

MINUTES OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

of **Reno De Medici S.p.A.**

of 8 May 2007

- second call -

On 8 May 2007 at 10.30 a.m. in via De Medici 17, Pontenuovo di Magenta (MI), the proceedings of the Ordinary General Shareholders' Meeting of **Reno De Medici S.p.A.** commenced in second call.

Mr. Giuseppe Garofano gave a warm welcome to all those in attendance and in his capacity as Chairman of the Board of Directors and pursuant to article 11 of the company's bylaws took the chair of the meeting.

Notary *Carlo Marchetti* was called to act as Secretary to the meeting by unanimous consent.

The Chairman:

- noted that the following members of the Board of Directors were in attendance in addition to himself:

-- Mr. Carlo Peretti (Deputy Chairman);

-- Mr. Emanuele Rossini (Managing Director);

-- Mr. Ignazio Capuano;

-- Mr. Giancarlo De Min;

-- Mr. Vincenzo Nicastro;

The directors Marco Baglioni, Mario Del Cane and Michael Groller had given notice that they would be unable to attend.

- recalled that on 9 February 2007 the director Mr. Ambrogio Rossini had handed in his resignation from the Board of Directors and that on 12 February 2007 the Board had co-opted the director Emanuele Rossini, appointing him as managing director in place of the director Ignazio Capuano who kept his position as director;

- noted that the following standing auditors of the Board of Statutory Auditors were in attendance:

-- Prof. Sergio Pivato (Chairman);

-- Mr. Marcello Priori;

-- Mr. Carlo Tavormina.

Continuing, the Chairman noted, informed and communicated that:

- notice had been properly given of the ordinary general shareholders' meeting in second call for the ordinary part and in third call for the extraordinary part on today's date, in this place and at

10.30 a.m., in accordance with law and the company's bylaws as per the notice published in the Official Journal of the Republic of Italy - Insertion Sheet, Part II no.37, notice no. S-2853 of 29 March 2007, and in the daily newspaper "Milano Finanza" of 30 March 2007, with the following:

AGENDA

ORDINARY PART

- 1. Financial statements at 31 December 2006; Report of the Board of Directors; Reports of the Board of Statutory Auditors and Independent Auditors; resolutions thereon. Presentation of the consolidated financial statements at 31 December 2006.*
- 2. Appointment of the Board of Directors following approval of the number of board members, their term of office and their emoluments.*

EXTRAORDINARY PART

- 1. (omissis)*

The Chairman informed the meeting that the ordinary general shareholders' meeting convened in first call on 30 April 2007 was unattended as stated in the respective minute in the company's records and as per the notice published in "MF-Milano Finanza" on 27 April 2007, and that as regards the matters on the agenda, all the matters required to be carried out under prevailing laws and regulations have been properly performed and in particular:

- the draft financial statements and draft consolidated financial statements, approved by the Board of Directors on 26 March 2007, were lodged at the company's head office and with Borsa Italiana S.p.A. on 13 April 2007;
- the Reports of the Board of Directors and the Annual Report on Corporate Governance, approved by the Board of Directors on 26 March 2007, were lodged on the same date;
- the Reports of the Board of Statutory Auditors and the Independent Auditors were lodged in the same manner and on the same date;
- the Illustrative Report of the Board of Directors on the proposals regarding the matters on the agenda of the ordinary and extraordinary part of the meeting was lodged in the same manner and on the same date and was also lodged with Consob on 26 March 2007;

- all the documentation was additionally made available on the company's website and was handed to all the shareholders or their delegates attending this meeting.

As a result, with 18 shareholders present either in person or by proxy representing 80,563,210 ordinary shares equal to 29.926 % of share capital with voting rights, the Chairman declared the meeting in second call to be duly constituted by law and by the company's bylaws and that it may approve resolutions on the matters on the agenda.

The Chairman therefore brought then following matters to the attention of the meeting:

- he reserved the right to provide the meeting with updated information on attendance before each vote;
- a check on the proxies had been performed pursuant to law and the company's bylaws;
- a list of the names of shareholders attending the meeting either in person or by proxy, with all the information required by Consob, will be attached to these minutes as an integral part thereof, together with the list of observers admitted to the meeting;
- pursuant to Legislative Decree no. 196/2003 (which regulates personal data protection), the data relating to those people attending this meeting will be collected and processed by the company solely for the purposes of carrying out the requirements that are obligatory for holding the meeting or that are mandatory for corporate reasons;
- the minutes of this meeting will contain a summary of the interventions made with the name of the speaker, the replies given and any statements of comment;
- the proceedings of the meeting are being audio-recorded with the sole purpose of facilitating the preparation of the minutes; the recording will only be kept for the minimum period necessary for drawing up the minutes, after which it will be deleted;
- permission has been granted to accredited experts, financial analysts and journalists and to representatives of the auditing firm, to attend the meeting. In addition, for technical and organisational reasons connected with the proceedings, certain employees and collaborators of the company are also present at the meeting;
- the company's share capital amounts to Euro 132,160,074.13, consisting of 269,714,437 shares, of which 269,202,370 are ordinary shares and 512,067 are convertible savings shares, each of nominal value Euro 0.49, and the company's shares are admitted to trading on the Electronic Share Market organised and managed by Borsa Italiana S.p.A. – Star Segment;
- as a consequence of the purchase of treasury shares as authorised by the resolution passed by shareholders in Ordinary General Meeting, the company currently holds 7,513,443 treasury shares not having voting rights pursuant to article 2357-ter of the civil code, equal to 2.791% of share capital;

- on the basis of the entries in the Shareholders' Register, and taking into account the amendments relating to this meeting, the notifications received pursuant to article 120 of Legislative Decree no.58/98 and other information available, the owners of shares representing more than 2% of the company's subscribed and paid share capital, either directly or indirectly, are as follows:

| SHAREHOLDER | NO. OF SHARES | % OF CAPITAL |
|---|----------------------|---------------------|
| ALERION INDUSTRIES SPA <i>Direct ownership</i> | 33,887,148 | 12.588% |
| FALCON REAL ESTATE GROUP SRL <i>Indirect ownership through: EURINVEST FINANZA STABILE SRL</i> | 20,800,000 | 7.726% |
| SIANO DANTE <i>Indirect ownership through: IC (INDUSTRIA DELLA COSTRUZIONE SPA)</i> | 20,000,000 | 7.429% |
| I2 CAPITAL SPA <i>Direct ownership</i> | 9,730,000 | 3.615% |
| RATIO ASSET MANAGEMENT LLP <i>For asset management</i> | 5,524,617 | 2.052% |
| SANTANDER INVESTMENT SERVICES SA <i>In its name on behalf of third parties</i> | 19,503,229 | 7.244% |

The Chairman stated that he was aware of a shareholders' agreement as per article 122 of Legislative Decree no. 58/98 whose object is shares of the company, and in more detail there exists a Shareholders' Pact (*Patto di Sindacato di blocco e di voto*) executed on 27 March and effective for three years from the execution date.

This pact has the objective of restricting the free disposal of the shares contributed to the pact, envisages restrictions on voting and encompasses a total of 73,887,148 ordinary shares equal to 27.40% of share capital at the date on which the pact was signed. The names of the shareholders who are members of this pact, and the percentage of capital which members have included in the pact as representing their membership, and which is restricted by the pact, are as follows:

| SHARES | NO. OF SHARES IN THE PACT | % OF SHARES HAVING VOTING RIGHTS |
|-------------------------|---------------------------|----------------------------------|
| Alerion Industries | 33,887,148 | 12.58% |
| Eurinvest | 20,000,000 | 7.42% |
| IC | 20,000,000 | 7.42% |
| TOTAL RESTRICTED SHARES | 73,887,148 | 27.40% |

The Chairman stated that he was not aware of any other shareholders' agreements as per article 122 of Legislative Decree no. 58/1998 whose object is the shares of the company;

- the company is not under the management and coordination of other companies;
- in compliance with the requirements of Consob Communication no. DAC/RM/96003558 of 18 April 1996, the fees of the auditing firm PricewaterhouseCoopers S.p.A. for the audit of the 2006 financial statements and consolidated financial statements and the procedures envisaged by article 155, paragraph 1, letter a) of Legislative Decree no. 58/1998, amount to Euro 103,000.00 (inclusive of the Istat adjustment and excluding expenses and value added tax) for 1,779 hours of work; these fees and hours comply with those stated at the time of their appointment by shareholders in the general meeting of 3 May 2006, to which must be added the fees for the audit of the IFRS reconciliation of the parent company amounting to Euro 18,000.00 (excluding value added tax).

Continuing, the Chairman:

- made a formal request to those attending today's meeting for anyone not having a legitimate right to vote pursuant to the prevailing provisions of law and the company's bylaws to come forward and state as such: nobody spoke;
- informed the meeting of the technical means by which the meeting would proceed and by which voting would be carried out before passing to a discussion of the matters on the agenda;
- noted that on registering on entering the meeting, each shareholder or proxy received an attendance form, or alternatively a series of forms if he represents other shareholders by proxy and has stated on behalf of these shareholders that he intends to cast an "alternative vote";
- kindly requested persons attending in person or by proxy not to leave the room, within the bounds of possibility, and if they must leave the meeting prior to the vote or the end of proceedings he requested them to hand the attendance form back to the persons in charge;
- pointed out that if a person returns to the meeting his attendance form will be returned and his attendance will be recorded again;
- noted that if a single proxy is issued with more than one form, and if on leaving the room he continues to hold forms not handed back to the persons in charge, or if he hands back only one or

some of these forms, he will automatically be considered by the procedure as having left and excluded from voting;

- informed the meeting that before each vote the shareholders attending will be noted and the personal details of any shareholders stating that they do not wish to take part in the vote will be taken down;
- stated that voting will take place on a show of hands; any shareholders voting against a motion or abstaining will be required to provide their names and the number of shares held personally or by proxy.

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The Chairman then passed to a discussion of the **first matter on the agenda**: Financial statements at 31 December 2006; Report of the Board of Directors; Reports of the Board of Statutory Auditors and Independent Auditors; resolutions thereon. Presentation of the consolidated financial statements at 31 December 2006.

The Chairman informed the meeting that he would proceed to read the financial statements at 31 December 2006, the consolidated financial statements, the Report of the Board of Directors and the Independent Auditors' Report, and that after this he would call upon the Chairman of the Board of Statutory Auditors to read the Report of the Board of Statutory Auditors.

Shareholder Mr. Chignoli spoke at this point, proposing not to go ahead with a complete reading of all of these documents, including in this request the Report of the Board of Statutory Auditors, as they had been handed to all those attending and had also been lodged pursuant to law, but instead to read the final part of the Report of the Board of Directors in which the Board's proposal is contained.

The Chairman:

- renewed his request for anyone not having a legitimate right to vote to state this;
- requested those attending not to leave the room before the end of the voting procedure;
- informed the meeting that there had been no changes in the people attending;
- proposed that a vote on the proposal made by the shareholder Chignoli be held by a show of hands.

The proposal was approved unanimously.

The Chairman then proceeded to read the final part of the Report of the Board of Directors containing the Board's proposal as written below.

He informed the meeting that the Independent Auditors had issued an unqualified opinion on the company's financial statements at 31 December 2006 and on the consolidated financial statements, as may be found in their report dated 11 April 2007.

At this stage the Chairman opened the discussion on the matter, reminding anyone wishing to speak to book this request and provide their name.

Shareholder Laudi noted how the company's results were by now consolidated as the increase of 6% in net revenues and the rises in gross profit and EBIT show. The figure for net debt is equally positive, falling as it has done by 127 million euros. As a result the financial statements are an indication of management's intense commitment and of the efforts made to relaunch Reno De Medici, efforts which the market, in its turn, is showing that it appreciates.

To close, he asked how operations were proceeding during the first part of 2007, announcing his vote in favour as a sign of his esteem for what has been done.

Shareholder Caradonna, clarifying that he was intervening in the double role of journalist and shareholder, noted that just a few years ago there were many people who believed that the company would not survive, whereas its restructuring had now been completed. Continuing, he pointed out that its growth, including in this its growth in the year, has depended to a large extent on the rise of consumption in Europe and asked whether there was any foundation to the impression that there is a generalised pick-up in the European economy.

Summing up, he noted that there is one factor remaining that could slow down the growth of the company, though, and that is the high cost of energy, calling for the Chairman's comments on this matter.

Shareholder Rodinò announced that he would be voting in favour, motivating his decision by the fine results that the restructuring is providing at the present time. He asked what the forecasts are for Reno De Medici and the market in general in the near future.

Shareholder Reale stressed that the company has succeeded in carrying out the sale of non-strategic investments and in repaying the outstanding bond during the restructuring process, results which he believes should be highly appreciated. What remains now are the company's typical activities where increases in costs may be seen and in particular those relating to energy and raw materials. He asked what the expectations of the Board of Directors were on this matter.

At this point, since nobody else requested to speak, the Chairman proceeded to provide the following replies.

The 2006 financial statements, he stressed, are statements that represent the completion of the restructuring and the company's relaunch, and contain results that give the lie to certain pessimistic forecasts that some people were making three years ago. The entire management and everyone

working in the Group has made a considerable effort to this end. Debt has been brought down to natural levels and industrial operations have taken off again.

The Chairman stated, therefore, that he wished to express his personal thanks to all those people who have contributed to the company's recovery and in particular to the employees, who have been able to ensure that production was more efficient than that of many of the company's competitors. Its business is, moreover, complex from a technical standpoint, something which yet again demonstrates the high level of the staff employed.

Continuing, the Chairman expressed his own personal particular satisfaction at having been able to contribute to a restoration that has also led to the safeguarding of an Italian industrial asset: without this, there would have inevitably been a break-up sale of the various parts of that asset, which incidentally consists of factories with a highly envied efficiency.

The financial restructuring process, the Chairman continued, included carrying out a partial and proportional demerger into the recipient company RDM Realty S.p.A., a transaction which turned out to be a success as the results achieved by that company show. The target of reducing debt below 130 million euros was reached, being the consequence of a rescheduling of the company's existing funding without having to issue any new bonds. The decision was taken instead to employ traditional financing channels such as long-term mortgage loans, and the Group's credit rating today demonstrates the considerable improvement that has taken place in the space of just a few years.

Turning to comments of a more general nature, the Chairman noted that Italy is in actual fact involved in a general pick-up in the economy, a recovery from which Reno De Medici can benefit in advance to a certain extent by producing the packaging that businesses order on the basis of forecasts they make of growth in the expected demand for their products. Orders have in actual fact doubled and the possibility is beginning to emerge of being able to transfer increases in the cost of raw materials onto the customer.

The question of energy costs remains, however, as these have reached quite high levels in Italy. He stressed that this is due to a situation in which there is virtually a monopoly, something which places the Italian operator at a disadvantage compared to his counterpart in Germany for example. Our German competitors, he recalled, pay approximately 5.4 Euro cents for each kilowatt hour of electricity, while we pay approximately 9 Euro cents for this in Italy: if Reno De Medici produced in Germany it would save around 5 million euros a year. In addition the situation regarding natural gas is virtually the same; for example we pay 6 to 8 Euro cents per cubic metre more in Italy than businesses in France do.

Faced with such penalising costs in Italy Reno De Medici has only been able to react by using the skills of its managers, who have been careful to seek out every way in which savings may be made, such as for example by making an efficient selection of raw materials.

As for future prospects, the Chairman stressed that if market conditions do not change the second half of 2007 should be in a position to guarantee a significant improvement from a profitability standpoint, if the level of orders being taken in the first half of the year continues.

At this point, as nobody else requested to speak, the Chairman:

- declared the discussion closed;
- noted that there had been no changes in the people attending;
- proposed that a vote be held on a show of hands (at 11.15) on the proposal made by the Board of Directors to approve the financial statements at 31 December 2006, the Report of the Board of Directors and the cover of the loss for the year, a proposal which was read out earlier and which is stated below, subject to a renewed request to shareholders to come forward and state if there is any reason why their vote is not legitimate and a renewed invitation for people not to leave the room until the voting procedure is completed:

“Shareholders,

We invite you to approve the financial statements at 31 December 2006 and in particular:

- *the Report of the Board of Directors;*
- *the balance sheet, the profit and loss account and the notes, with the respective attachments, of the financial statements of Reno De Medici S.p.A. as presented by the Board of Directors, in their entirety and as separate items;*
- *the cover of the loss for the year of Euro 15,336,833, through the use of the following reserves:*
 - *the extraordinary reserve of Euro 424,664,24;*
 - *the nominal value rounding reserve of Euro 899,990,70;*
 - *the IFRS reserve of 13,049,420,23;*

carrying forward the remaining loss of Euro 962,757,83.”

The motion was approved unanimously.

The Chairman declared the result.

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The Chairman then passed to a discussion of the **second matter on the agenda**: “*Appointment of the Board of Directors following approval of the number of board members, their term of office and their emoluments.*”

He read the Report of the Board of Directors regarding their proposal for appointment to the Board as stated below:

“*Shareholders,*

The 2004-2006 three year term of office of the Board of Directors expires on the approval of the financial statements at 31 December 2006.

We remind you that pursuant to its bylaws the company is managed by a Board of Directors consisting of from 7 to 15 members who are appointed for a term of up to three years.

The procedures by which the Board of Directors is appointed are those stated in article 12 of the bylaws.”

The shareholder Alerion Industries S.p.A., represented by Mr. Caporale, intervened at this stage, proposing the following:

- that the Board of Directors should consist of nine members;
- that the term of the Board of Directors should be three fiscal years;
- that the following people should be appointed to the Board of Directors:
 - Giuseppe Garofano
 - Bruno Pavesi
 - Carlo Peretti
 - Emanuele Rossini
 - Ignazio Capuano
 - Riccardo Ciardullo
 - Giancarlo De Min
 - Vincenzo Nicastro
 - Francesco Zofrea
- that the emoluments for the Board of Directors be established in Euro 90,000 per year, save the option envisaged at the third paragraph of article 2389 of the civil code.

At this point, as nobody else requested to speak, the Chairman:

- declared the discussion closed;
- renewed his request for anyone not having a legitimate right to vote to state this;
- noted that there had been no changes in the people attending;

- proposed that a vote be held on a show of hands (at 11.25) on the proposal made by the shareholder Alerion Industries S.p.A..

The motion was approved unanimously.

The Chairman declared the result.

Declaring the proceedings closed at 11.26, the Chairman passed to a discussion of the matters on the agenda of the extraordinary part of the meeting which will form part of a separate minute.

The Chairman

The Secretary