must also be deposited within the time limits set by the relative regulations at the time when the list is deposited at the Company.
Lists containing a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that a percentage equal to that required by the legislation in force at the time concerning gender balance for the composition of the Board of Directors belongs to the less represented gender.
Any lists submitted in violation of the foregoing provisions shall be disregarded.
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 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, even indirectly, with those who submitted or voted for the list indicated in letter a) above, which obtains the second-highest number of votes. 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.
For the purposes of the appointment of directors as indicated at point b) above, in the event of a tie between lists, the list presented by shareholders possessing the larger shareholding, or subordinately the larger number of shareholders, shall prevail.

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, failing the above by 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 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.
Furthermore, if, with the candidates elected according to the above procedures, the composition of the Board of Directors in compliance with the legislation in force at the time concerning gender balance is not ensured, then the candidate of the gender most represented elected last in order on the list which obtained the largest number of votes shall be replaced by the first candidate of the less represented gender not elected in order on the same list. That replacement procedure shall be followed until the composition of the Board of Directors in compliance with the legislation in force at the time concerning gender balance is ensured. Finally, if this procedure does not produce the result just indicated, then the replacement shall be made by a resolution of the Shareholders' Meeting by relative majority, after presentation of candidates belonging to the less represented gender.
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 subject to compliance with the legislation in force at the time concerning gender balance.
All of the foregoing is also understood as notwithstanding further binding legislative or regulatory provisions to the contrary.
Article 16) – The fees to be paid to the Board of Directors shall be established by the Shareholders' Meeting for the entire period of their term, or for each financial year, and may take the form of profit-sharing.

BOARD OF DIRECTORS

Article 17) - 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 other 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 Shareholders' Meeting shall proceed with the appointment or appointments in such a manner as to ensure (i) that the total number of independent directors meets current legal requirements and (ii) compliance with the regulations in force at the time concerning gender balance.

Article 18) - Unless already provided for by the Shareholders' Meeting, the Board shall appoint a Chairman and may appoint a Vice-Chairman from among its members. The Board shall also appoint one or more Managing Director(s) from among its members. The Chairman shall have all the powers vested in him by law; in the case of his absence or inability to attend for any reason, the said powers shall be exercised by the Vice-Chairman, or in his absence, by the most senior Director.

Finally, the Board shall appoint a Secretary, who need not be a member of the Board.

Article 19) - 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 20) – The Board of Directors shall be established and its resolutions shall be valid if made by the majority of appointed directors. The minutes shall be signed by the Chairman and the Secretary.

Article 21) – The Board may establish special remuneration for directors who are entrusted with special appointments and for members of the Executive Committee, in accordance with the terms of Article 2389 of the Italian Civil Code.

Article 22) – The Board of Directors shall be vested with the widest powers regarding the ordinary and extraordinary operation and management of the Company, without exception, and shall have the right to carry out any action considered advisable for fulfilling and achieving the company's purposes, except those that the law specifically reserves for the Shareholders' Meeting.

The Board of Directors shall also have competence to resolve issues concerning:

- mergers in the circumstances provided for in articles 2505 and 2505 bis of the Civil Code;
- the establishment or closing of secondary places of business;
- the identification of those Directors who may represent the Company;
- the reduction of capital in the event of the withdrawal of a Shareholder;
- the amendment of the Articles of Association to conform with statutory provisions;

- the transfer of the registered office to another municipality within Italy.

During the meetings, and at least on a quarterly basis, Managing Directors shall report to the Board of Directors and the Board of Statutory Auditors with respect to the general performance and business forecast for the company and its subsidiaries, with respect to transactions that are significant in terms of size or nature, with particular regard to transactions in which Directors have an interest, on their own behalf or on the behalf of third parties.

The report of the Board of Statutory Auditors may also be made, for the purpose of timeliness, directly or on the occasion of meetings of the Executive Committee.

COMPANY SIGNATURE AND REPRESENTATION

Article 23) – Representation of the Company shall be attributed to the Chairman of the Board of Directors or, in the event of his absence or inability to attend for any reason, to the Vice-Chairman, with sole signing authority for implementation of all resolutions of the Board unless otherwise resolved. The Chairman or, in the event of his absence or impediment for any reason, the Vice-Chairman, shall represent the Company before the law, with the power to take legal action and institute judicial and administrative proceedings at all levels of jurisdiction, including with respect to revocation and cassation proceedings, and appointing lawyers and attorneys for lawsuits.

Article 24) – The Board may delegate all or part of its powers and functions to the Chairman, Vice-Chairman and one or more Managing Directors and grant special mandates to individual Directors or managers of the Company, including the power of attorney, determining their functions and powers under the law.
Should the Board not determine the functions and powers of the Chairman, Vice-Chairman and Managing Director, each of them may represent the Company with sole signing authority in representing the Company.

Article 25) – 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 19.

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.

BOARD OF STATUTORY AUDITORS

Article 26) – 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 numbered in order and in compliance with the regulations in force at the time concerning gender balance.

The lists must specify whether each candidate is nominated for the office of Statutory Auditor 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 as established or provided by binding legal or regulatory provisions which shall be specified in the notice of meeting 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 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.

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

Without prejudice to any further procedural duty required by the legislation and also by the regulations currently in force, the following documents shall be submitted together with each list by the deadline specified above:
a) Information on the identity of the shareholders who have submitted the lists, indicating the total percentage of capital stock held.
b) A declaration by shareholders other than those who hold, including jointly, a controlling interest or relative majority, attesting to the absence of any forms of association with such shareholders, as provided by applicable regulations.
c) A thorough report of the personal characteristics of candidates and a declaration from the said candidates attesting that they possess the requirements established by law, together with their acceptance of the candidature.
Lists containing a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that a percentage of candidates to the position of Statutory Auditor and candidates to the position of Alternate Auditor equal to that required by the legislation in force at the time concerning gender balance for the composition of the Board of Statutory Auditors belongs to the less represented gender in a given list.
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 and who, pursuant to applicable legislation, is not connected in any manner, even indirectly, with those 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.

If, by following the above procedures, the composition of the full members of the Board of Statutory Auditors in compliance with the legislation in force at the time concerning gender balance is not ensured, the necessary replacements shall be made from the candidates to the position of full Statutory Auditor on the list that obtained the majority of votes on the basis of the order of the names on the list.

Should a single list or no list be submitted, all candidates named on the list shall be appointed as Statutory and Alternate Auditors or those voted by the Shareholders' meeting shall be appointed, provided that they obtain a relative majority of the votes expressed in the shareholders' meeting, while this is subject to compliance with the regulations in force at the time concerning gender balance.

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 and that the composition of the Board of Statutory Auditors must comply with the regulations in force at the time concerning gender balance.

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, following the presentation of candidatures by shareholders that, individually or together with others, possess shareholdings with voting rights that represent at least the percentage indicated above in relation to the procedure for the presentation of lists. 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.

The replacement procedures set forth in the above paragraphs must in any event ensure compliance with the legislation in force at the time concerning gender balance.
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.

A statutory audit of the company's financial records shall be performed by the Auditing Firm on the basis of applicable regulations.

FINANCIAL STATEMENTS AND PROFITS

Article 27) – The financial year shall close on 31 December of each year.

At the end of each financial year, the Board of Directors shall prepare the company financial statements, including the statement of income, as prescribed by law.

Article 28) – Net income as reported on the financial statements shall be distributed as follows:

(a) 5% (five percent) to the legal reserve, up to the legal limit;

(b) the remaining amount shall be shall be distributed to the Shareholders, unless the Shareholders' Meeting resolves, in response to suggestions from the Board, to make special allocations to extraordinary reserves or other allocations, or decides to carry forward the full amount to subsequent years.

Article 29) – The Board of Directors may decide to distribute interim dividends, within the limits and according to the procedures established by law.

Article 30) – The dividends shall be paid according to the methods, in the places and in accordance with the terms established by the Shareholders' Meeting or, failing this, by the Board of Directors.

Article 31) – Dividends not collected within five years following the date on which they become payable shall revert to the company's extraordinary reserve.

DISSOLUTION

Article 32) – Upon dissolution of the Company at any time and for any reason provided by law, the Meeting shall appoint liquidators and establish the criteria for proceeding with the liquidation pursuant to Article 2487 of the Italian Civil Code.

WITHDRAWAL

Article 33) – Shareholders shall have the right of withdrawal only in the event that the said right is manifestly provided by law. The said right of withdrawal shall be excluded for Shareholders that have not contributed to the approval of resolutions regarding the extension of the term of the Company's period of establishment and the introduction, amendment or removal of restrictions on the circulation of shares.