

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE GENERAL
MEETING OF SHAREHOLDERS CALLED TO APPROVE THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 AND
ARTICLE 2429 OF THE ITALIAN CIVIL CODE

To the General Meeting of Shareholders of Reno De Medici S.p.A.

During the year ended 31 December 2011 we have performed supervisory activities on the basis of the provisions of the Italian civil code, those of articles 148 et seq. of Legislative Decree no. 58 of 24 February 1998 and in our capacity as Internal Control and Audit Committee those of Legislative Decree no. 39/10, also taking into account the recommendations contained in Consob communications, and in accordance with the code of conduct for the Board of Statutory Auditors recommended by the Consigli Nazionali dei Dottori Commercialisti e degli Esperti Contabili (the Italian accounting profession).

We have supervised that the law and the deed of incorporation have been complied with.

The directors have provided us with extensive information, at a minimum on a quarterly basis, concerning the activities carried out by the Company and its subsidiaries and their most significant economic and financial operations, and have supplied us with general details of the operating performance of these companies and the events that have had the greatest influence in determining their results for the year.

On our part, we have constantly verified that any resolutions taken and put into effect comply with the law and the Company's bylaws and were not manifestly imprudent, of a risky nature, in conflict of interest or in contrast with resolutions taken by shareholders in general meeting, or of such a nature to jeopardise the integrity of the Company's assets.

We have not noted the existence of any abnormal and/or unusual transactions with Group companies, with third parties or with related parties, finding confirmation of this

in the indications of the Board of Directors, the Auditing Company PricewaterhouseCoopers S.p.A. and the internal control officer.

As part of our procedures we have supervised that the Company's organisational structure is adequate, that the principles of proper administration were observed and that the instructions transmitted by the Company to its subsidiaries pursuant to article 114, paragraph 2, of Legislative Decree no. 58/98 were appropriate by obtaining information from the heads of the organisational functions and by holding meetings with the Auditing Company PricewaterhouseCoopers S.p.A. having the purpose amongst other things of mutually exchanging any important data or information; we have no particular observations to report in this respect.

In particular, as far as the process regarding the adoption of resolutions by the Board of Directors is concerned, we have ascertained, including by means of attendance at board meetings, that the decisions taken by the directors comply with the law and the Company's bylaws and have verified that the respective resolutions were supported by analyses and valuations - produced internally or, if necessary, by external professionals - regarding above all the economic reasonableness of the transactions carried out and whether they correspond to the interests of the Company. The periodic operational results and all the aspects regarding the most significant transactions were carefully reviewed at the meetings of the Board of Directors and were the subject of detailed discussion.

We have assessed and supervised the adequacy of the system of internal control and the administrative and accounting system, as well as the reliability of this latter system to correctly represent operations, by obtaining information from the heads of the respective functions, examining the Company's records and analysing the results of the work performed by the Auditing Company, supervising the activities of the internal control officer and attending meetings of the Internal Control Committee set up within the Board of Directors pursuant to the Corporate Governance Code.

As part of supervising the financial disclosure process, we examined the results of the auditing activities performed by the internal control officer concerning the adequacy and the practical application of the internal control system adopted by the Company to ensure the reliability of financial disclosures.

We have no particular observations to report in this respect.

As specified by article 16 of Legislative Decree no. 39 of 27 January 2010, the Auditing Company has performed the following procedures on an exclusive basis:

- it has verified that the Company's accounting records are properly maintained and that operations are correctly recognised in these records;
- it has verified that the financial statements correspond to the accounting records and that they comply with the laws and regulations which govern financial statements.

We have held regular meetings with members of the Auditing Company pursuant to article 150, paragraph 3, of Legislative Decree no. 58/98; no significant data or information emerged from these discussions which need to be reported here.

As part of supervisory activities on the legal audit of the annual financial statements and consolidated financial statements (i) we reviewed the Group audit programme for the year ended 31 December 2011 prepared by the Auditing Company - in which the significant risks identified for the main areas of the financial statements are identified - considering it suitable for the Group's characteristics and size and (ii) we supervised the effectiveness of the legal audit process, noting that it was carried out in compliance with the audit plan and in accordance with International Standards on Auditing (ISA). We have no particular observations to report in this respect.

The Auditing Company has not yet issued its report on any basic questions arising during the legal audit and on any significant weaknesses identified in the internal control system with regard to the financial information process, pursuant to article 19, paragraph 3 of Legislative Decree no. 39/2010. No specific issues were however reported to the Board of Statutory Auditors during the year which need mention in this report.

We have supervised the means by which the system of corporate governance required by the Corporate Governance Code adopted by the Company, in compliance with that recommended by Borsa Italiana S.p.A., has been put into practice.

In this context, noting the assessments made by the Board of Directors, the Board of Statutory Auditors has verified (i) that the criteria and checking procedures adopted by the board to assess the independence of its members have been properly applied and (ii) that each individual member of the Board of Statutory Auditors satisfies the independence criteria.

We verified that the laws regarding the preparation of the annual and consolidated financial statements for the year ended 31 December 2011 - drawn up in accordance with IAS/IFRS international accounting standards - and the preparation of the Report of the Board of Directors have been complied with by carrying out direct procedures and by obtaining information from the Auditing Company.

Regarding the testing for any loss in the value of assets (“impairment testing”) as per accounting standard IAS 36 and as explicitly stated in the Bank of Italy/Consob/Isvap joint Document no. 4 of 3 March 2010, prior to the approval of the draft financial statements for the year ended 31 December 2011 the directors approved the results of the impairment testing and ensured that these correspond to the requirements of IAS 36. In their report, which includes the information required by Legislative Decree no. 32/2007, the directors provide extensive disclosures on performance and the events that have characterised the year, describing the activities performed in the various geographical areas in which the Company operates.

In addition, the directors list and adequately discuss the transactions which have taken place with Group companies and other related parties, noting the ordinary nature of these transactions or in any case the fact that they are functional to the Company’s programmes and needs, their features and the amounts involved. These transactions are connected with and relate to fulfilling the corporate purpose, respond to principles of reasonableness and do not appear to be contrary to the interests of the Company.

Moreover, suitable summary tables are provided in the notes to the consolidated financial statements and the separate financial statements in which the nature and economic and financial effects of related party transactions are summarised, including those carried out with Group companies.

On our part we bring to your attention the information provided by the directors in connection with:

- the general negative economic situation in which the Company and the Group found themselves having to operate in the second half of the year and the resulting repercussions on operational margins;
- the incentive plan for management, based on financial instruments, approved by shareholders at their general meeting held in April 2011;

- the recognition of deferred taxation in the separate financial statements and the Group's consolidated financial statements for the year ended 31 December 2011. In particular the directors state that deferred tax assets have been recognised to the extent that it is probable that the Company will have future taxable profits against which deductible temporary differences and tax losses brought forward can be utilised, also taking into account of the changes introduced by Decree Law no. 98 of 6 July 2011 (the "2011 Budget"). The Report of the Board of Directors contains a specific section on corporate governance and ownership structures, prepared pursuant to article 123-bis of Legislative Decree no. 58/98 and article 89-bis of the Issuers' Regulations. In this respect the directors do not identify any issues to be brought to your attention.

As a result of the changes introduced by Consob Resolution no. 18049 of 23 December 2011, the directors have additionally prepared a Report on Remuneration pursuant to article 123-ter of Legislative Decree no. 58/98, approved by the Compensation Committee on 21 March 2012. In this report the directors set out the principles used in determining the remuneration of executive directors with specific duties, the general manager and key management personnel and managers of the Company and the Group. The report also contains a table setting out the remuneration paid to members of the management and control bodies, general managers and other key management personnel, together with a table containing disclosures of any investments held by these persons in the Company's capital.

The consolidated financial statements and the separate financial statements both contain the attestations of the manager responsible for the preparation of company accounting documents, made pursuant to article 81-ter of Consob Regulation no. 11971/1999 and subsequent amendments.

On April 4, 2012 the Auditing Company issued its reports containing unqualified opinions on the consolidated and separate financial statements for the year ended 31 December 2011, which in addition do not include any emphases of matter. Further, the Auditing Company has given its opinion as to the consistency of the report on operations and the specific section on corporate governance and ownership structures with the financial statements for the year ended 31 December 2011, restricted to the

information included at paragraphs 1 c), d), f), l) and m) and paragraph 2 b) of article 123-bis of Legislative Decree no. 58/98.

As required by article 19 of Legislative Decree no. 39/2010, we have supervised the independence of the Auditing Company appointed for the legal audit, in particular as far as the provision of non-audit services is concerned.

Pursuant to the requirements of article 17, paragraph 9 a) of Legislative Decree no. 39/2010 we have received a confirmation from the Auditing Company that - in the period between 1 April 2011 to the date of the notification (March 30 2012) - it has not identified any situations which may jeopardise its independence or identified any of the causes for incompatibility stated in articles 10 and 17 of Legislative Decree no. 39/2010 and the related implementation instruments.

As may be seen from the information provided pursuant to article 149-duodecies of the Consob Issuers' Regulations and reported in the notes to the financial statements, subsidiaries have additionally engaged PricewaterhouseCoopers S.p.A., or entities linked to PricewaterhouseCoopers S.p.A. by continuous relations which are also members of the international network to which it belongs, to perform the following:

- the audit of subsidiaries performed by PricewaterhouseCoopers for a total of Euro 31 thousand ;
- the audit and other services of subsidiaries performed by the PricewaterhouseCoopers network for a total of Euro 195 thousand ;
- tax advisory services for subsidiaries provided by the PricewaterhouseCoopers network for a total of Euro 30 thousand .

We note in addition that as a consequence of the additional time required to examine specific problems, mostly regarding the incentive plans based on financial instruments approved by the Company, the Auditing Company made a request for an increase of Euro 13,000.00 (corresponding to approximately 140 hours) in its fees for the audit of the annual financial statements for the year ended 31 December 2011. We have no particular observations to report in this respect.

Taking also into consideration the communication issued by PricewaterhouseCoopers and the engagements assigned to that company and companies belonging to its network by the Company and Group companies, on the basis of the supervisory work performed

pursuant to article 19 of Legislative Decree no. 39/2010 no critical matters emerged concerning the independence of the auditing company PricewaterhouseCoopers.

During the course of performing our supervisory activities and on the basis of the information received from the Auditing Company we have not identified any omissions, and/or illegal acts and/or irregularities, or in any case any events of such significance as to require reporting to the Company's control bodies or mention in this report.

The supervisory activity referred to above was carried out during board meetings (including individual interventions) and by attending the meetings of the Board of Directors, the Internal Control Committee and the Supervisory Body as per Legislative Decree no. 231/2001. In particular, we note the following:

- the Internal Control Committee established pursuant to the Corporate Governance Code has confirmed (i) the adequacy of the procedures adopted and more generally of the internal control system adopted by the Company, including in the light of the approval by the Board of Directors of suitable business procedures concerning related party transactions, confidential information, internal dealing and the obligations of disclosure to the management and control bodies as per article 150 of Legislative Decree no. 58/98 and (ii) the adequacy of the general organisational, administrative and accounting system, also pursuant to article 123-bis, paragraph 2 b) of the Consolidated Finance Law (TUF);
- the Supervisory Body appointed pursuant to and by the effects of Legislative Decree no. 231/01 has confirmed the absence of any illegal acts or violations of the organisational model adopted by the Company, as well as of any act or conduct which may be considered critical with respect to Legislative Decree no. 231/01 of which the Supervisory Body has become aware.

We have not received any denouncements pursuant to article 2408 of the Italian civil code nor any petitions from third parties.

During the year the Board of Directors held 6 meetings, the Internal Control Committee held 3 meetings, the Compensation Committee held 2 meetings and the Board of Statutory Auditors held 8 meetings.

On the basis of the preceding, the Board of Statutory Auditors, within its sphere of competence, has not identified any matters which might act as an impediment to the

approval of the financial statements for the year ended 31 December 2011 or concerning the proposal made by the directors for the allocation of the profit for the year.

* * *

In conclusion, the Board of Statutory Auditors reminds shareholders that the term in office of the whole Board expires on the approval of the financial statements for the year ended 31 December 2011 and accordingly the Board kindly invites you to attend to this matter.

Milan, 4 April 2012

THE BOARD OF STATUTORY AUDITORS

Signed by:

Sergio PIVATO (Chairman)

Giovanni Maria CONTI

Carlo TAVORMINA