



RenoDeMedici

Illustrative Report of the Board of Directors

on point 3 (Reduction of the share capital through allocation to the “available reserve” pursuant to Article 2445 of the Italian Civil Code, of the amount of € 10,399,255.80 on the Agenda of the Shareholders' Meeting called for 30 October and 2 November 2015

pursuant to Article 125-ter of the Legislative Decree n. 58/98 and Article 72 of the Issuers' Regulation

28 September 2015

Reno De Medici S.p.A.
Registered office: 25 Viale Isonzo - Milan
Share capital: €185,122,487.06 fully paid-up
Tax code and VAT number 00883670150

PROPOSAL PURSUANT TO ARTICLE 2445 OF THE ITALIAN CIVIL CODE TO REDUCE THE SHARE CAPITAL OF RENO DE MEDICI S.P.A. TO ESTABLISH AN "AVAILABLE RESERVE" WITH THE CONSEQUENT AMENDMENT OF ARTICLE 5 (SHARE CAPITAL) OF THE COMPANY BY-LAWS

Dear Shareholders,

The operation that you are called upon to approve involves the reduction of the share capital by the amount of € 10,399,255.80.

Specifically, this reduction will be allocated to establish a specific equity reserve that we propose calling the "available reserve".

The establishment of an equity reserve corresponds to the need to improve the configuration of the Company's shareholders' equity structure, which, to date, does not essentially have reserves from profits or other origins available, and also to optimise efficiency from an operational aspect.

The reserve, formed due to the reduction of the share capital, in addition to ensuring that the Company can immediately cover any losses that may be generated during ordinary operations, without having to undermine the share capital, may be used in future, to make stable the dividends policy and, if necessary, for share buyback plans or other transactions, according to the deadlines and procedures approved at today's Ordinary Shareholders' Meeting in compliance with the regulations in force.

In terms of implementation, it should be remembered that the proposed reduction in the share capital may only take place, pursuant to Article 2445, paragraph 3 of the Italian Civil Code, after a period of 90 days from the date of registration of the resolution of the Extraordinary Shareholders' Meeting in the Companies Register, provided that no creditor of the Company prior to the registration has expressed any opposition by that deadline.

Pursuant to Article 2445, paragraph 4 of the Italian Civil Code, if opposition is expressed by that deadline, the Court may rule that the transaction may take place, if it deems the danger of prejudice to the creditors unfounded or the Company has put suitable guarantees in place.

The reduction of the share capital will leave the overall amount of the Company's shareholders' equity and the total number of shares in issue unchanged, as no cancellation will result.

The proposed resolution to reduce the share capital in point 3 of the Agenda does not require the approval of the special meeting of holders of savings shares, pursuant to Article 2376 of the Italian Civil Code and Article 146 of the Legislative Decree n. 58/98, because they do not suffer any prejudice, taking into account the fact that the shares have no par value and that the financial privileges of savings shares are parameterised to an absolute monetary value (€0.49) and not to the par value in accounting terms of the shares.

There is no right of redemption for holders of ordinary shares and savings shares.

Reno De Medici S.p.A. - Proforma art. 2445 cod.civile		
SHAREHOLDERS' EQUITY	Shareholders' equity art. 2446	Shareholders' equity proforma ex art. 2445
(amounts in Euro)		
Shareholders' equity		
Share capital	150,399,255.80	140,000,000.00
Other reserves	1,243,708.51	11,642,964.51
- Available reserve	0.00	10,399,256.00
- Hedging reserve	70,910.17	70,910.17
- Reserve for actuarial gain (loss)	(1,932,201.66)	(1,932,201.66)
- Ovaro sale reserve	3,105,000.00	3,105,000.00
Profit (loss) for the period	0.00	0.00
Total shareholders' equity	151,642,964.31	151,642,964.31

Below is the text of Article 5 of the Company By-Laws, which we propose to amend, with comparisons of the existing text.

EXISTING TEXT	PROPOSED TEXT
<p style="text-align: center;">Article 5</p> <p>5.1. The share capital is €185,122,487.06 (one hundred and eighty five million one hundred and twenty two thousand and four hundred and eighty seven/06) divided into 377,800,994 shares with no par value, of which:</p> <ul style="list-style-type: none"> - 377,512,370 ordinary shares; - 288,624 savings shares convertible to ordinary shares at the request of shareholders in February and September each year. <p style="text-align: center;"><i>omissis</i></p>	<p style="text-align: center;">Article 5</p> <p>5.1. The share capital is € 185,122,487.06 (one hundred and eighty five million one hundred and twenty two thousand and four hundred and eighty seven/06) [-]* divided into 377,800,994 shares with no par value, of which:</p> <ul style="list-style-type: none"> - 377,512,370 ordinary shares; - 288,624 savings shares convertible to ordinary shares at the request of shareholders in February and September each year. <p style="text-align: center;"><i>omissis</i></p> <p>(*) <i>The exact amount of the share capital will be determined at the time of the reduction is effective taking into account the possible approval of resolution pursuant to art. 2446 Italian civil code, whereas the exact sharing of shares will be determined at the time of the reduction is effective taking into account the possible conversion of savings shares that has taken place in the meantime.</i></p>

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By virtue of the above, we propose approval of the following resolution:

“The Extraordinary Shareholders' meeting of Reno De Medici S.p.A., having examined the Directors' Report prepared pursuant to Article 72 of Issuers' Regulation no. 11971/1999;

RESOLVES

- (i) *to reduce the share capital, pursuant to Article 2445 of the Italian Civil Code, by € 10,399,255.80, by allocating the same amount of share capital to a specific equity reserve called the “available reserve”, for the same amount, without prejudice to the number of outstanding shares with no par value;*
- (ii) *to acknowledge that, pursuant to Article 2445, paragraph 3, of the Italian Civil Code, the resolution to reduce the share capital may only be carried out ninety days after registration in the Milan Companies Register, unless circumstances arise pursuant to Article 2445, paragraph 4 of the Italian Civil Code;*
- (iii) *to authorize to the Board of Directors to carry out the above resolution, conferring upon the Chairman of the Board of Directors and the CEO, separately, all powers to carry out whatever is necessary or appropriate to ensure the registration of these resolutions in the relevant Companies Register, with the right to accept and introduce into them, including unilaterally, any amendment and/or supplement of a formal and non-substantial nature that is necessary during registration or which is requested by the competent authorities and making provision, in general, for everything required for the full implementation of said resolutions, with all powers necessary and appropriate for such purpose, with no exclusions or exceptions;*
- (iv) *to therefore authorise the Chairman of the Board of Directors and the CEO, separately, to file and publish, pursuant to the law and for the execution of the reduction of the share capital, the updated text of the Company By-Laws with the changes in the figures included in Article 5 (Share Capital) of the Company By-Laws resulting from the new amount of said share capital, in the formulation shown below:*

EXISTING TEXT	PROPOSED TEXT
<p style="text-align: center;">Article 5</p> <p>5.1. The share capital is €185,122,487.06 (one hundred and eighty five million one hundred and twenty two thousand and four hundred and eighty seven/06) divided into 377,800,994 shares with no par value, of which: - 377,512,370 ordinary shares; - 288,624 savings shares convertible to ordinary shares at the request of shareholders in February and September each year. <i>omissis</i></p>	<p style="text-align: center;">Article 5</p> <p>5.1. The share capital is € 185,122,487.06 (one hundred and eighty five million one hundred and twenty two thousand and four hundred and eighty seven/06) [-]* divided into 377,800,994 shares with no par value, divided into: - 377,512,370 ordinary shares; - 288,624 savings shares convertible to ordinary shares at the request of shareholders in February and September each year.</p> <p>(*)The exact amount of the share capital will be determined at the time of</p>

	<p><i>the reduction is effective taking into account the possible approval of resolution pursuant to art. 2446 Italian civil code, whereas the exact sharing of shares will be determined at the time of the reduction is effective taking into account the possible conversion of savings shares that has taken place in the meantime.</i></p>
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Milan, 28 September 2015

On behalf of the Board of Directors

The Chairman

Signed by Robert Hall