

DIRECTORS' REPORT ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS

(17TH APRIL 2014 SINGLE CALL)

Report on item 5 on the agenda and the relative resolution submitted

Proposal to approve the 2014-2018 Stock Option Plan; relative and consequent resolutions.

To Our Shareholders,

In compliance with article 114 *bis* of Legislative Decree No. 58/1998 (consolidated law on financial intermediation) and article 84 *bis* of the Issuers' Regulations issued by the Consob with resolution No. 11971 of 14th May 1999 and subsequent amendments (hereinafter the "Issuer's Regulations"), information is provided here on the new incentive scheme based on the grant to employees of Recordati S.p.A. and other companies either directly or indirectly controlled by it (hereinafter the "Beneficiaries") of options (hereinafter the "Options") to purchase ordinary shares of Recordati S.p.A. (hereinafter the "Company"), entitled the "2014-2018 Stock Option Plan" (hereinafter the "Plan"), which will be submitted to an ordinary meeting of the shareholders of the Company on 17th April 2014 in a single call, following a proposal formulated by the Board of Directors with a resolution of 6th March 2014, with account taken of the proposal of the Remuneration Committee in meetings held on 11th February 2014 and on 6th March 2014.

The reasons underlying the proposal to approve the Plan, in short, consist of the objective to continue to employ, following the expiry of the 2010-2013 Stock Option Plan, approved by a Shareholders' Meeting held on 13th April 2010, an instrument to reinforce the loyalty of management and to allow them to share in the profits of the Recordati Group, while maintaining appropriate continuity with previous stock option plans adopted by the Company. The objectives that the Company wishes to achieve with the adoption of the new Stock Option Plan are also compatible with the 2014 Remuneration Policy submitted to a consultative vote of the Shareholders on 17th April 2014.

The aforementioned reasons, together with the basic characteristics of the plan and in particular, by way of example, the beneficiaries of the plan, the procedures and clauses for the implementation plan, the methods of determining prices and so forth, are described below in detail in the information document attached to this report, drawn up in accordance with Art. 84-*bis*, of the Issuers' Regulations in compliance with the provisions contained in schedule No. 7 of attachment 3A of those regulations.

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In the light of the information we have provided, we propose that you approve the following resolutions:

"The Ordinary General Meeting of the Shareholders of RECORDATI S.p.A.,

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

resolves

- to approve the creation of a new Stock Option Plan entitled the “2014-2018 Stock Option Plan”, with the characteristics, conditions and assumptions for implementation set out in the Board of Directors Report, designed to incentivise and strengthen the loyalty of the senior managers of Recordati S.p.A. and of companies either directly or indirectly controlled by it, and also of employees who, although not being members of senior management, nevertheless occupy particularly important positions;
- to grant the Board of Directors, with the authorisation to sub-delegate, all necessary or advisable powers to implement the 2014-2018 Stock Option Plan and in particular, by way of example but not limited to these, all powers to select the Beneficiaries and to decide the number of the Options to be granted to each of them, to then grant the Options to the Beneficiaries and to perform all actions, formalities and communications that may be necessary or opportune for the purposes of managing and/or implementing the plan.

Milan, 6th March 2014

on behalf of the Board of Directors

Chairman and Chief Executive Officer

Ing. Giovanni Recordati

INFORMATION DOCUMENT ON THE 2014-2018 STOCK OPTION PLAN FOR THE SUBSCRIPTION OF RECORDATI S.P.A. SHARES

(Drawn up in accordance with Art. 84-bis of the Issuers' Regulations adopted by the Consob con Resolution No. 11971 of 14th May 1999 and subsequent amendments and additions)

Definitions

For the purposes of this information document, the terms listed below will have the following meanings attributed to them:

"Shares" are defined as the ordinary shares of the Company, with a nominal value of €0.125 each;

"Shareholders' Meeting" is defined as a general meeting of the shareholders of Recordati S.p.A.;

"Board of Directors" or **"Board"** refers to the Board of Directors of Recordati S.p.A.;

"Grant date" is defined as the date on which the Board of Directors approved the grant of the options on the basis of the Plan;

"Beneficiary/ies" is defined as the beneficiary/ies of the Plan identified by the Plan itself;

"Recordati Group" is defined as Recordati S.p.A. and its subsidiaries and associate companies;

"Options" is defined as the financial instruments of the Plan, which will grant the right of the Beneficiaries to purchase an equal number of Shares;

"Plan" is defined as the 2014-2018 incentive scheme based on stock options reserved to employees of the companies belonging to the Recordati Group and submitted to the approval of the Shareholders' Meeting of 17th April 2014;

"Issuers' Regulations" is defined as the Regulations issued by the Consob with Resolution No. 11971 of 1999 (as subsequently amended) concerning issuers.

"Company" or **"Issuer"** refers to Recordati S.p.A..

1. The beneficiaries

1.1 The names of the beneficiaries who are members of the Board of Directors or the Management Board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.

1.2 The categories of employees or collaborators of the issuer and of the companies controlling or controlled by this issuer.

The Options maybe granted by the Board of Directors to senior managers of the Company or of companies either directly or indirectly controlled and to employees who, although not being members of senior management, nevertheless occupy particularly important positions and contribute significantly to the achievement of Group results. The Options insofar as they are destined to employees of the Company may also be granted to the Executive Directors of the Company and therefore to the Directors *Ing. Giovanni Recordati, Dr. Alberto Recordati* (Vice Chairman), *Dr. Andrea Recordati* and *Dr. Fritz Squindo*, who are also employees of the Company. Similarly, Options may be granted to other senior managers of the Company, also identified as other key management personnel by the Board of Directors and/or who hold directorships in companies controlled by the Company.

The Plan therefore qualifies as a plan “of particular significance” according to Art. 114 *bis*, paragraph 3 of Legislative Decree No. 58/1998 and Art. 84 *bis* paragraph 2 of the Issuers’ Regulations, because the beneficiaries of the Plan include directors of the Company with executive powers and also other senior managers classified as key management personnel.

1.3 The names of the persons who benefit from the plan belonging to the following groups:

a) general managers of the issuer of financial instruments;

Beneficiaries to whom the Board may grant Options also include the Chairman and Chief Executive Officer *Ing.* Giovanni Recordati and *Dr.* Fritz Squindo, an Executive Director who also holds the position of General Manager for the Co-Ordination of Operations.

b) other key management personnel of the issuer of financial instruments which is not of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, where they have received total remuneration during the financial year (obtained by summing cash remuneration and remuneration based on financial instruments) that is higher than the total highest remuneration paid to members of the Board of Directors, or to the Management Board and to the General Managers of the issuer of financial instruments;

Not applicable.

c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.

Not applicable.

1.4 Description and number, by category:

a) of key management personnel other than those indicated in letter b) of paragraph 1.3;

Beneficiaries of the Plan may include other members of the key management personnel of Recordati S.p.A. or of its subsidiaries identified by the Board of Directors. On the date of publishing this Information Document, the Board of Directors has identified two other members of Recordati S.p.A. key management personnel and no other members of the key management personnel of subsidiaries.

b) for companies of “small dimensions”, pursuant to article 3, paragraph 1, letter f) of Regulation No. 17221 of 12th March 2010, information by total for all key management personnel of the issuer of financial instruments;

Not applicable.

c) any other categories of employees or collaborators subject to different treatment under the plan (for example, senior managers, middle managers, clerical workers etc.).

Not applicable.

2. The reasons for the adoption of the plan

2.1 The objectives to be achieved through the awarding of the plans.

The reasons underlying the proposal to adopt the Plan consist of the benefits which, generally, issuing companies may acquire from share-based remuneration schemes and from stock option plans in particular.

Stock option plans constitute a tool whereby management may share in the profits of the issuer. They allow a company to align the remuneration of managers with company performance, with the consequent alignment of the interests of the managers with those of the company and therefore with those of the shareholders.

Furthermore, stock option plans play an important role in attracting high level personnel and making them loyal. It attracts them because the grant of stock options implicitly contain a significant power to reward and because stock options allow managers to potentially obtain higher monetary remuneration. It strengthens loyalty because by establishing a “vesting period”, during which the beneficiary of the plan must provide the Company with his or her services in order to acquire the right to exercise the options, it acts as a retention mechanism. Finally, a well structured stock option plan instils attitudes and conduct in managers designed to produce innovation rather than to exploit competitive advantages already acquired, with the consequent potential creation of value for the issuing company.

The objectives that the Company wishes to achieve with the adoption of the Stock Option Plan are also compatible with the 2014 Remuneration Policy submitted to a consultative vote of the Shareholders on 17th April 2014.

The number of Options to be granted to each of the Beneficiaries shall be decided by the Board of Directors, based on the proposal of the Remuneration Committee and the Plan involves no predetermined relationship between the number of Options granted to individual Beneficiaries and the total remuneration these receive.

The Plan covers a four-year time horizon (2014/2015/2016/2017 which expires on the date of the approval of the 2017 Annual Report) and has a graduated vesting period, with Options vesting in four tranches, as better illustrated in section 4. The Options that may be granted shall expire at the end of the eighth year following that in which the Board granted the Options on the basis of the Plan. It is considered that these vesting periods and the expiry dates are appropriate to achieving the management incentivising and loyalty objectives of the Plan.

2.2 The key variables, also in the form of performance indicators, considered for the inclusion in schemes based on financial instruments.

The exercise of the Options which may be granted and of each tranche of Options in particular is subject for all the Beneficiaries to achieving determined consolidated net income objectives set by the Board of Directors, as explained in detail in section 4. The mere grant of Options on the basis of the Plan is not tied to the achievement of determined performance objectives, since they are rather linked to the position occupied by the Beneficiary.

2.3 The factors underlying the determination of the extent of the remuneration based on financial instruments, or the criteria used to determine it.

The number of Options that may be granted to Beneficiaries is related to the organisational structure of the Company and it is determined on the basis of the importance of the positions occupied in the organisation by the managers concerned.

In order to define the importance of the positions occupied in the organisation by the managers concerned, reference is made to remuneration surveys conducted by major consulting firms and to the “gradings” formulated by them to photograph the organisational structure. The term “grading” relates to a system for classifying positions in an organisation in relation to the responsibility assigned to each role and to the size and complexity of the organisation in which it is set.

Furthermore, modifications have been introduced to the Plan compared to previous stock option plans adopted by the Company, designed mainly to improve administration and operational flexibility of the plans.

In particular the most substantial modifications are as follows:

- the Plan expires on the date of the approval of the 2017 Annual Report in order to proceed without interruption with regard to a possible subsequent Plan to be submitted to a Shareholders’ Meeting for approval;
- under the Plan proposed, the exercise of single tranches of Options is subject, for all Beneficiaries, to the condition that the net income resulting from the consolidated financial statements of the Group for each financial year prior to the vesting date for single tranches of the Options is not less than the amount set by the Board when the Options were granted or subsequent to the grant, with reference to the net income targeted in the annual budget approved by the Company in relation to each of the years considered. Previous plans made reference to the net income target set in the multi-year plans approved by the Company for each of the years considered, allowing the possibility for the Board to adjust the result, when annual budgets are approved, on the basis of changes made to company business plans. It is considered preferable to make direct reference to the annual budget figure approved by the Board of Directors;
- in the event of the termination of an employment contract due to the retirement of a Beneficiary, the latter may, unless decided otherwise by the Remuneration Committee or by the Board, exercise those Options already vested, but not yet exercised on the date of the termination of the employment contract, until the expiry date. Previous plans did not allow that possibility in the event of retirement;
- in the event of the termination of an employment contract for reasons other than the death, or permanent invalidity, or retirement of the Beneficiary, the Board or the Remuneration Committee may decide, at its sole discretion, that the Options granted to the Beneficiary in question may be exercised immediately, if it considers that particular circumstances exist which make it appropriate, in the case in question, to make this decision.

2.4 The reasons behind any decision to award remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or controlling companies or by third party companies with respect to its group; if the aforesaid instruments are not traded on regulated markets, information on the criteria used to determine the value attributable to them.

Not applicable.

2.5 Assessment of the significant tax and accounting implications that influenced the formulation of the plans.

There were no significant tax and accounting implications that influenced the proposal to adopt the Plan.

2.6 Any support for the plan from the special fund for the encouragement of worker participation in firms, referred to in Article 4, paragraph 112, of the Italian Law No. 350 of 24th December 2003

The Plan receives no support from the special fund for the encouragement of worker participation in firms, pursuant to article 4, paragraph 112, of Italian Law No. 350 of 24th December 2003.

3. Approval procedures and time scales for the grant of the instruments

3.1 Scope of the powers and functions assigned to the shareholders' meeting and the board of directors for the implementation of the plan.

3.2 Details of the persons appointed to administer the plan and their function and responsibilities

The adoption of the Plan shall be subject, pursuant to Art. 114 *bis* of Legislative Decree No. 58/98, to approval by the Ordinary Shareholders' Meeting to be held on 17th April 2014 in a single call.

The proposal submitted to the Shareholders' Meeting is to delegate implementation and administration of the Plan to the Board of Directors of the Company, with the power to sub-delegate, granting them, by way of example, all necessary or advisable powers to implement the 2014-2018 Stock Option Plan and in particular, merely by way of example but not limited to these, all powers to select the Beneficiaries and to decide the number of the Options to be granted to each of them, to then grant the Options to the Beneficiaries and to perform all actions, formalities and communications that may be necessary or opportune for the purposes of managing and/or implementing the plan.

The Board shall consult with the Remuneration Committee, appointed by the Board itself from among its members.

3.3 Any existing procedures for the revision of the plans, also with respect to changes in the key objectives.

Any substantial changes to the Plan which should become necessary shall be submitted to a Shareholders' Meeting by the Board of Directors.

Under the Plan, the consolidated net income objective (which constitutes a condition for exercising each tranche of the Options) is set by the Board when the Options are granted or subsequent to the grant, with reference to the net income targeted in the consolidated annual budget approved by the Company in relation to each of the years considered. In the event of subsequent amendments made by the Board to the consolidated, annual budget, net income figure, the Board shall amend the corresponding consolidated net income objective which constitutes the condition for exercising each tranche of the Options.

3.4 Description of the methods used to determine the availability and the grant of the financial instruments that the schemes are based on (for example: the grant of shares free of

charge, share issues with the exclusion of pre-emptive rights, and the sale and purchase of treasury shares).

The Plan provides for the grant of Options for the purchase of the ordinary shares of the company, either purchased on the market and/or already held in portfolio (treasury stock) on the basis of an authorisation granted by a Shareholders' Meeting pursuant to Art. 2357 of the Italian Civil Code and Art. 144-*bis* of the Issuers' Regulations. Each Option grants the right to purchase one ordinary share of the Company.

3.5 The role performed by each director in determining the features of the above mentioned plans and the occurrence of any situations of conflicts of interest for the directors involved.

The principal characteristics and the guidelines of the proposed Plan have been drawn up by the Remuneration Committee which, with the assistance of Company functions (Group Human Resources Department, Finance Department, Group Corporate and Legal Affairs Department) has examined and developed the matter in meetings held on 11th February 2014 and 6th March 2014. The Committee then submitted the Plan to the Board of Directors of the Company for collegial approval, which decided to submit the proposal to adopt it to a Shareholders' Meeting with the abstention of four Executive Directors who may be Beneficiaries of the Plan when Options are granted in the future.

3.6 For the purposes of the requirements of article 84-*bis*, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the shareholders' meeting and the proposal by the remuneration committee, if present.

The Board of Directors resolved to submit the proposal to approve the Plan to the Shareholders' Meeting held on 6th March 2014, on the basis of a proposal made by the Remuneration Committee which met on 11th February 2014 and 6th March 2014.

3.7 For the purposes of the requirements of Article 84-*bis*, paragraph 5, letter a) the date of the decision made by the body responsible for the grant of the instruments and any proposal to the aforementioned body made by the remuneration committee, if present.

This information shall be provided in accordance with Art. 84-*bis*, paragraph 5, letter a) of the Issuers' Regulations, at the time when the Board makes decisions to grant Options in implementation of the Plan.

3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the plans are based, if traded on regulated markets.

The market price of the Shares (official price) on 11th February 2014 and 6th March 2014 (see previous point 3.6) was € 11.706 and € 12.629 respectively.

3.9 For plans based on financial instruments traded on regulated markets, what are the terms and procedures adopted by the issuer in determining the timing of the grant of the financial instruments to take account of coincidences in the timing of:

i) the aforementioned grant or any related decisions taken by the remuneration committee, and

- ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:
- a. not already public and capable of positively influencing the market prices, or
 - b. already published and capable of negatively influencing the market prices.

As concerns the timing of the grant of Options, the Plan makes reference to the date of the resolution with which the Board, in addition to granting the Options to those selected as Beneficiaries, also sets the exercise price for the Options, on the basis of the arithmetic average of the prices of the ordinary shares of the Company recorded on the market in the period between the grant date of the Options and the same day of the previous calendar month. This criterion for setting the exercise price for the Options attenuates the effects of any sudden appreciations or depreciations in the quoted price of the shares of the Company.

4. The characteristics of the instruments granted

4.1 Details of the structure of the remuneration schemes based on financial instruments. For example, specify whether the plan is based on the grant of: financial instruments (grant of restricted stock); increase in the value of these instruments (phantom stock); options to subsequently buy the financial instruments (option grants) with settlement by physical delivery (stock options) or in cash on the basis of a differential (stock appreciation rights).

As already mentioned, the Plan proposed is based on the grant of stock options, i.e. option rights for the subsequent purchase of the ordinary shares of the Company with settlement by physical delivery in the amount of one share per Option.

4.2 Specification of the scheme's effective period of implementation, also with reference to the various cycles established.

4.3 The end date of the Plan.

The Plan lasts four years, for the financial years 2014, 2015, 2016 and 2017, and runs from the approval date of the Plan and it ends with the approval of the 2017 Annual Report.

On the basis of the Plan, in the period just mentioned more than one Option grant may be performed at any time during the year, which vest in tranches and may be exercised before determined expiry dates are reached. More specifically, as explained in more detail in section 4.5, the vesting of the Options granted to Beneficiaries shall occur in four successive tranches, the first of which, amounting to 25% of the Options granted, shall vest – if the consolidated net income condition reported in section 4.5 is met – thirty days following the approval by shareholders of the Annual Report of the Company for the year following that in which the Board of Directors granted the Options, while the maturity of the subsequent tranche shall be subject to similar expiration terms.

The Options granted on the basis of the Plan expire at the end of the eighth year following that in which the Board granted the Options.

4.4 The maximum number of financial instruments, including those in the form of options, granted in each tax year in relation to the persons identified by name or the categories stated.

The Plan does not set a maximum number of options to be granted to the Beneficiaries for each year of the validity of the Plan.

4.5 The procedures and clauses for the implementation of the plan, specifying whether the actual grant of the instruments is subject to meeting certain conditions or the achievement of particular results, including performance related; and description of these conditions and results.

As concerns the vesting and exercise of the options, the Plan proposed provides for the following: 25% of the Options granted to a Beneficiary (the "First Tranche") vest and become exercisable after thirty days have passed since the approval by Shareholders' Meeting of the Annual Report of the Company for the year following that in which the Board of Directors granted the Options (the "First Vesting Date").

A further 25% of the Options granted to a Beneficiary participating in the Plan (the "Second Tranche") vest and become exercisable after thirty days have passed since the approval by Shareholders' Meeting of the Annual Report of the Company for the second year following that in which the Board of Directors granted the Options (the "Second Vesting Date").

A further 25% of the Options granted to a Beneficiary participating in the Plan (the "Third Tranche") vest and become exercisable after thirty days have passed since the approval by Shareholders' Meeting of the Annual Report of the Company for the third year following that in which the Board of Directors granted the Options (the "Third Vesting Date").

The remaining 25% of the Options granted to a Beneficiary participating in the Plan (the "Fourth Tranche") vest and become exercisable after thirty days have passed since the approval by Shareholders' Meeting of the Annual Report of the Company for the fourth year following that in which the Board of Directors granted the Options (the "Fourth Vesting Date"). Once the respective vesting date has been reached, each of the tranches just described may be exercised by the Beneficiary participating in the Plan, even together with other tranches which may have already vested and have not yet been exercised at any time during the financial year, without prejudice to the expiry dates indicated in sections 4.2, 4.3 and 4.17.

Independently of when they are exercised, the Options may only be exercised, in relation to each Tranche, for the whole of the shares of which the Tranche is composed. In the event of failure to exercise an entire tranche in the proper manner, inclusive of failure to make payment of the entire exercise price for it, the exercise shall be considered as not having taken place with regard to the whole of that same tranche.

As already mentioned in the preceding sections, under the conditions of the Plan proposed, the exercise of single tranches of Options is subject, for all Beneficiaries, to the condition that the net income resulting from the consolidated financial statements of the Group for each financial year prior to the vesting date for single tranches of the Options is not less than the amount set by the Board when Options were granted or subsequent to the grant, with reference to the consolidated net income targeted by the annual budget approved by the Company in relation to each of the years considered.

The shares purchased by a Beneficiary following the exercise of one or more tranches on the basis of the Plan have normal dividend entitlement.

4.6 Details of any restrictions on the availability of the instruments deriving from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited.

Under the conditions of the Plan proposed, the options may not be transferred to third parties, nor may they be subject to other agreements concerning ownership. The Options may be exercised solely by the Beneficiary or by his or her legal representative, in the case of an

incapacitated person, or by the heirs in cases of death. No restrictions are placed by the Plan on shares resulting from the exercise of Options which may be granted, except for restrictions which may be placed on the ownership of financial instruments by law.

4.7 Description of any termination conditions for the grants under the plans if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments granted, including in the form of options, or the financial instruments resulting from the exercise of these options.

Not applicable.

4.8 Description of the effects generated by the termination of the employment relationship.

Under the conditions of the Plan, unless decided otherwise by the Board of Directors, or by the Chairman of the Remuneration Committee, the termination of the contract of employment of a Beneficiary participating in the Plan with the Company or, according to the case, with another Company in the Recordati Group (“Termination of Employment”) for any reason, shall automatically result in the exclusion of the Beneficiary from the Plan and the final and irrevocable loss of validity of the Options already granted on that date and not yet exercised and/or not exercisable, without prejudice to what has already been provided for in relation to Options that have already vested and in the event of the death of the Beneficiary and the possible retirement of the Beneficiary or in some other particular cases. If on the date of the Termination of Employment, a Beneficiary participating in the Plan holds options in relation to one or more tranches that have already vested, but which have not yet been exercised, that Beneficiary may exercise the Options in relation to those tranches that have already vested within 30 days of the date of the Termination of Employment, while those Options lose all validity if they are not exercised within that period. Nevertheless, if the Termination of the Employment Contract is due to the retirement of the Beneficiary, the latter may, unless decided otherwise by the Remuneration Committee or by the Board, exercise those Options already vested, but not yet exercised on the date of the Termination of the Employment Contract, until the Expiry Date of the Options.

Furthermore, in the case of the Termination of Employment due to death or permanent invalidity of a Beneficiary participating in the Plan, the Options already granted on the date of the Termination of Employment just mentioned shall become immediately exercisable by the heirs of the Beneficiary in the event of the death of the latter, or by the Beneficiary in person or his/her legal representative if incapacitated in the case of permanent invalidity, for a period of one year following the date of the Termination of Employment. After that period of one year has passed, the Options shall permanently and irrevocably lose their validity. If an Employment Contract is terminated for other reasons, the Board or the Remuneration Committee may decide, at its sole discretion, that the Options granted to the Beneficiary participating in the Plan in question may be exercised immediately, if it considers that particular circumstances exist which make it appropriate, in the case in question, to make this decision.

In all cases, the termination of the employment contract of a Beneficiary with the Company as a result of the transfer of the latter to another company in the Recordati Group, does not constitute a case of Termination of Employment as described here. However, it does constitute Termination of Employment in cases where a change of control occurs, in the sense of a transfer to third parties (i) of the subsidiary to which the Beneficiary belongs by the Company or (ii) of the company or the part of the company in which the Beneficiary works by the Company or one of its subsidiaries.

4.9 Details of any other reasons for the cancellation of the schemes.

No other causes for invalidating the Plan exist other than the provisions of the previous section 4.8 concerning the effects on the Plan of the termination of employment.

4.10 The reasons for the provision of a possible “redemption” by the company of the financial instruments involved in the plans, pursuant to Article 2357 and following of the Italian Civil Code; the beneficiaries of the redemption, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the aforementioned redemption.

Not applicable.

4.11 Any loans or concessions due to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code.

On written application of a Beneficiary, the Company may grant him/her a loan for the payment of the exercise price of the Options. The terms and conditions of the loan shall be specified in a special communication which shall be sent to the beneficiary where the loan application is accepted, while it is understood that: i) the loan shall be interest bearing at a rate to be set as the occasion arises by the Company on the basis of the Euribor two-month rate quoted at the time, plus a percentage to be decided by the Company, with account taken of prevailing financial market conditions; ii) the amount of the loan shall be repaid to the Company with interest by the 120th day following the date on which the shares were made available to the Beneficiary.

4.12 Details of the valuations of the expected cost for the company as at the date of the grant, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the plan.

The expected cost for the Company cannot be determined at present because it is related to the number of Options that will be granted on the respective grant dates and the relative exercise prices.

4.13 specification of any dilution effect on the capital generated by the remuneration schemes.

The Plan proposed shall be serviced with ordinary shares of the Company purchased on the market and/or already held in portfolio (treasury stock) and therefore it will involve no dilution effect.

4.14 Any limits established for the exercise of the voting rights and for the assignment of property rights.

Not applicable.

4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them.

Not applicable.

4.16 Number of financial instruments underlying each option.

As already mentioned in the preceding sections, each Option grants the right to purchase one ordinary share of the Company.

4.17 Expiration of the Options.

The Options that shall be granted on the basis of the Plan shall expire at the end of the eighth year following that in which the Board granted the Options on the basis of the Plan.

4.18 Exercise procedures (American/European), timescales (e.g. exercise periods) and clauses (e.g. knock-in and knock-out clauses).

See section 4.5.

4.19 The exercise price of the option or the methods and criteria for its determination, particularly with reference to:

a) the formula for the calculation of the exercise price in relation to a particular market price (fair market value) (for example: exercise price corresponding to 90%, 100% or 110% of the market price), and

b) the methods for the determination of the market price used as a reference for the determination of the exercise price (for example: last price on the day before the grant, average for the day, average of the last 30 days etc.).

The exercise price of each Option, which is the same for all the Beneficiaries of the Plan, corresponds to the fair market value and is the “normal value” of the Shares, i.e. the arithmetic average of the share prices quoted on the stock market in the period running from the grant date of the Options and the same date of the previous calendar month pursuant to Art. 9 paragraph 4, letter a) of the Consolidated Law on Financial Intermediation. The Board of Directors has the power to adjust the exercise price as just determined, in line with possible amendments to current tax legislation.

4.20 If the exercise price is not equal to the market price determined in the manner specified in item 4.19.b (fair market value), the reasons for this difference.

Not applicable.

4.21 The criteria for the establishment of different exercise prices between the various beneficiaries or the various categories of beneficiaries.

Not applicable.

4.22 If the financial instruments underlying the options are not traded on regulated markets, specification of the value attributable to the underlying instruments or the criteria used to determine their value.

Not applicable.

4.23 Criteria for the adjustments needed as a result of extraordinary transactions involving equity or other transactions entailing a change in the number of the underlying instruments (capital increases, extraordinary dividends, consolidation or splitting of the underlying shares, mergers and splits, conversions into other classes of shares, etc.).

Under the conditions of the Plan, in the presence of extraordinary transactions which affect the formal structure of the share capital of the Company, the number of shares underlying the Options granted under the Plan and the relative exercise price per share shall be considered to be automatically modified to reflect those changes. Beneficiaries shall be informed of those modifications by written communication.

TABLE No. 1 of outline 7 of Annex 3A of Regulation No. 11971/1999

NAME OR CATEGORY	POSITION	FRAME 2							
		Stock Options							
		SECTION ONE							
		Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions							
		Date of the shareholders' resolution	Description of instrument	Options held as at 31 st December 2013	Options exercised since beginning of the plan until 31 st December 2013 ****	Date of grant by BoD	Exercise price €	Market price of the underlying financial instruments on the grant date (official price) €	Exercise period (from to) ***
Giovanni Recordati	Chairman, CEO and General Manager *	06/04/2006	Options on Recordati S.p.A. shares with physical delivery	75,000	2006-2009 Plan: 225,000 2010-2013 Plan: 90,000	27/10/2009	4.87	5.1138	9.05.2013 - 31.12.2014 (3 rd tranche) 9.05.2014 - 31.12.2014 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	270,000		09/02/2011	6.7505	6.77	2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	360,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)
Alberto Recordati	Vice Chairman *	06/04/2006	Options on Recordati S.p.A. shares with physical delivery	112,500	2006-2009 Plan: 37,500 2010-2013 Plan: 0	27/10/2009	4.87	5.1138	9.05.2012 - 31.12.2014 (2 nd tranche) 9.05.2013 - 31.12.2014 (3 rd tranche) 9.05.2014 - 31.12.2013 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	180,000		09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1 st tranche) 2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	180,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)
Andrea Recordati	Director*	06/04/2006	Options on Recordati S.p.A. shares with physical delivery	25,000	2006-2009 Plan: 75,000 2010-2013 Plan: 0	27/10/2009	4.87	5.1138	9.05.2014 - 31.12.2014 (4 rd tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	130,000		09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1 st tranche) 2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	130,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)
Fritz Squindo	Director*	06/04/2006	Options on Recordati S.p.A. shares with physical delivery	150,000	2006-2009 Plan: 0	27/10/2009	4.87	5.1138	9.05.2011 - 31.12.2014 (1 st tranche) 9.05.2012 - 31.12.2014 (2 nd tranche)

				2010-2013 Plan: 0				9.05.2013 - 31.12.2014 (3 rd tranche) 9.05.2014 - 31.12.2014 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	180,000		09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1 st tranche) 2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	180,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)

* This person is a beneficiary of stock option plans not as a member of the Board of Directors of Recordati S.p.A., but as member of the key management personnel of the Company.

** Thirty days following the shareholders meeting held to approve the annual report of the previous year.

*** Tranches of options which have already vested and which have not yet been exercised subsequent to vesting may be exercised before and not later than the end of the fifth (2006-2009)/eighth (2010-2013 Plan) financial year following that in which the Board of Directors granted the options. Furthermore, each tranche consists of 25% of the options granted to the participant.

**** Options exercised and expired are excluded.

TABLE No. 1 of outline 7 of Annex 3A of Regulation No. 11971/1999

NAME OR CATEGORY	POSITION	FRAME 2							
		OPTIONS (option grant)							
		SECTION ONE							
		Options relating to currently valid plans, approved on the basis of previous shareholders' resolutions							
		Date of the shareholders' resolution	Description of instrument	Options held as at 31 st October 2013	Options exercised since beginning of the plan until 31 st October 2013***	Date of grant by BoD	Exercise price €	Market price of the underlying financial instruments on the grant date (official price) €	Exercise period (from to) *
N. 2 Key Management Personnel		06/04/2006	Options on Recordati S.p.A. shares with physical delivery	30,000	2006-2009 Plan: 90,000 2010-2013 Plan: 37,500	27/10/2009	4.87	5.1138	9.05.2014 - 31.12.2014 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	112,500		09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1 st tranche) 2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	270,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)

Other Senior managers	06/04/2006	Options on Recordati S.p.A. shares with physical delivery	790,000	2006-2009 Plan: 1,965,000 2010-2013 Plan: 645,000	27/10/2009	4.87	5.1138	9.05.2012 - 31.12.2014 (2 nd tranche) 9.05.2013 - 31.12.2014 (3 rd tranche) 9.05.2014 - 31.12.2014 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	2,077,500		09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1 st tranche) 2014** - 31.12.2019 (2 nd tranche) 2015** - 31.12.2019 (3 rd tranche) 2016** - 31.12.2019 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	3,060,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1 st tranche) 2015** - 31.12.2020 (2 nd tranche) 2016** - 31.12.2020 (3 rd tranche) 2017** - 31.12.2020 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	270,000		17/04/ 2013	7.16	7.35	2015** - 31.12.2021 (1 st tranche) 2016** - 31.12.2021 (2 nd tranche) 2017** - 31.12.2021 (3 rd tranche) 2018** - 31.12.2021 (4 th tranche)
	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	360,000		30/10/2013	8.93	9.4005	2015** - 31.12.2021 (1 st tranche) 2016** - 31.12.2021 (2 nd tranche) 2017** - 31.12.2021 (3 rd tranche) 2018** - 31.12.2021 (4 th tranche)
In favour of only employees of the America subsidiary								

* Tranches of options which have already vested and which have not yet been exercised subsequent to vesting may be exercised before and not later than the end of the fifth (2006-2009)/eighth (2010-2013 Plan) financial year following that in which the Board of Directors granted the options. Furthermore, each tranche consists of 25% of the options granted to the participant.

** Thirty days following the shareholders meeting held to approve the annual report of the previous year.

*** Options exercised and expired are excluded.