

RECORDATI S.p.A.

REPORT ON REMUNERATION

in accordance with articles 123 *ter* of the Consolidated Finance
Act and 84 *quater* of the Consob Issuers' Regulations

Approved by the Board of Directors
on 4th March 2015

Website: www.recordati.it

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Introduction

This report on remuneration (hereinafter the “Report”) has been prepared by Recordati S.p.A. (hereinafter “Recordati” or the “Company”) in compliance with Art. 123-*ter* of Legislative Decree No. 58 of 24th February 1998 (hereinafter the “Consolidated Finance Act”), with Art. 84-*quater* of the regulations issued by the Consob with Resolution No. 11971 of 1999, as subsequently amended (hereinafter the “Issuers’ Regulations”) and on a voluntary basis in accordance with Art. 6 (of the Corporate Governance Code for listed companies (hereinafter the “Corporate Governance Code”) to which Recordati adheres with regard to most of its provisions.

The Report is composed, in accordance with Art. 123-*ter* of the Consolidated Finance Act, of two sections.

Section one illustrates the remuneration policy pursued by the Company in 2015 (hereinafter the “Remuneration Policy”) for the following persons:

- i) Members of the Board of Directors of the company, distinguishing between executive and non-executive directors;
- ii) General Managers of the company;
- iii) Other key management personnel of Recordati or of its subsidiaries. The Regulations for Related Party Transactions approved by the Board of Directors of Recordati on 24th November 2010 (and further confirmed on 11th February 2014) in compliance with Consob regulations on related-party transactions approved with Resolution No. 17221 of 12th March 2010 and subsequent amendments (hereinafter the “Related Party Transaction Regulations”) defines key management personnel as those persons who have power over and responsibility, either directly or indirectly, for the planning, management and control of the activities of the Company, including the Directors (executive and non-executive) of the company itself, full members of the Board of Statutory Auditors, the General Managers, the manager appointed to prepare corporate accounting documents (the “Financial Reporting Officer”) and all those additional persons identified from time to time as such by the Board of Directors, and recommended by the Chief Executive of the Company. For the purposes of this Remuneration Policy, Members of the Board of Statutory Auditors are, however, excluded.

Section one of the Report also illustrates the procedures used to formulate and adopt the Remuneration Policy and the bodies and persons responsible for the proper implementation of that Policy.

The Remuneration Policy for 2015 was approved by the Board of Directors of the Company on 4th March 2015, on the basis of a recommendation made by the Remuneration Committee on that same date, which had also examined the subject in preceding meetings of said Committee. It may be updated by the Board of Directors on the basis of a recommendation by the Remuneration Committee, which is responsible for periodic assessment of its appropriateness, overall consistency and concrete application. Section one is therefore subject to a non binding vote by the Shareholders’ Meeting called to approve the 2014 Annual Report.

Section two of the Report provides information, with reference to the financial year 2014, on each of the items of which the remuneration of the persons indicated in points i) to iii) above are composed, including the members of the Board of Statutory Auditors. It also gives details in a special table of the remuneration paid to those persons for any

reason and in any form by the Company or its subsidiaries in 2014 and also remuneration not yet paid on the date of the approval of the Report, but relating to the financial year 2014. Data on stock options granted to those persons in implementation of stock option plans is also reported in another table pursuant to Art. 84 *bis* paragraph 5 of the Issuers' Regulations. Finally another table gives details of shares held in the Company or its subsidiaries by the above persons (and by persons related to them) pursuant to Art. 84-*quater* paragraph 4 of the Issuers' Regulations.

Finally the Remuneration Policy has been prepared, amongst other things, pursuant to and in accordance with the "Related Party Transactions Procedure", adopted by the Company.

SECTION I

2015 REMUNERATION POLICY

SECTION 1

2015 Remuneration Policy

Procedures used for the adoption and implementation of the Remuneration Policy: bodies and persons involved to formulate and approve the Remuneration Policy and the bodies and persons responsible for the proper implementation of that policy.

The Remuneration Policy is approved by the Board of Directors of the Company on the basis of a recommendation made by the Remuneration Committee, the composition, responsibilities and functioning of which are described in detail in the following sub-section.

After approval by the Board of Directors, the Remuneration Policy is subject to a non binding vote by the Shareholders' Meeting held to approve the annual report.

The Remuneration Committee has been supported by the Human Resources Department of the Group in the formulation of a proposal on the Remuneration Policy to be submitted to the Board.

While no specific intervention by independent experts occurred in the formulation of the Remuneration Policy, account was taken in its formulation of the salary policies pursued by other companies in the sector as constantly monitored by benchmarking salary surveys and by annual reports on executive remuneration and corporate governance such as the annual report developed by leading consultant firms. The Remuneration Policy may be updated if necessary or appropriate by the Board of Directors, on the basis of a recommendation by the Remuneration Committee, which is responsible for periodic assessment of its appropriateness, overall consistency and concrete application, as described in detail below.

The Board of Directors complies with the Remuneration Policy, which takes into consideration the conditions and practices for similar markets in defining the remuneration of: the Chairman and Chief Executive Officer, inclusive of the remuneration received as General Manager, the other Directors occupying specific positions, the non executive directors.

The Chairman and Chief Executive Officer refers to the Remuneration Policy in setting the remuneration of key management personnel, including those who also occupy the position of executive director.

Without prejudice to the responsibilities of the Remuneration Committee, the Board of Directors is responsible for the following: (i) deciding the remuneration of directors occupying specific positions pursuant to article 2389, paragraph 3 or the Italian Civil Code; (ii) the allocation of the total remuneration for directors set by shareholders, if they have not done so; (iii) the examination of stock option plans to be submitted for shareholder approval and deciding the grant of options in implementation of those plans.

Furthermore, the Board of Directors, supported by the Remuneration Committee, oversees the implementation of the remuneration policy.

The Remuneration Committee

As indicated above, a proposal to the Board of Directors on Remuneration Policy was formulated by the Remuneration Committee.

The Company created a Remuneration Committee in 2001, in compliance with corporate governance code recommendations. Furthermore, when the Related Party Transaction Procedure was approved, the Board assigned responsibility to the Remuneration

Committee for the formulation of an opinion (non binding or binding according to the case) on related-party transactions concerning the remuneration of the members of the management and supervisory bodies and key management personnel, without prejudice to the provisions of Art. 2.01 f) of the aforementioned Procedure.

The current committee was appointed by the Board on 17th April 2014 and is composed of Mario Garraffo, Chairman, *Dr.ssa* Rosalba Casiraghi and *Avv.* Michaela Castelli, all non executive, independent directors. The Chairman, *Dr.* Mario Garraffo, and *Dr.ssa* Rosalba Casiraghi have specific expertise on financial matters.

The functions currently assigned to the Committee are as follows:

- to formulate proposals to the Board on policies for the remuneration of directors, key management personnel and, where appropriate, other senior managers of the Recordati Group;
- to periodically assess the appropriateness, overall consistency and concrete implementation of the policy for the remuneration of directors, key management personnel and, where appropriate, other senior managers in the Recordati Group, making use with regard to the latter of information supplied by the CEO;
- to submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors who occupy specific positions and on the setting of performance objectives in relation to the variable component of that remuneration;
- to monitor the implementation of decisions made by the Board itself, verifying the actual achievement of the performance objectives;
- to perform the functions assigned by the Board of Directors in relation to the administration of plans for the grant to employees and/or Directors of the Company and its subsidiaries of shares of the Company or options on them ("Stock Options"), without prejudice to the general responsibility of the Board itself for the supervision also of this matter;
- to express an opinion, either binding or not binding, on related-party transactions of major importance and on related-party transactions of minor importance respectively, regarding remuneration, in compliance with the Related Party Transaction Procedure.

The proceedings of meetings of the Remuneration Committee are governed by the following rules (contained in the Committee's regulations approved by the Board of Directors):

1. Committee meetings are chaired by the chairman or, in the event of his absence or impediment, by the most senior member of the Committee in terms of length of service on the Board of Directors, or in the case of equal length of service, the most senior by age;
2. responsibility for preparing minutes of meetings lies with the chairman, who shall appoint a secretary from time to time, who may also not be a member of the Committee and who is called upon to minute the meeting;
3. the Committee meets having been convened by notice in writing which indicates the place, day and time and agenda of the meeting to be given by the chairman of the Committee (or in the event of his absence or impediment by the most senior member of the Committee in terms of length of service on the Board of Directors, or in the case of equal length of service, the most senior by age) at least two days prior to the date set for the meeting to be held either at the registered offices of the Company or elsewhere in Italy, as indicated in the notice to convene the meeting;
4. remote participation in meetings of the Committee is also admissible by means of appropriate audio-video, teleconference or telephone links, on condition that all participants can be identified and that they are able to speak and at the same time examine the agenda and the related documents and pass resolutions on them. In these

cases the meeting is considered as held in the place where the chairman and secretary are present;

5. the Committee is constituted and passes resolutions with the attendance and vote in favour respectively of the majority of the members in office;
6. the Chairman of the Board of Statutory Auditors or in the event of his absence or impediment another statutory auditor designated by him takes part in the proceedings of the Remuneration Committee in the capacity of a permanent guest. Other statutory auditors may in any case participate;
7. also the CEO and other corporate functions whose participation in meetings is necessary or appropriate in relation to the duties of the committee may be invited to participate from time to time on invitation of the committee and with reference to individual items on the agenda.

The Remuneration Committee has the right to access the corporate information and functions needed to perform its duties and also to make use of external consultants, under the terms and conditions laid down by the Board of Directors. The Committee has the right to ask for adequate funds to be made available to it to carry out its duties.

Objectives

The objectives pursued with the Remuneration Policy are to set remuneration which meets the following requirements:

- to be sufficient to attract, keep and motivate managers with the professional abilities required to successfully manage the organisational and operational complexity of the Company and the Group;
- to align their interests with the pursuit of the primary objective of creating wealth for shareholders over a medium to long-term time horizon;
- to leave a significant proportion of total remuneration linked to the achievement of specific performance objectives, both qualitative and quantitative, set in advance, consistent with the lines of development of the Company and the Group.

Principles and criteria

The underlying principles and governing criteria of the Remuneration Policy are as follows:

- to balance the fixed and variable components of remuneration appropriately in accordance with the strategic objectives of the Company and the Group;
- to provide a fixed component of overall remuneration that is sufficient and appropriate to remunerate services in the event that the variable component is not paid, because of the failure to achieve performance objectives;
- to set maximum limits to variable components, by linking them to qualitative and quantitative performance objectives, set in advance, that are measurable and linked to the creation of wealth for shareholders in both the short and long term;
- to encourage the fidelity and protection of key Group personnel with incentives to remain with the Group.

Components of remuneration

With regard to members of the Board of Directors, the total remuneration set for directors by shareholders is allocated among them by the Board of Directors on the basis of the following criteria: all directors are paid a basic fee, plus an extra amount for non executive directors in relation to their appointment to each committee, with a further extra amount for non executive directors who occupy the position of chairman on those committees.

Non executive directors receive no other remuneration except for that described above and they are not therefore recipients of the benefits of the stock option plans in force.

The Chairman and Chief Executive Officer and the Vice Chairman receive an additional fee set by the Board pursuant to Art. 2389, paragraph 3 of the Italian Civil Code, in addition to the basic fee paid to each director.

The executive directors of the company (Ing. Giovanni Recordati, Dr. Alberto Recordati and Dr. Andrea Recordati and Dr. Fritz Squindo) are also employees of the Company. Like other key management personnel, they therefore receive as part of their employee relationship a total fixed salary and, if the conditions are met, short term variable remuneration based on an MBO (Management by Objectives) scheme, along with a medium to long-term variable component of remuneration, based on stock option plans.

As part of the process of appointing key management personnel, these persons may be paid a recruitment bonus in order to attract particularly high quality human resources.

Further details are given below of the components of total remuneration for key management personnel (including the four executive directors).

- **Fixed remuneration**

The fixed component of remuneration, the gross annual salary, which is to say the contractually guaranteed annual remuneration is monitored for all top management positions by sector salary surveys and the amount is set, in order to meet the criteria of retention and adequate remuneration, in a competitive market level.

The percentage of the fixed component of remuneration as part of the overall remuneration varies from year to year depending on changes in the other components of remuneration: the amount of the short-term remuneration linked to the MBO scheme varies from year to year depending on the degree to which the company objective and individual objectives are achieved as described below. The amount of the medium to long-term variable remuneration resulting from the stock option plans is determined by the performance of the price of the Company's shares.

- **Short-term variable remuneration (MBO scheme)**

The variable component of salaries for key management personnel (including executive directors) is linked to the inclusion of these roles in a Management by Objectives (MBO) Incentive Scheme.

On the basis of this scheme, a bonus is paid on the achievement of annual results defined with the Company and measured according to parameters and weightings set in advance. Bonuses are payable for individuals in amounts proportionate to the achievement of the results for the year in question and with a maximum ceiling equal to 30% of gross annual salary (GAS) excluded as established below for the Chairman and CEO.

The MBO scheme involves the assignment of three individual objectives for each person, each of which is associated with a measurement indicator: this indicator represents the

reference parameter which, if reached, determines the percentage achievement of the objective to which it is related.

One objective (Group Operating Income Budgeted) is common to all key management personnel to which the self-financing principle of the MBO Scheme applies. According to that principle, no expenses are budgeted for the variable component of salaries, which is therefore only paid if the Group Objective for Operating Income is exceeded by at least an amount, based on actual results, equal to the variable remuneration to be paid to those persons.

The measurement indicator consists of a progressive scale, the lower end of which corresponds to 100% achievement of the objective and the upper end of which corresponds to 110% achievement of the objective, the ceiling for each objective.

A value is associated to the measurement indicator along a predetermined progressive scale for each percentage level of achievement of the objective between 100% and 110%.

Different progressive scales of the measurement indicator are possible depending on the objective; finally the measurement indicator is descriptive for qualitative objectives (not associated with quantitative measurement indicators, such as projects of particular importance to the Company).

Each objective is also assigned a percentage of importance (or weighting ratio, which represents the proportion of the objective out of a total of 100%).

The weighted average (according to the percentage weightings assigned) of the percentage achievement of the three objectives assigned gives the percentage achievement of the MBO objective of the person concerned.

The threshold to pass to receive a bonus consists of exceeding the weighted average of 100% (no bonus is paid on a weighted average of less than or equal to 100%), while for the maximum weighted average (110%) the maximum bonus of 30% of GAS is paid.

It is clear, with regard to the above, that by including the important Group operating income objective among the individual objectives of each individual concerned, Recordati's MBO scheme tends not to reward individual performance in itself so much, but rather individual performance in a context of operating results which will allow the bonus to be paid, in line with the principle of aligning management interests with shareholder interests with a view to pursuing the long term interests of the Company.

For the Chairman and Chief Executive Officer only, by virtue of his specific and particular role, the maximum bonus is 40% of GAS. This role is also assigned two "additional" objectives for which a supplementary fixed amount bonus is paid. These are "on/off" type objectives associated with the achievement of key objectives for the development of the Group (e.g. the conclusion of an acquisition or obtaining a product license).

The right to the receipt of a bonus is acquired when the Board of Directors approves the consolidated financial statements from which achievement of the Group Operating Income Objective set when the objective was decided is seen. The bonus is paid in the year in which the consolidated financial statements mentioned are approved. No reason can be seen, at present, to defer payment of the bonus with respect to the time when the right to receive it is acquired, (i) because of the amount, which is rather low in terms of a percentage of fixed income, (ii) because it forms part of a scheme which is already very challenging (see above for information on the self-financing nature of the MBO scheme) and (iii) because, with a view to continuity it lends itself to setting the same objectives each year; furthermore, the main objective for key management personnel, which is Budgeted Group Operating Income, is a target to which all the above persons contribute to achieving, without any single individual being able to influence that achievement exclusively. Finally, deferment of a part of variable remuneration is nevertheless guaranteed by the medium to long-term incentive scheme based on the grant of stock options, reported on below.

At present, no need can even be seen to insert criteria for determining conditions for the return of bonuses in contractual arrangements with executive directors, or those assigned particular duties, and with key management personnel, should it be discovered they were determined on the basis of data which was found subsequently to be manifestly inaccurate (i.e. "clawback" clauses).

This is because, in the absence of deferred payment of variable remuneration, and that is deferment that is not made for the reasons given above, the introduction of clawback clauses in the employment contracts of the senior managers in question would not only pose serious problems of interpretation and application, but would not provide an instrument for recovering the sums in question that is any more effective than the remedies available in existing law in the event of fraudulent conduct or gross negligence.

The objectives set for the head of the internal audit function and for the financial reporting officer are consistent with the duties assigned to them.

- **Medium to long-term variable remuneration**

The medium to long-term incentive scheme adopted by the Company is based on granting stock option rights. The Stock Option Plans adopted by the Company are available in the relative section of the Company website on the following page http://www.recordati.com/en/corporate_governance/remuneration/stock_option_plans/

As is typical of these types of incentive tools, the beneficiaries are granted the right to purchase a certain number of shares of the company at a set price (the exercise price), once a certain period of time has passed (the vesting period) and the condition for the achievement of the performance objective mentioned below has been satisfied. The right must be exercised before a specified expiration date (the end of the eighth year following that on which the options are granted).

The number of options granted to each beneficiary correlates with the importance of their position occupied in the organisation chart among the various senior management figures.

On the basis of the current Stock Option Plans, options are generally granted on a two yearly basis and according to the Plans, the exercise price is established on the basis of a fair market value calculation (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); the total options granted to each beneficiary are divided into four equal tranches with four different successive vesting periods: the first tranche can be exercised (if the other conditions set by plans are satisfied) in the second year following that on which the options were granted; the second, third and fourth tranches may be exercised in the third, fourth and fifth years respectively following that in which the options were granted.

It is felt that the "staggered" vesting period described above puts a strong limitation on the likelihood that the beneficiaries of Stock Option Plans will behave in a manner designed to increase the market value of shares in the short-term, at the expense of the creation of value over a medium to long-term time horizon.

An indispensable condition for the exercise of each tranche of options granted is the achievement of a performance objective which is based on the parameter of budgeted net consolidated income.

The existence of a performance clause in the Stock Option Plans also complies with the principle whereby the Remuneration Policy is consistent with the pursuit of the interests of the Company and its shareholders, which must coincide with the interests of the management.

The current Stock Option Plans do not require the beneficiaries to continue to hold a portion of the shares purchased following the exercise of stock options; this is because it is

considered that the structure of the stock option plans as described above, with a vesting period “staggered” over four financial years and expiration of the options in the eighth year following that on which they are granted, is sufficient to ensure that priority is given to the creation of wealth for shareholders over a medium to long-term time horizon.

- **Extra performance clause**

In compliance with the underlying principles of the Remuneration Policy and in line with the objectives to attract, motivate and retain key personnel, it is also possible to pay bonuses on a one-off basis, with a maximum ceiling of 100% of Gross Annual Salary for the services of key management personnel (including the executive directors) defined as “extra performance”, which is to say performance significantly higher than the base parameters set for the assignment of both short and medium to long-term variable remuneration.

Non monetary benefits

The Remuneration Policy does not contemplate particular non monetary benefits besides those defined as standard for senior management (e.g. company car).

End of contract indemnity

The Remuneration Policy does not provide for end of contract indemnities for non-executive directors nor does it normally do so for executive directors.

As concerns other key management personnel, if it is considered to be in the best interests of the Company, considering the importance of a senior manager’s position in the organisation of the company, agreements may be entered into which involve the payment of special indemnities, usually equal to a certain number of month’s or year’s salary, if an employment relationship is terminated by initiative of the Company for reasons other than “just cause”; reference is also made here to the prevailing market practices at the time. In consideration of those practices no linkage is generally made between these possible payments and the performance of the Company.

In all other cases, should an employment relationship terminate early for reasons other than just cause, key management personnel are paid an indemnity in accordance with the provisions of the law and of the national labour contract for the senior management of industrial companies and in some cases together with an additional amount calculated on a fair pay basis.

In the event of a director retiring from office and/or the termination of the employment relationship of an executive director or a general manager, on conclusion of the internal processes which lead to the grant or payment of indemnities and/or other benefits, the Company shall disclose detailed information on the matter by means of a press release to the market .

Additional insurance, social security and pension cover

No additional cover with respect to that which is compulsory by law or provided under labour contracts is provided by the company except for supplementary F.A.S.I. insurance to cover medical expenses and, for the Chairman and Chief Executive Officer, to provide a life insurance policy.

SECTION II

INFORMATION ON 2014 REMUNERATION

PART 1

1. DESCRIPTION OF REMUNERATION

Details are given of each of the items of which the remuneration is composed relating to 2014 for the following:

- (i) the Chairman, Chief Executive Officer and General Manager, *Ing.* Giovanni Recordati;
- (ii) other members of the Board of Directors ;
- (iii) members of the Board of Statutory Auditors;
- (iv) other key management personnel (this information is given on an aggregate basis);
- (v) directors who retired from office in 2014;
- (vi) the full Statutory Auditor who retired from office in 2014.

At the date of the approval of this Report, two key management personnel who are employees of the Company had been identified as other key management personnel, to which section one of this report relates. No changes occurred in 2014 in the number of key management personnel of the Company, nor of subsidiaries.

On the basis of a proposal submitted by the majority shareholder, the Shareholders' Meeting held on 17th April 2014 approved fixed remuneration for Directors (€480,000) and the Board of Statutory Auditors (€50,000 for the Chairman and €35,000 for each Statutory Auditor), unchanged compared with the amount approved for the officers previously in office.

(i) Chairman of the Board of Directors, Chief Executive Officer and General Manager

Giovanni Recordati (Chairman of the Board of Directors, Chief Executive Officer and General Manager): (i) "basic" remuneration as a director of Recordati S.p.A.; (ii) remuneration for occupying the special position as Chairman and Chief Executive Officer of the Company in accordance with article 2389, paragraph 3 of the Italian Civil Code; (iii) fixed remuneration as a senior manager of the Company; (iv) variable MBO remuneration relating to 2014; (v) benefits of a non monetary nature, included a life insurance policy.

In 2014, *Ing.* Giovanni Recordati exercised 165,000 option rights granted in implementation of the 2006-2009 Stock Option Plan and the 2010-2013 Stock Option Plan. On 29th July 2014, on the basis of a recommendation by the Remuneration Committee, the Board of Directors of the Company granted 360,000 option rights to *Ing.* Giovanni Recordati, under the 2014-2018 Stock Option Plan.

(ii) Other members of the Board of Directors

Alberto Recordati (Vice Chairman of the Board of Directors): (i) “basic” remuneration as a director of Recordati S.p.A.; (ii) remuneration for occupying the special position as Vice Chairman of the Company in accordance with article 2389, paragraph 3 of the Italian Civil Code; (iii) fixed remuneration as a senior manager of the Company; (iv) variable MBO remuneration relating to 2014.

In 2014 *Dr. Alberto Recordati* exercised 112,500 option rights granted in implementation of the 2006-2009 Stock Option Plan. On 29th July 2014, on the basis of a recommendation by the Remuneration Committee, the Board of Directors of the Company granted 180,000 option rights to *Dr. Alberto Recordati*, under the 2014-2018 Stock Option Plan.

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Andrea Recordati (Director): (i) “basic” remuneration as a director of Recordati S.p.A.; (ii) fixed remuneration as a senior manager of the Company; (iii) variable MBO remuneration relating to 2014.

In 2014, *Dr. Andrea Recordati* exercised 25,000 option rights granted in implementation of the 2006-2009 Stock Option Plan. On 29th July 2014, on the basis of a recommendation by the Remuneration Committee, the Board of Directors of the Company granted 180,000 option rights to *Dr. Andrea Recordati*, under the 2014-2018 Stock Option Plan.

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Rosalba Casiraghi (Director since 17.04.2014): (i) “basic” remuneration as a director of Recordati S.p.A. since 17.04.2014; (ii) remuneration as a member of the Remuneration Committee of the Company since 17.04.2014.

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Michaela Castelli (Director since 17.04.2014): (i) “basic” remuneration as a director of Recordati S.p.A. since 17.04.2014; (ii) remuneration as a member of the Remuneration Committee of the Company since 17.04.2014.

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Mario Garraffo (Director): (i) “basic” remuneration as a director of Recordati S.p.A.; (ii) remuneration as a member of the Audit and Risk Committee; (iii) remuneration as a member of the Remuneration Committee of the Company and as Chairman of that Committee since 17.04.2014.

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Paolo Fresia (Director since 17.04.2014): (i) “basic” remuneration as a director of Recordati S.p.A. since 17.04.2014.

*

Carlo Pedersoli (Director): (i) “basic” remuneration as a director of Recordati S.p.A.; (ii) remuneration as a member of the Audit and Risk Committee.

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Fritz Squindo (Director): (i) “basic” remuneration as a Director of Recordati S.p.A.; (ii) fixed remuneration as a senior manager of the Company; (iii) variable MBO remuneration relating to 2014; (iv) benefits of a non monetary nature. See also the provisions of sub-section 2.

In 2014, *Dr. Fritz Squindo* exercised 150,000 option rights granted in implementation of the 2006-2009 Stock Option Plan. On 29th July 2014, on the basis of a recommendation by the Remuneration Committee, the Board of Directors of the Company granted 180,000 option rights to *Dr. Fritz Squindo*, under the 2014-2018 Stock Option Plan.

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Marco Vitale (Director): (i) “basic” remuneration as a director of Recordati S.p.A.; (ii) remuneration as a member of the Audit and Risk Committee of the Company and as Chairman of that Committee; (iii) remuneration for advisory services provided to the Company (“other remuneration”).

(iii) Members of the Board of Statutory Auditors

Marco Nava (Chairman of the Board of Statutory Auditors): (i) remuneration for the position of Chairman of the Board of Statutory Auditors of Recordati S.p.A. set by a Shareholders’ Meeting when appointed; (ii) remuneration for the position of member of the Board of Statutory Auditors of subsidiaries of Recordati S.p.A..

Marco Rigotti (Statutory Auditor): remuneration for the position of Statutory Auditor of Recordati S.p.A. set by a Shareholders’ Meeting when appointed.

Livia Amidani Aliberti (Statutory Auditor since 17.04.2014): remuneration for the position of Statutory Auditor of Recordati S.p.A. since 17.04.2014 set by a Shareholders’ Meeting when appointed.

(iv) Other key management personnel

Two members of the key management personnel of the Company who are employees: (i) fixed remuneration as executives; (ii) variable MBO remuneration relating to 2014; (iii) other benefits of a non monetary nature. See also the provisions of sub-section 2.

In 2014, the aforementioned members of key management personnel exercised a total of 60,000 option rights granted in implementation of the 2006-2009 Stock Option Plan and the 2010-2013 Stock Option Plan. On 29th July 2014, on the basis of a recommendation by the Remuneration Committee, the Board of Directors of the Company granted 275,000 option rights to the aforementioned members of key management personnel, under the 2014-2018 Stock Option Plan.

(v) Directors who retired from office in 2014

Silvano Corbella (Director until 17.04.2014): (i) “basic” remuneration as a Director of Recordati S.p.A. until 17.04.2014; (ii) remuneration as a member of the Remuneration Committee of the Company and Chairman of that Committee until 17.04.2014. (iii) Remuneration as Chairman of the Supervisory Committee of the Company since 17.04.2014.

Germano Giuliani (Director until 17.04.2014): (i) “basic” remuneration as a Director of Recordati S.p.A. until 17.04.2014; (ii) remuneration as a member of the Remuneration Committee of the Company until 17.04.2014.

Umberto Mortari (Director until 17.04.2014): (i) “basic” remuneration as a Director of Recordati S.p.A. until 17.04.2014; (ii) remuneration as a member of the Remuneration Committee of the Company until 17.04.2014.

Walter Wenninger (Director until 17.04.2014): “basic” remuneration as a Director of Recordati S.p.A. until 17.04.2014.

(vi) Full Statutory Auditor who retired from office in 2014

Achille Severgnini (Statutory Auditor since 17.04.2014): remuneration for the position of Statutory Auditor of Recordati S.p.A. until 17.04.2014 set by a Shareholders’ Meeting when appointed.

* * *

The implementation of the remuneration policy in 2014, in accordance with the verification performed by the Remuneration Committee when it made its periodic assessment required under the Corporate Governance Code and *without prejudice to the provisions of sub-section two*, complied with the general principles approved by the Board of Directors and agreed upon by the Remuneration Committee.

Furthermore, detailed information on the Stock Option Plans of the Company is given in the information documents prepared in accordance with Art. 84-*bis* of the Consob Issuers’ Regulations relating to each outstanding stock option plan and each plan pursuant to Art. 114-*bis* of the Consolidated Finance Act, which may be consulted on the Company website at the address:

http://www.recordati.com/en/corporate_governance/remuneration/stock_option_plans/

* * *

2. INFORMATION ON THE CONSEQUENCES OF ENDING EMPLOYMENT OR DIRECTORSHIP RELATIONSHIPS AND THE EXISTENCE OF SPECIFIC AGREEMENTS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

In 2014 a supplementary agreement to the executive employment contract between the Company and *Dr. Fritz Squindo* was signed with an opinion in favour from the Remuneration Committee. This agreement provides for the payment to this senior manager of an indemnity equal to his gross annual remuneration (inclusive of variable remuneration and bonuses) received in the 60 months prior to the date of the termination of his contract, in the event of his contract being terminated by the Company, except for the circumstance of dismissal for

“just cause” and termination of the contract by the senior manager in application of the provisions of the National Labour Contract for senior managers of companies that produce goods and services in the following cases: transfer of the ownership of the company, inclusive of cases of concentrations, mergers, demergers, transfer of the senior manager to another place of work, committal to trial of the senior manager for facts relating to the duties assigned to him, and change of job role. The indemnity shall replace and totally cover any indemnities determined in application of the aforementioned National Labour Contract in the cases mentioned above. With regard to incentive schemes based on financial instruments, the Company agrees to act in such a way that the senior manager maintains the right to exercise the option rights granted, once they have vested, under the terms and conditions laid down for the aforementioned plans for the beneficiaries in general.

A supplementary agreement to the executive employment contract between the Company and a member of key management personnel was signed with an opinion in favour from the Remuneration Committee under the same terms and conditions as those set out in the previous paragraph.

Finally, prior to signing an employment contract a supplementary agreement to the contract subsequently entered into was signed by another member of key management personnel, which provides for the payment to the senior manager of a “golden handshake” remuneration of 36 month’s salary in the event of termination of employment contract by the Company, except for termination for “just cause”; the senior manager shall have the right to that remuneration until within three years of obtaining the right to a pension at which time the remuneration will diminish by one month for each month of employment. The effects of the end of contract on rights granted under incentive schemes based on financial instruments in place, approved by S.p.A. in accordance with Art. 114 *bis* of the Consolidated Finance Act are not expressly regulated and therefore the provisions of the Stock Option Plans illustrated below apply.

No agreements exist which involve the assignment or maintenance of non monetary benefits or the stipulation of special consultancy contracts in the event of the termination of an employment relationship. No agreements exist which involve non-competition commitments on termination of an employment relationship or leaving office.

As concerns the effects of the end of an employee relationship on existing incentive plans based on financial instruments approved by Recordati S.p.A., in accordance with Art. 114 *bis* of the Consolidated Finance Act, the 2014-2018 Stock Option Plan approved by the Shareholders’ Meeting held on 17th April 2014 provides for the following:

“Unless established otherwise by the Board or the Committee Chairman, the termination of a Participant’s employment contract with the Company or, according to the case, with another company of the Group, (the “Termination of the Employment Contract”), for any reason, will result in the automatic exclusion of the Participant from the Plan and the permanent and irrevocable loss of validity for the tranches not yet vested of the Options already granted at the date of Termination of the Employment Contract”.

Without prejudice to the previous paragraph, if on the date of the Termination of Employment, a Participant in the Plan holds Options in relation to one or more tranches that have already vested, but which have not yet been exercised, that Participant 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 Participant, 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.

Without prejudice to the previous paragraph, in the event of the Termination of the Employment Contract due to death or permanent invalidity of a Participant in the Plan, the Options already granted on the date of the Termination of the Employment Contract shall become immediately exercisable by the heirs of the Participant in the case of the death of the latter, or by the Participant 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 the Employment Contract. 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 Participant 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 Participant with the Company as a result of the transfer of the latter to another company in the Group, does not constitute a case of Termination of the Employment Contract for the purposes of the provisions that precede this paragraph. 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 Participant belongs by the Company or (ii) of the company or the part of the company in which the Participant works by the Company or one of its subsidiaries.”

The 2010 - 2013 Plan Stock Option Plan that is still ongoing provides for the following in relation to options granted under that plan:

“Unless established otherwise by the Board or the Committee Chairman, the termination of a Participant’s employment contract with the Company or, according to the case, with another company of the Group, depending on the context (the “Termination of the Employment Contract”), for any reason, will result in the automatic exclusion of the Participant from the Plan and the permanent and irrevocable loss of validity for the tranches not yet vested of the Options already granted at the date of Termination of the Employment Contract”.

Without prejudice to the above, if at the date of Termination of the Employment Contract, a Participant in the Plan possesses Options which have already vested in relation to one or more tranches, but which have not yet been exercised, the Participant may exercise those Options, in relation to the tranches already vested, within 30 days of the date of the Termination of the Employment Contract, while those Options shall lose all validity if they are not exercised within that period.

Without prejudice to the above, in the event of the Termination of the Employment Contract due to death or permanent invalidity of a Participant in the Plan, the Options already granted on the date of the Termination of the Employment Contract shall become immediately exercisable by the heirs of the Participant in the case of the death of the latter, or by the Participant 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 the Employment Contract. After that period of one year has passed, the Options shall permanently and irrevocably lose their validity.

In all cases, the termination of the employment contract of a Participant with the Company as a result of the transfer of the latter to another company in the Group, does not constitute a case of Termination of the Employment Contract for the purposes of the provisions that precede this paragraph. 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 Participant belongs by the Company or (ii) of the company or the part of the company in which the Participant works by the Company or one of its subsidiaries.”

* * *

3. SUMMARY OF THE ACTIVITIES OF THE REMUNERATION COMMITTEE IN 2014

The Remuneration Committee met seven times in 2014. The average length of meetings was approximately one hour. The percentage of attendance of the Committee members at the meetings is given at the table contained at the end of paragraph 4.2 of the Report on Corporate Governance and Ownership Structure.

The Committee has met twice during the current financial year.

The Committee's activities mainly concerned the following: the formulation of a proposal for submission to the Board on setting the objective for the 2014 Stock Option Plans adopted by the Company; the formulation of a proposal for submission to the Board in relation to the new 2014-2018 Stock Option Plan; the formulation of a proposal for submission to the Board in relation to the Remuneration Policy for 2014; determination of the final results concerning the 2013 performance objectives for the Chairman, CEO and General Manager; the formulation of a proposal for submission to the Board of the performance objectives for 2014 for the Chairman, Chief Executive Officer and General Manager; the formulation of a proposal for submission to the Board on how to distribute the total remuneration for the Board of Directors determined by the Shareholders' Meeting held on 17th April 2014, and also on Directors' fees for special assignments; assessment of the status quo in respect of remuneration policies; assessment of the appropriateness, overall consistency and concrete implementation of the policy for the remuneration of directors, key management personnel and other senior managers in the Recordati Group and an assessment in particular of the 2014 variable incentive scheme (2014 MBO - management by objectives); the formulation of proposals for submission to Board with regard to the grant of options under the 2014-2018 Stock Option Plan adopted by the Company; examination of amendments to the Corporate Governance Code on the subject of remuneration of 14th July 2014 and of the Consob Communication No. DCG/DSR/0051400 of 19th June 2014; expression of a positive opinion on the signing of the agreements by the Company mentioned in the previous sub-section 2 and the formulation of proposals for submission to the Board on setting the objective for the 2015 Stock Option Plans adopted by the Company; assessment of the organisational structure of the company and illustration of the Group Human Resources Department's work plan; the formulation of a proposal for submission to the Board in relation to the Remuneration Policy for 2015.

The Chairman of the Board of Statutory Auditors was constantly invited to participate in the work of the Committee and other members of the Board also participated in some meetings. On invitation by the Committee Chairman, the General Manager for co-ordination of operations, the Group Chief of Human Resources and the Chairman and Chief Executive Officer also took part in some meetings on specific subjects.

The meetings of the Remuneration Committee have been properly minuted.

The Committee had access to the information and Company functions that were necessary for the performance of its duties; it did not consider it necessary to make use of outside consultants.

The committee did not incur any expenses in the performance of its duties during the year.

PART 2 - TABLES

TABLE 1: REMUNERATION PAID TO DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL
(€000)

Board of Directors(*)	Description of Office			Remuneration								
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First Name and Last Name	Position	Period in which the position was held	Expiry of term of office	Fixed remuneration €	Remuneration for attendance on committees €	Non-equity variable remuneration €		Non-monetary benefits €	Other remuneration €	TOTAL (**) €	Fair value of equity remuneration €	End of term of office or of employment relationship indemnity €
						Bonuses and other incentives	Share in profits					
Giovanni Recordati	Chairman, CEO, General Manager	2014	Approval of 2016 Annual Report	(i) 40 (ii) 100 (iii) 780	0	256	0	27	0	1,203	130	0
Alberto Recordati	Vice-Chairman	2014	Approval of 2016 Annual Report	(i) 40 (ii) 50 (iii) 433	0	79	0	0	0	602	65	0
Rosalba Casiraghi	Director	Since 17 th April 2014	Approval of 2016 Annual Report	(i) 28 (***)	7 (b)(***)	0	0	0	0	35	0	0
Michaela Castelli	Director	Since 17 th April 2014	Approval of 2016 Annual Report	(i) 28 (***)	7 (b)(***)	0	0	0	0	35	0	0
Paolo Fresia	Director	Since 17 th April 2014	Approval of 2016 Annual Report	(i) 28 (***)	0	0	0	0	0	28	0	0
Mario Garraffo	Director	2014	Approval of 2016 Annual Report	(i) 40	14 (a)(***) 10 (d)	0	0	0	0	64	0	0
Carlo Pedersoli	Director	2014	Approval of	(i) 40	10 (d)	0	0	0	0	50	0	0

			2016 Annual Report									
Andrea Recordati	Director	2014	Approval of 2016 Annual Report	(i) 40 (iii) 391	0	84	0	0	0	515	54	0
Fritz Squindo	Director	2014	Approval of 2016 Annual Report	(i) 40 (iii) 598	0	180	0	0	3	821	65	0
Marco Vitale	Director	2014	Approval of 2016 Annual Report	(i) 40	20 (c)	0	0	0	50 (1)	110	0	0
Directors who retired from office in 2014												
Silvano Corbella	Director	Until 17 th April 2014	Approval of 2013 Annual Report	(i) 12 (****)	6 (****) (a)	0	0	0	14 (***) (2)	32	0	0
Germano Giuliani	Director	Until 17 th April 2014	Approval of 2013 Annual Report	(i) 12 (****)	3 (****) (b)	0	0	0		15	0	0
Umberto Mortari	Director	Until 17 th April 2014	Approval of 2013 Annual Report	(i) 12 (****)	3 (****) (b)	0	0	0		15	0	0
Walter Wenninger	Director	Until 17 th April 2014	Approval of 2013 Annual Report	(i) 12 (****)	0	0	0	0		12	0	0

* Directors receive remuneration solely from the Company Recordati S.p.A. (and not therefore from its subsidiaries or associates).

** The "Total" in column (6) contains the sum of items (1) to (5).

*** Annual fixed remuneration pro rata since 17th of April 2014

**** Annual fixed remuneration pro rata until 17th of April 2014

LEGEND

FIXED REMUNERATION

(i) Emoluments approved by shareholders even if not paid

(ii) Remuneration for special positions pursuant to Art. 2389, paragraph 3 of the Italian Civil Code

(iii) Fixed employee remuneration gross of social security payments and tax borne by the employee, net of compulsory collective social security payments borne by the Company.

Neither attendance payments nor lump-sum expense reimbursements are paid.

REMUNERATION FOR ATTENDANCE ON COMMITTEES

- (a) for the position of Chairman of the Remuneration Committee
- (b) for the position of member of the Remuneration Committee
- (c) for the position of Chairman of the Audit and Risk Committee
- (d) for the position of member of the Audit and Risk Committee

OTHER REMUNERATION

- (1) For consulting activity
- (2) For the position of Chairman of the Supervisory Committee of the Company

FAIR VALUE OF EQUITY REMUNERATION

The portion of equity remuneration paid recognised in the financial statements.

Board of Statutory Auditors	Description of Office			Remuneration								
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
First Name and Last Name	Position	Period in which the position was held	Date on which appointment ends	Fixed remuneration €	Remuneration for attendance on committees €	Non-equity variable remuneration €		Non-monetary benefits €	Other remuneration €	TOTAL (*) €	Fair value of equity remuneration €	End of term of office or of employment relationship indemnity
						Bonuses and other incentives	Share in profits					
(I) Remuneration at Recordati S.p.A.												
Marco Nava	Chairman Board of Statutory Auditors	2014	Approval of 2016 Annual Report	50	0	0	0	0	0	50	0	0
Livia Amidani Aliberti	Statutory Auditor	Since 17 th April 2014	Approval of 2016 Annual Report	25(**)	0	0	0	0	0	25	0	0
Marco Rigotti	Statutory Auditor	2014	Approval of 2016 Annual Report	35	0	0	0	0	0	35	0	0
(II) Remuneration at subsidiaries and associates (Dr. Rigotti and Dr.ssa Amidani Aliberti received no remuneration at subsidiaries or associate companies of Recordati S.p.A.).												
Marco Nava				4	0	0	0	0	0	4	0	0
(III) TOTAL												
Marco Nava				54	0	0	0	0	0	54		
Livia Amidani Aliberti				25	0	0	0	0	0	25	0	0
Marco Rigotti				35	0	0	0	0	0	35	0	0
Statutory Auditor who retired from office in 2014.												
Remuneration at Recordati S.p.A. (Dr. Severgnini received no remuneration at subsidiaries or associate companies of Recordati S.p.A.).												
Achille Severgnini	Statutory Auditor	Until 17 th April 2014	Approval of 2016 Annual Report	10 (***)	0	0	0	0	0	10	0	0

* The "Total" in column (6) contains the sum of items (1) to (5).

** Annual fixed remuneration pro rata since 17th of April 2014

*** Annual fixed remuneration pro rata until 17th of April 2014

Other key management personnel (A)	Remuneration								
	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
	Fixed remuneration €	Remuneration for attendance on committees €	Non-equity variable remuneration €		Non- monetary benefits €	Other remunerati on €	TOTAL (**) €	Fair value of equity remunerati on €	End of term of office or of employment relationship indemnity €
			Bonuses and other incentives	Share in profits					
TWO MEMBERS OF KEY MANAGEMENT PERSONNEL (*)	549	0	161	0	5	0	715	86	0

* Two key management personnel who were employees of the Company and no other member of key management personnel at subsidiaries existed as at 31st December 2014.

** The "Total" in column (6) contains the sum of items (1) to (5).

TABLE 2: STOCK OPTIONS GRANTED TO DIRECTORS, GENERAL MANAGERS AND KEY MANAGEMENT PERSONNEL

First Name and Last Name	Post occupied	Plan - date of resolution	Options held on 1.1.2014			Options granted in 2014					Options exercised in 2014			Options expired in 2014	Options held on 31.12.14	Options relating to 2014
			Number of stock options	Exercise price €	Exercise period (from - until)	Number of stock options	Exercise price €	Exercise period (from - until)	Fair value on the grant date	Market price of the Recordati share on the grant date of the options €	Number of stock options	Exercise price €	Market price of the Recordati share on the exercise date € (c)	Number of stock options	Number of stock options	Fair value (€000)
Giovanni Recordati	Chairman, CEO and General Manager (a)	2006-2009 Plan (b) - 6.04.06	75,000	4.87	9.5.14-31.12.14						75,000	4.87	11.817	0	900,000	130
		2010-2013 Plan (b) - 13.04.10	90,000	6.7505	2014*-31.12.19						90,000	6.7505	12.438			
			90,000	6.7505	2015*-31.12.19											
			90,000	5.307	2016*-31.12.19											
2014-2018 Plan (b) - 17.04.14	90,000	5.307	2014*-31.12.20													
	90,000	5.307	2015*-31.12.20													
	90,000	5.307	2016*-31.12.20													
	90,000	5.307	2017*-31.12.20													
Alberto Recordati	Vice-Chairman (a)	2006-2009 Plan (b) - 6.04.06	37,500	4.87	9.5.12-31.12.14						112,500	4.87	13.216	0	540,000	65
			37,500	4.87	9.5.13-31.12.14											
			37,500	4.87	9.5.14-31.12.14											
			90,000	12.29	2016*-31.12.22	90,000	12.29	2017*-31.12.22	355	11,917						

		2010-2013 Plan (b) 13.4.10	45,000 45,000 45,000 45,000	6.7505 6.7505 6.7505 6.7505	2013*-31.12.19 2014*-31.12.19 2015*-31.12.19 2016*-31.12.19											
		2014-2018 Plan (b) - 17.04.14				45,000 45,000 45,000 45,000	12.29 12.29 12.29 12.29	2016*-31.12.22 2017*-31.12.22 2018*-31.12.22 2019*-31.12.22	178	11.917						
Andrea Recordati	Director (a)	2006-2009 Plan (b) 6.4.06	25,000	4.87	9.5.14-31.12.14						12,500 12,500	4.87 4.87	13.116 13.021	0	440,000	54
		2010-2013 Plan (b) 13.4.10	32,500 32,500 32,500 32,500	6.7505 6.7505 6.7505 6.7505	2013*-31.12.19 2014*-31.12.19 2015*-31.12.19 2016*-31.12.19											
		2014-2018 Plan (b) - 17.04.14	32,500 32,500 32,500 32,500	5.307 5.307 5.307 5.307	2014*-31.12.20 2015*-31.12.20 2016*-31.12.20 2017*-31.12.20											
		2014-2018 Plan (b) - 17.04.14				45,000 45,000 45,000 45,000	12.29 12.29 12.29 12.29	2016*-31.12.22 2017*-31.12.22 2018*-31.12.22 2019*-31.12.22	178	11.917						
Fritz Squindo	Director (a)	2006-2009 Plan (b) - 6.4.06	37,500 37,500 37,500 37,500	4.87 4.87 4.87 4.87	9.5.11-31.12.14 9.5.12-31.12.14 9.5.13-31.12.14 9.5.14-31.12.14						50,000 50,000 30,000 20,000	4.87 4.87 4.87 4.87	12.077 12.424 13.571 13.890	0	540,000	65
		2010-2013 Plan (b) - 13.4.10	45,000 45,000 45,000 45,000	6.7505 6.7505 6.7505 6.7505	2013*-31.12.19 2014*-31.12.19 2015*-31.12.19 2016*-31.12.19											
		2014-2018 Plan (b) - 13.4.10	45,000 45,000 45,000 45,000	5.307 5.307 5.307 5.307	2014*-31.12.20 2015*-31.12.20 2016*-31.12.20 2017*-31.12.20											

		2014-2018 Plan (b) - 17.04.14				45,000 45,000 45,000 45,000	12.29 12.29 12.29 12.29	2016*-31.12.22 2017*-31.12.22 2018*-31.12.22 2019*-31.12.22	178	11.917						
TOTAL FOR TWO MEMBERS OF KEY MANAGEMENT PERSONNEL (d)		2006-2009 Plan 6.4.06 e 2010-2013 Plan 13.4.10 (b)	412,500	5,667 (e)	2,296 (f)						60,000	5.089 (e)	12.32 (g)	0	627,500	86
		2014-2018 Plan (b) - 17.04.14				275,000	12.29	2016*-31.12.22 (1 tranche) 2017*-31.12.22 (2 tranche) 2018*-31.12.22 (3 tranche) 2019*-31.12.22 (4 tranche)	271	11.917						

* Thirty days after the Shareholders' Meeting held to approve the annual report of the previous year.

- a) This person is a beneficiary of stock option schemes as a member of the Company's key management personnel who is an employee.
- b) No plans exist in force at subsidiaries and associates of Recordati S.p.A..
- c) Official price of the day.
- d) Two key management personnel who were employees of the Company and no other member of key management personnel at subsidiaries existed as at 31st December 2014.
- e) Average exercise price.
- f) Average length of the period in days.
- g) Average market price.

**TABLE 3B: MONETARY INCENTIVE SCHEMES FOR DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL
(€000)**

Board of Directors									
(A)	(B)	(1)	(2)			(3)			4
First Name and Last Name	Position	Plan	2014 bonus			Prior year bonuses			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable	Deferred	Deferment period	No longer payable	Granted (**)	Still deferred	
Giovanni Recordati (*)	Chairman, CEO, General Manager		256	-	-	-	449	-	-
Alberto Recordati (*)	Vice-Chairman		79	-	-	-	70	-	-
Andrea Recordati (*)	Director		84	-	-	-	58	-	-
Fritz Squindo (*)	Director		180	-	-	-	165	-	-

(*) This person is a beneficiary of monetary incentive schemes for 2014 (2014 MBO scheme) as an employee of the Company.

The other members of the Board of Directors and members of the Board of Statutory Auditors are not beneficiaries of any monetary incentive scheme.

(**) Bonuses relating to 2013 (2013 MBO scheme) paid in 2014.

Other key management personnel (*)								
First Name and Last Name	Plan	2014 bonus			Prior year bonuses			Other Bonuses
		(A)	(B)	(C)	(A)	(B)	(C)	
		Payable	Deferred	Deferment period	No longer payable	Granted (**)	Still deferred	
Two members of key management personnel		161	-	-	-	292	-	-

(*) Two key management personnel who were employees of the Company and no other member of key management personnel at subsidiaries existed as at 31st December 2014.

(**) Bonus relating to 2013 (2013 MBO scheme) paid in 2014 and a one-off bonus paid to a member of key management personnel for achieving particularly important results during the year.

TABLE 4: SHARES HELD BY DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

Board of Directors	Position	Recordati S.p.A. type of shares	Number of shares held on 31.12.2013	Number of shares purchased in 2014	Number of shares sold in 2014	Number of shares held on 31.12.2014
Giovanni Recordati	Chairman, CEO and General Manager	ordinary	44,158	325,000*	44,158*	325,000
Alberto Recordati	Vice-Chairman	ordinary	75,000	130,000*	75,000*	130,000
Andrea Recordati	Director	ordinary	135,008	25,000*	25,000*	135,008
Rosalba Casiraghi	Director	ordinary	0	0	0	0
Michaela Castelli	Director	ordinary	0	0	0	0
Paolo Fresia	Director	ordinary	0	0	0	0
Mario Garraffo	Director	ordinary	0	0	0	0
Carlo Pedersoli	Director	ordinary	0	0	0	0
Fritz Squindo	Director	ordinary	334,216	150,000*	150,000*	334,216
Marco Vitale	Lead independent director	ordinary	0	0	0	0
Directors who retired from office in 2014						
Silvano Corbella		ordinary	0	0	0	0
Mario Germano Giuliani		ordinary	0	0	0	0
Umberto Mortari		ordinary	0	0	0	0
Walter Wenninger		ordinary	0	0	0	0

* these include shares resulting from the exercise of stock options.

Board of Statutory Auditors	Position	Recordati S.p.A. type of shares	Number of shares held on 31.12.2013	Number of shares purchased in 2014	Number of shares sold in 2014	Number of shares held on 31.12.2014
Marco Nava	Chairman	ordinary	0	0	0	0
Livia Amidani Aliberti	Statutory Auditor	ordinary	0	0	0	0
Marco Rigotti	Statutory Auditor	ordinary	0	0	0	0
Sindaco cessato durante l'esercizio 2014						
Achille Severgnini	Statutory Auditor	ordinary	0	0	0	0

	Recordati S.p.A. type of shares	Number of shares held on 31.12.2013	Number of shares purchased in 2014 (**)	Number of shares sold in 2014 (**)	Number of shares held on 31.12.2014
Two members of key management personnel (*)	ordinary	451,382 (1)	191,000 (2)	182,882 (3)	459,500 (4)

(*) Two key management personnel who were employees of the Company and no other member of key management personnel at subsidiaries existed as at 31st December 2014.

(**) Resulting partially from the exercise of stock options.

(1) Of which 43,000 shares held by a spouse

(2) Of which 88,000 shares purchased by a spouse

(3) Of which 43,000 sold by a spouse

(4) Of which 88,000 held by spouse

Milan, 4th March 2015

for the Board of Directors
The Chairman and CEO
Ing. Giovanni Recordati