

RECORDATI S.p.A.

*

ORDINARY GENERAL MEETING OF THE SHAREHOLDERS
- 18TH April 2018 single call –

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Directors' reports on the Agenda of the Ordinary
General Meeting

**DIRECTORS' REPORTS ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETING
OF THE SHAREHOLDERS
(18TH APRIL 2018 SINGLE CALL)**

Report on item 1 on the agenda of the Ordinary Shareholders' Meeting and the relative resolution proposed

Board of Directors' Review of Operations; Report of the Board of Statutory Auditors; Financial Statements as at and for the financial year ended 31st December 2017; relative and consequent resolutions.

To Our Shareholders,

We propose that you approve the following resolutions:

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

- having read the Board of Directors' Review of Operations and the Report of the Board of Statutory Auditors, as well as the consolidated non-financial information disclosure;
- having acknowledged the certification reports of the firm of auditors, one of which relating to the separate company annual report, another to the consolidated annual report and also the additional report of the firm of auditors relating to the declaration of a non-financial nature

resolves

- to approve the Board of Directors' Review of Operations;
- to approve the separate company financial statements as at and for the year ended 31.12.2017;
- to distribute to shareholders a dividend of €0.85 on each ordinary share (with account taken of the interim dividend for the financial year 2017 of €0.42 per share, and therefore with a balance on that interim dividend of €0.43 per share), an amount that will be applied to the number of ordinary shares outstanding on the ex-dividend date and therefore excluding treasury stock held in portfolio by the Company on that date, and to be drawn from the profit resulting from the financial statements as at and for the year ended 31.12.2017;
- to grant a mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, each individually, to ascertain, in due time, the amount to be distributed, in relation to the final number of shares on which a dividend is paid;
- to pay the dividend from 25th April 2018 on coupon No. 21 with ex-dividend date of 23rd April 2018 and record date of 24th April 2018."

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Milan, 15th March 2018

For the Board of Directors

The Vice Chairman and Chief Executive Officer

Andrea Recordati

DIRECTORS' REPORTS ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETINGS OF THE SHAREHOLDERS
(18TH APRIL 2018 SINGLE CALL)

Report on item 2 of the agenda of the Shareholders' Meeting

Remuneration policies in accordance with article 123-ter of Legislative Decree No. 58 of 24th February 1998; relative and consequent resolutions.

To Our Shareholders,

In compliance with article 123-ter of Legislative Decree No. 58/1998 (Consolidated Finance Act) and article 84 *quater* of the Issuers' Regulations issued by the Consob with Resolution No. 11971 of 14th May 1999 and subsequent amendments (hereinafter the "Issuer's Regulations"), Section I of the Report on Remuneration is given below, approved by the Board of Directors on 15th March 2018, on the recommendation of the Remuneration Committee.

In accordance with article 123-ter, paragraph 6, of Legislative Decree No. 58/1998, the Shareholders' Meeting convened pursuant to paragraph two of article 2364, and that is to approve the separate annual financial statements, shall vote either in favour or against the section on the Remuneration Report required by paragraph three of that article, which is to say on the first section of the remuneration report. That section illustrates the following:

- a) the policies of the company on the remuneration of members of management bodies, general managers and senior executives with key responsibilities with reference to at least the subsequent financial year;
- b) the procedures used to set and implement that policy.

That vote is not binding. The result of the vote shall be disclosed to the public in accordance with Art. 125-*quater*, paragraph 2 of Legislative Decree No. 58/1998.

In consideration of the foregoing, the shareholders are invited to vote on the section of the Report on Remuneration specified in paragraph 3 of Art. 123-ter of Legislative Decree No. 58/1998.

The Report on Remuneration will be made available to the public within the legal time limits and may be consulted on the company website at www.recordati.it in the Corporate Governance Section.

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2018 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 is 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 is supported by the Head of 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 reports on executive remuneration and corporate governance prepared by leading consulting 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 account of conditions and practices for similar markets in defining the remuneration of the Chairman and of the Chief Executive Officer, inclusive of the remuneration received as General Manager, and that of the other Directors occupying specific positions and non-executive directors.

The Chief Executive Officer, General Manager and Vice Chairman refers to the Remuneration Policy in setting the remuneration of key management personnel.

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 the corporate governance code recommendations. Furthermore, when the Related Party Transaction Regulations were 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 regulations.

The current committee was appointed by the Board on 17th April 2014 and is composed of Dr. 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 and key management personnel (and also, where appropriate, other senior managers in the Recordati Group), making use with regard to the latter of information supplied by the CEO, also through the Group Human Resources Manager;
- 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 Regulations.

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/her 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 shall meet, 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 of 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.

Amendments to Remuneration Policy compared with the previous year

There were no changes to the Remuneration Policy pursued for 2017. In the paragraph named “The Remuneration committee” has been only clarified that the information on the appropriateness, the overall consistency and the concrete implementation of the Remuneration Policy can be provided to the Remuneration Committee by the Chief Executive Officer, also through the Group Human Resources Manager.

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 the Chief Executive Officer and 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 (*Dr. Alberto Recordati, Dr. Andrea Recordati and Dr. Fritz Squindo*) are also employees of the Company. Like other key management personnel, they therefore also 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.

Where appropriate, further “on/off” objectives may be set for key management personnel, inclusive of executive directors, in addition to the MBO objectives in relation to projects of strategic importance for the Group.

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 three executive directors).

- **Fixed remuneration**

The fixed component of remuneration, the gross annual income, 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, at a competitive level on the market.

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 better described below. The amount of the medium to long-term variable remuneration resulting from stock option plans is linked to the performance of the Company's share price.

- **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 income (GAI), with the exception made for that which is stated below for the Chief Executive Officer, General Manager and Vice Chairman as well as for the General Manager for the Co-Ordination of Operations and Chief Financial Officer. 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) is common to all key management personnel and senior managers 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 GAI 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 sole position of the Chief Executive Officer, General Manager and Vice Chairman the maximum bonus payable is 50% of GAI, while for the sole position of General Manager for the Coordination of Operations and CFO the maximum bonus payable is 40% of GAI, in consideration of the particular strategic importance of those positions.

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 on the Company website at: http://www.recordati.it/en/corporate_governance/remuneration/stock_option_plans/

As is typical of these types of incentive tools, the beneficiaries are granted the right to purchase or subscribe a certain number of shares of the Company at a set price (the strike or 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 budgeted net consolidated income.

The existence of a performance clause in the stock option plan regulations 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 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 Income 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 other than 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 a D&O policy .

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Milan, 15th March 2018

For the Board of Directors
The Vice Chairman and Chief Executive Officer
Andrea Recordati

**DIRECTORS' REPORT ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS
(18TH APRIL 2018 SINGLE CALL)**

Report on item 3 on the agenda and the relative resolution submitted

Proposal to approve the 2018-2022 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 persons with relationships equivalent to those of an employee worker of that company 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 "2018-2022 Stock Option Plan" (hereinafter the "Plan"), which will be submitted to an ordinary meeting of the shareholders of the Company on 18th April 2018 in a single call, following a proposal formulated by the Board of Directors with a resolution of 15th March 2018, with account taken of the proposal of the Remuneration Committee in meetings held on 12th March 2018.

The reasons underlying the proposal to approve the Plan, in short, consist of the objective to continue to employ, following the expiry of the 2014-2018 Stock Option Plan, approved by a Shareholders' Meeting held on 17th April 2014, an instrument to reinforce the loyalty of management and to allow them to share in the profits of the Recordati Group, while maintaining appropriate and substantial 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 2018 Remuneration Policy submitted to a consultative vote of the Shareholders on 18th April 2018.

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 “2018-2022 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 employees and persons with relationships equivalent to those of an employee of Recordati S.p.A. and of companies either directly or indirectly controlled by it who have been assigned key roles;
- to grant the Board of Directors, with the authorisation to sub-delegate, all necessary or advisable powers to implement the 2018-2022 Stock Option Plan and in particular, by way of example but not limited to these, all powers indicated in the attached illustrative report of the Board of Directors, including 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, 15th March 2018

on behalf of the Board of Directors

Chief Executive Officer and Vice Chairman

Dr. Andrea Recordati

INFORMATION DOCUMENT ON THE 2018-2022 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 2018-2022 incentive scheme based on stock options reserved to employees and persons with relationships equivalent to those of an employee of the companies belonging to the Recordati Group and submitted to the approval of the Shareholders' Meeting of 18th April 2018;

"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 may be granted by the Board of Directors to the employees and in some rare cases to persons with relationships equivalent to those of an employee, of the Company or of companies either directly or indirectly controlled who have been stably appointed to roles of key importance and contribute significantly to the achievement of Group results.

It is underlined that the Options insofar as they are destined mainly to employees may also be granted to the executive directors of the Company and therefore to the Directors Dr. Alberto Recordati (Chairman), Dr. Andrea Recordati (Chief Executive Officer and Vice Chairman) and Dr. Fritz Squindo (General Manager for the co-ordination of operations), who are also employees of the Company and by virtue of that employee relationship are potential beneficiaries of the Options.

Similarly, Options may be granted to other employees also identified as other key management personnel by the Board of Directors and/or who also hold directorships in some of the companies controlled by the Company. In this respect it is underlined that while they also may hold directorships in one or more Group companies, for the purposes of the Plan, these other employees of the Company or of subsidiaries are classified as beneficiaries of the Plan and therefore they may potentially be granted Options for the organisational position occupied in the Group itself (and not for any directorships they may hold) and that these persons do not receive any fees as directors, but

are remunerated solely by the Group company with which they have an employment contract and by virtue of this. In some rare cases, persons with relationships equivalent to those of an employee who hold directorships in subsidiaries are classified as beneficiaries of the Plan and therefore they may potentially be granted Options.

It is also underlined that employees, and persons with relationships equivalent to those of an employee, of foreign subsidiaries who hold directorships in some subsidiaries of the Company do not receive any treatment that is different from those received by employees who do not hold directorships. More specifically, as also explained in sub-section 2.1, when the number of Options granted to each person is decided, the Board of Directors takes account of the importance of the position held in the organisation by each Beneficiary within the Group and also of the Company's interest in spreading the incentive over the long-term as part of its strategies and, on the other hand, not taking account of any directorships that may be held.

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, while it is underlined that these persons may potentially be granted Options by virtue of their employment contract as an employee of the Company or its subsidiaries.

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 Chief Executive Officer and Vice Chairman Dr. Andrea Recordati, who also holds the position of General Manager of the Company, 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 four other members of Recordati S.p.A.

key management personnel and two 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 2018 Remuneration Policy submitted to a consultative vote of the Shareholders on 18th April 2018.

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. When selecting Beneficiaries and deciding the number of Options to be granted to them, the Board of Directors must take into account the importance of the role occupied by each Beneficiary in the Group and also of the Company’s interest in spreading the incentive over the long-term as part of its strategies.

The Plan covers a four-year time horizon (running from the date of the shareholders’ meeting to approve 2017 annual report until the date of the approval of the 2021 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 objectives based on consolidated net income 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 and also of the Company's interest in spreading the incentive over the long-term as part of its strategies.

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.

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 18th April 2018 in a single call.

A proposal is made to the Shareholders Meeting to delegate implementation and management of the Plan to the Board of Directors, with the authorisation to sub-delegate, granting it all the powers indicated in this information document attached to the Illustrative Report of the Board of Directors, including, by way of example, all powers necessary or opportune for implementation of the 2018-2022 Stock Option Plan and therefore 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 them 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.

Furthermore, for the purposes of greater clarity, transparency and rapidity of action regarding the powers delegated by the Shareholders Meeting to the Board of Directors in order to implement the Plan, a proposal is made to clearly state the following in the Plan:

- in order to allow the Company to be able to act effectively in the interest of the Issuer and in the interest of its shareholders, a proposal is made to grant powers to the Board of Directors and to its Chairman or Chief Executive Officer on its behalf to set a quantitative limit on the number of options that may be exercised each day for a determined period of time;
- for the purposes of greater clarity, transparency and rapidity of action regarding the powers delegated to the Board of Directors in relation to amendments to the Plan a proposal is made to clearly state that, without prejudice to the responsibilities of a Shareholders' Meeting at all times to amend, add to, or terminate the Plan (it being understood that any amendments, additions or the termination of the Plan, and likewise with reference to any amendment of the contents of the Options, cannot prejudice any rights already vested or enjoyed by Participants under the Plan) and in any event in those cases laid down by law, the Board of Directors, after consultation with the Remuneration Committee, may at any time make changes considered opportune to the Plan for the purpose of: (i) rendering the Plan compliant with existing legislation; or (ii) taking account of any changes occurring in the legislation; or (iii) improving the effectiveness of the Plan in line with its objectives, without in any event causing harm to the rights acquired by the Participants following the grant of the Options. By way of example, the Board of Directors, after consultation with the Remuneration Committee, may pass a resolution allowing the immediate exercise of the Options granted to the Participants, either in full or in part, in observance of the principle of equal treatment for the Participants, even as an exception to the conditions described in sub-section 4.8, if it considers, in its indisputable judgement, that particular circumstances exist that make it appropriate in the case in question to proceed in that sense;
- again for the purposes of greater clarity, transparency and rapidity of action regarding the powers conferred on the Board of Directors in relation to extraordinary operations which impact on the capital structure of the Company, a proposal is made to further specify, with respect to the provision already contained in the current plans of the Company (and confirmed again in the new plan) which provides for the automatic change in the number of shares involved in Options granted under the Plan and the relative exercise price per Share (corresponding to its normal value) designed to reflect changes resulting from the extraordinary operations mentioned above that, in this respect, the Board of Directors of the Company, where it is considered necessary or opportune to maintain the essential

contents of the Plan unchanged as much as possible, within the limits allowed by the applicable legislation currently in force, may take steps to set rules for emerging rights and/or modify and/or add to the conditions for granting options when extraordinary operations occur that affect the formal structure of the share capital of the Company.

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

Responsibility for the operational administration of the Plan is assigned to the Group Human Resources Department with support from Group Treasury and the Group Legal and Corporate Affairs Department.

The Company may, at any time, entrust all or part of the administrative duties connected with the Plan to an outside trustee or in any event to a company that specialises in the operational management of stock option plans.

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.

As already stated in the preceding sub-section 3.2, for the purposes of greater clarity, transparency and rapidity of action regarding the powers delegated to the Board of Directors in relation to amendments to the Plan a proposal is made to clearly state that, without prejudice to the responsibilities of a Shareholders' Meeting at all times to amend, add to, or terminate the Plan (it being understood that any amendments, additions or the termination of the Plan, and likewise with reference to any amendment of the contents of the Options, cannot prejudice any rights already vested or enjoyed by Participants under the Plan) and in any event in those cases laid down by law, the Board of Directors, after consultation with the Remuneration Committee, may at any time make changes considered opportune to the Plan for the purpose of: (i) rendering the Plan compliant with existing legislation; or (ii) taking account of any changes occurring in the legislation; or (iii) improving the effectiveness of the Plan in line with its objectives, without in any event causing harm to the rights acquired by the Participants following the grant of the Options. By way of example, the Board of Directors, after consultation with the Remuneration Committee, may pass a resolution allowing the immediate exercise of the Options granted to the Participants, either in full or in part, in observance of the principle of equal treatment for the Participants, even as an exception to the conditions described in sub-section 4.8, if it considers, in its indisputable judgement, that particular circumstances exist that make it appropriate in the case in question to proceed in that sense.

The Plan states that the objective which constitutes a condition for the exercise of each tranche of the Options is decided by the Board when the Options are granted or subsequent to the grant with reference, even as a set percentage of it, to the consolidated net income forecast in the annual budget approved by the Company in relation to each of the years considered.

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). 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 Group Treasury) examined and developed the matter in a meeting held on 12th March 2018. 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 the shareholders with the abstention of two executive directors present who may be Beneficiaries of the Plan when Options are granted in the future as employees of the Company.

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 15th March 2018, on the basis of a proposal made by the Remuneration Committee which met on 12th March 2018.

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 12th March 2018 and 15th March 2018 (see previous point 3.6) was € 29.818 and € 29.480 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 significant information pursuant to Article 17 Regulation (EU) No. 596/2014; 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 last four years and runs from the date of the Plan's approval and terminates with the approval of the 2021 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, Options may only be exercised, in relation to each Tranche, in a number not less than 250 or multiples of it. In the event of failure to exercise options according to the procedures just mentioned, inclusive of failure to make payment of the entire exercise price for it, the exercise shall be considered as not having taken place.

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, even as a percentage of it, 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 or part of them 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.

For full information we state that in order to allow the Company to be able to act effectively in the interest of the Issuer and in the interest of its shareholders, the Board of Directors and on its behalf its Chairman Chief Executive Officer is granted the power to set a quantitative limit on the number of options that may be exercised each day for a determined period of time.

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 an employment relationship or other relationship equivalent to an 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 an employment relationship or other relationship equivalent to an employment relationship of a Beneficiary participating in the Plan with the Company or, according to the case, with another Company in the Recordati Group (“termination of an employment relationship or other relationship equivalent to an employment relationship”) 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 an Employee Relationship or other equivalent employee relationship, 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 an employment relationship or other relationship equivalent to an employment relationship, while those Options lose all validity if they are not exercised within that period. Nevertheless, if the termination of an employment relationship or other relationship equivalent to an employment relationship 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 an employment relationship or other relationship equivalent to an employment relationship, until the Expiry Date of the Options.

Furthermore, in the case of the termination of an employment relationship or other relationship equivalent to an employment relationship due to death or permanent invalidity of a Beneficiary participating in the Plan, the Options already granted on the date of the termination of the employment relationship or other relationship equivalent to an employment relationship 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 the employment relationship or other relationship equivalent to an employment relationship. After that period of one year has passed, the Options shall permanently and irrevocably lose their validity. If an employment relationship or other relationship equivalent to an employment relationship 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 any event, the termination of an employment relationship or other relationship equivalent to an employment relationship as result of the transfer of a person to another company in the Recordati Group this does not constitute the termination of an employment relationship or other relationship equivalent to an employment relationship. However, it does constitute termination 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 sub-section 4.8 concerning the effects on the Plan of the termination of an employment relationship or other relationship equivalent to an employment relationship.

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.; (iii) the grant of loans is at the sole discretion of the Company.

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.

Furthermore, for the purposes of greater clarity, transparency and rapidity of action regarding the powers conferred on the Board of Directors in relation to extraordinary operations which impact on the capital structure of the Company, a proposal is made to further specify, with respect to the provision already contained in the current plans of the Company (and confirmed again in the new plan) which provides for the automatic change in the number of shares involved in Options granted under the Plan and the relative exercise price per Share (corresponding to its normal value) designed to reflect changes resulting from the extraordinary operations mentioned above that, in this respect, the Board of Directors of the Company, where it is considered necessary or opportune to maintain the essential contents of the Plan unchanged as much as possible, within the limits allowed by the applicable legislation currently in force, may take steps to set rules for emerging rights and/or modify and/or add to the conditions for granting options when extraordinary operations occur that affect the formal structure of the share capital of the Company.

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 2017	Options exercised since beginning of the plan until 31 st December 2017****	Date of grant by BoD	Exercise price €	Market price of the underlying financial instruments on the grant date (official price) €	Exercise period (from to) ***		
Alberto Recordati	Chairman *	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0	2010-2013 Plan: 360,000 2014-2018 Plan: 90,000	09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1st tranche) 2014** - 31.12.2019 (2nd tranche) 2015** - 31.12.2019 (3rd tranche) 2016** - 31.12.2019 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1st tranche) 2015** - 31.12.2020 (2nd tranche) 2016** - 31.12.2020 (3rd tranche) 2017** - 31.12.2020 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	90,000		29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108,000		13/04/2016	21.93	22.318	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
Andrea Recordati	Director, Chief Executive Officer and General Manager	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0	2010-2013 Plan: 260,000 2014-2018 Plan: 90,000	09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1st tranche) 2014** - 31.12.2019 (2nd tranche) 2015** - 31.12.2019 (3rd tranche) 2016** - 31.12.2019 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1st tranche) 2015** - 31.12.2020 (2nd tranche) 2016** - 31.12.2020 (3rd tranche) 2017** - 31.12.2020 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	90,000		29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108,000		13/04/2016	21.93	22.318	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)

Fritz Squindo	Director *	13/04/2010	Options on Recordati S.p.A. shares with physical delivery	80,000	2010-2013 Plan: 100,000 2014-2018 Plan: 0	09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1st tranche) 2014** - 31.12.2019 (2nd tranche) 2015** - 31.12.2019 (3rd tranche) 2016** - 31.12.2019 (4th 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 (1st tranche) 2015** - 31.12.2020 (2nd tranche) 2016** - 31.12.2020 (3rd tranche) 2017** - 31.12.2020 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	180,000		29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	108,000		13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th 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 an employee 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 eighth 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 December 2017	Options exercised since beginning of the plan until 31 st December 2017****	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. 7 Key Management Personnel *****		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	0	2010-2013 Plan: 332,500 2014-2018 Plan: 197,500	09/02/2011	6.7505	6.77	2015** - 31.12.2019 (3rd tranche) 2016** - 31.12.2019 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	42,500		08/05/2012	5.307	5.1824	2016** - 31.12.2020 (3rd tranche) 2017** - 31.12.2020 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	25,000		30/10/2013	8.93	9.533	2018** - 31.12.2021 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	287,500		29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	341,000		13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)
Other Beneficiaries		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	91,500	2010-2013 Plan: 6,024,500 Piano 2014-2018: 2,203,500	09/02/2011	6.7505	6.77	2013** - 31.12.2019 (1st tranche) 2014** - 31.12.2019 (2nd tranche) 2015** - 31.12.2019 (3rd tranche) 2016** - 31.12.2019 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	344,000		08/05/2012	5.307	5.1824	2014** - 31.12.2020 (1st tranche) 2015** - 31.12.2020 (2nd tranche) 2016** - 31.12.2020 (3rd tranche) 2017** - 31.12.2020 (4th tranche)
		13/04/2010****	Options on Recordati S.p.A. shares with physical delivery	37,500		17/04/2013	7.16	7.35	2015** - 31.12.2021 (1st tranche) 2016** - 31.12.2021 (2nd tranche) 2017** - 31.12.2021 (3rd tranche) 2018** - 31.12.2021 (4th tranche)
		13/04/2010	Options on Recordati S.p.A. shares with physical delivery	40,000		30/10/2013	8.93	9.4005	2015** - 31.12.2021 (1st tranche) 2016** - 31.12.2021 (2nd tranche) 2017** - 31.12.2021 (3rd tranche) 2018** - 31.12.2021 (4th tranche)

		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	2,343,500	29/07/2014	12.29	11.917	2016** - 31.12.2022 (1st tranche) 2017** - 31.12.2022 (2nd tranche) 2018** - 31.12.2022 (3rd tranche) 2019** - 31.12.2022 (4th tranche)
		17/04/2014	Options on Recordati S.p.A. shares with physical delivery	2,858,000	13/04/2016	21.93	22.328	2018** - 31.12.2024 (1st tranche) 2019** - 31.12.2024 (2nd tranche) 2020** - 31.12.2024 (3rd tranche) 2021** - 31.12.2024 (4th tranche)

* 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 eighth 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.

**** Solely for employees of the American subsidiary Recordati Rare Diseases Inc.

***** One of which is a member of key management personnel who left during the course of 2017.

DIRECTORS' REPORTS ON THE PROPOSALS ON THE AGENDA OF THE ORDINARY GENERAL MEETINGS OF THE SHAREHOLDERS

(18TH APRIL 2018 SINGLE CALL)

Report on item 4 on the agenda of the Ordinary Shareholders' Meeting and the relative resolution proposed

Proposal to authorise the purchase and utilisation of treasury stock; relative and consequent resolutions.

To Our Shareholders,

In compliance with Art. 125-*ter* of Legislative Decree No. 58/1998 and with Art. 73 of the Regulations adopted with Consob resolution No. 11971 of 14th May 1999 and subsequent amendments ("Issuers' Regulations"), we inform you of the following.

On 11th April 2017 the Shareholders' Meeting of Recordati S.p.A. (hereinafter the "Company") authorised the purchase and utilization of treasury stock until the date of the approval of the 2017 Separate Company Annual Report.

On the basis of that shareholders' resolution, on 11TH July 2017, a programme was commenced to purchase treasury stock to be used at the service of stock option plans already adopted by the Company and for those which may be adopted in the future, designed for employees of the companies in the Recordati Group. As part of the implementation of that programme, from 11TH July 2017 to 14TH March 2018 the Company purchased 4,096,842 ordinary shares for a total pay-out of € 121,764,618.00.

You are now asked to again authorise, within the limits and according to the procedures detailed below, the purchase and utilization of treasury stock.

This proposal fulfils various functions: it meets corporate requirements because the purchase of treasury stock, if authorised, will allow transactions to be performed such as the sale, contribution and exchange of treasury stock in order to acquire interests in companies and/or to reach agreements with strategic partners which form part of the Group's objectives for expansion; it meets requirements regarding the fulfilment of obligations resulting from the stock option plans already adopted by the Company and other stock option plans which might be approved in future also pursuant to, and for the purposes of, market practices concerning the purchase of treasury stock for the constitution of "share inventories" permitted by the Consob with resolution No. 16839 of 19th March 2009 without prejudice to the provisions of Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable. Furthermore, the authorisation to purchase Treasury stock, if granted, will allow the Company to make investments, if required, on the stock market in its own shares, even through financial intermediaries and also pursuant to, and for the purposes of market practices concerning liquidity support permitted by the Consob with Resolution No. 16839 of 19th March 2009, without prejudice to the provisions of Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable.

In order to achieve the objectives just mentioned, we propose that you authorise the Board of Directors, and the Chairman and the Chief Executive Officer, each individually, on its behalf, to purchase, even in one or more tranches, taking account of the treasury stock already held by the Company, a maximum of 10,000,000 (ten million) ordinary shares with a par value of €0.125, corresponding to 4.78% of the current share capital of €26,140,644.50 and in any event for a maximum amount of €300,000,000 (three hundred million) a percentage and amount which, as detailed below, complies with article 2357 of the Italian Civil Code.

At the same time, we ask you to authorise, in accordance with Art. 2357-ter of the Italian Civil Code, the Board of Directors - and the Chairman and Chief Executive Officer, each individually, on its behalf - to utilize, even in more than one tranche and for the purposes for which the authorisation is requested, the treasury stock that may be purchased, even by means of transactions subsequent to the purchase and sale, according to the procedures indicated below.

For the purposes of compliance with the third paragraph of article 2357 of the Italian Civil Code, we report that the share capital of the Company amounting to € 26,140,644.50 currently consists of 209,125,156 ordinary shares with a value of € 0.125 each.

We also report that on 14th March 2018 the Company possessed in its portfolio treasury stock of 4,873,604 shares, corresponding to 2.33% of the share capital.

The authorisation to purchase is requested until the date of the approval of the 2018 Annual Report. The utilisation of the shares purchased may occur without limits on the timing, exception being made for the provisions of the market practices already mentioned and of Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable.

The Board proposes that the minimum unit price for the purchase should not be less than the par value of the RECORDATI S.p.A. ordinary shares (currently €0.125) and that the maximum price should not be greater than the average of the official stock exchange prices in the five sessions prior to the purchase, plus 5% and the Board in any case proposes that the purchases of ordinary treasury stock should be made in compliance with ordinary operating conditions laid down by market practices permitted by the Consob mentioned above and by Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable.

With regard to the maximum limit on spending, the Board observes that in accordance with article 2357 of the Italian Civil Code, treasury stock may be purchased up to the limits of the distributable profits and the reserves available resulting from the last financial report approved.

In this respect, it is underlined that in the financial statements of the Company as at and for the year ended 31st December 2017, submitted for your approval, the distributable profits amount to € 212,505,744 (of which € 87,469,996 has already been distributed in November 2017 as an interim dividend) and the total amount of the reserves is € 251,270,027:

Additional paid-in capital:	€ 83,718,523
Extraordinary Reserve:	€ 57,663,690
Reserve formed following the transition to IFRS/IAS standards:	€ 109,887,814

We therefore observe that in view of the maximum price mentioned previously, the distributable profits and the distributable reserves recognised are sufficient to allow any purchase of treasury stock there may be.

As concerns the procedures for purchase transactions, which may be performed in one or more tranches, the Board proposes that these transactions are performed on regulated markets in compliance with Art. 144 bis, paragraph one, letter b), of the Issuers' Regulations and Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable. Furthermore, if those purchase transactions are performed pursuant to, and for the purposes of, the market practices cited, permitted by the Consob with resolution No. 16839 of 19th March 2009, they must be performed in compliance with the operational conditions laid down for those practices by the resolution cited, including the limits concerning the payment made for the purchases and the daily volumes (paragraphs 15 to 23 of the market practices concerning liquidity support; paragraphs 5 to 8 of the market practices concerning the purchase of treasury stock for the constitution of "share inventories").

As concerns procedures for the utilisation, on the one hand it is proposed that the Shareholders' Meeting authorise the Board of Directors - and its Chairman and Chief Executive Officer, each individually, on its

behalf - pursuant to and for the purposes of Art. 2357 *ter* of the Italian Civil Code to utilise - at any time, in one or more tranches and even before all possible purchases are made – the treasury stock purchased, by selling it on regulated markets either in lots or by public tender offer and, if it is the case, in compliance with the provisions of the market prices already mentioned. On the other hand, any treasury stock purchased may be used as payment for the purchase of shares and/or the conclusion of agreements with strategic partners and in any event, also to implement stock option plans already adopted by the Company or which may be adopted in future. Shareholders are therefore asked to grant the Board of Directors - and its Chairman and Chief Executive Officer, each individually, on its behalf - the right to establish, as the occasion arises and in compliance with the relative legislation and regulations, the terms, procedures and conditions considered most appropriate, while the condition remains that the minimum price for the sale of shares cannot be less than their par value and that utilisations that may be made pursuant to and for the purposes of the market practices cited must be performed in compliance with the operational conditions laid down for the those practices by Consob Resolution No. 16839 of 19th March 2009 and by Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable. The Board of Directors will act in compliance with the disclosure obligations pursuant to Art. 144-*bis*, paragraph three of the Issuers' Regulations and, if it is the case, with the disclosure obligations provided for by the market practices cited and with Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable.

Finally the proposal for the purchase of treasury stock is not made for the purpose of reducing the share capital.

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 read the report of the Board of Directors, in compliance with Art. 125-*ter* of Legislative Decree No. 58/1998 and with Art.73 of the Regulations adopted with Consob resolution No. 11971 of 14th May 1999 and subsequent amendments

resolves

- i) to authorise, pursuant to and for the purposes of Art. 2357 of the Italian Civil Code and until the approval of the 2018 Annual Report, the purchase, in one or more tranches, of a maximum of 10,000,000 (ten million) ordinary RECORDATI S.p.A. shares with a par value of €0,125 and, in any event, in an amount such that the maximum number of treasury shares held by the Company never exceeds one fifth of the share capital, with account also taken of shares that may be held by subsidiaries, for a minimum valuable consideration of not less than the par value of the RECORDATI S.p.A. share (€0,125) and a maximum valuable consideration of not more than the average official stock exchange price in the five sessions prior to the purchase, plus 5%, and in any case in compliance with the provisions of Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable, with a total disbursement which is in any event not greater than €300,000,000 (three hundred million);
- ii) to grant a mandate to the Board of Directors, and to the Chairman of the Board of Directors and the Chief Executive Officer, each individually, on its behalf, to proceed to the purchase, including through delegated persons, of RECORDATI S.p.A. shares under the conditions reported above, in an appropriate gradual manner in the interests of the company, on regulated markets and in compliance with and according to the procedures of Art 144-*bis*, paragraph one, letter b) of the Issuers' Regulations and with Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable;
- iii) to provide that the authorisation just mentioned may also be used (a) for the purposes of the utilisation of treasury stock in transactions related to continuing operations and that is projects that are consistent with the strategic policies that the Company intends to pursue, in relation to which opportunities for share exchanges arise, according to the procedures, terms and conditions indicated in this resolution, or to fulfil obligations arising from stock option plans already adopted by the Company and those which might be adopted in future also pursuant to and for the purposes of market practices concerning the

purchase of treasury stock for the constitution of “share inventories” permitted by the Consob with Resolution No. 16839 of 19th March 2009 and Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable and (b) for the purposes of investment in the Company’s own shares, according to the terms and according to the procedures laid down by the applicable regulations and if it is the case, in the interest of the Company and through specialised intermediaries, also pursuant to and for the purposes of market practices concerning liquidity support permitted by the Consob with Resolution 16839 of 19th March 2009 and Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable. All of the foregoing maybe performed provided that the purchases which may be made pursuant to and for the purposes of the cited market practices occur in compliance with the operational conditions laid down for the those practices by Consob Resolution No. 16839 of 19th March 2009, including the limits concerning the payment for purchases and the daily volumes which are intended as fully included herein and also in compliance with Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable. The maximum number of treasury shares possessed may not in any case and at any time exceed, as already stated, the maximum limit established by the applicable regulations in force, with account also taken of shares which may be possessed by subsidiaries;

- iv) to authorise the Board of Directors, and the Chairman of the Board of Directors and the Chief Executive Officer, each individually, on its behalf, pursuant to and for the purposes of Art. 2357 *ter* of the Italian Civil Code to utilise - even through delegated persons, at any time, fully or in part, in one or more tranches, even before all possible purchases are made and even by means of transactions subsequent to the purchase and sale – the shares purchased on the basis of this resolution, either by selling them on regulated markets or in lots or by a public tender offer, or by means of stock option plans already adopted by the Company and which it may adopt in future and also as valuable consideration for the acquisition of shares and/or the conclusion of agreements in the framework of a policy of corporate investments, with the right to establish, as the occasion arises and in compliance with the relative legislation and regulations, the terms, procedures and conditions considered appropriate, while the condition remains that the sale of shares must be made at a minimum price of not less than their par value. All of the foregoing is subject to the condition that the utilisations that may be performed pursuant to and for the purposes of the market practises mentioned must occur in compliance with the operational conditions set for those practises by Consob Resolution No. 16839 of 19th March 2009 and with Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable;
- v) to grant the Board of Directors and the Chairman of the Board of Directors and the Chief Executive Officer, each individually, on its behalf all necessary powers to implement this resolution, in compliance with the Art. 132 of Legislative Decree No. 58/1998 and with the disclosure obligations pursuant to Art. 144 *bis*, paragraph three of the Issuers’ Regulations and, if applicable, to the reporting obligations pursuant to the market practises mentioned, and the Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, with the right to proceed to the purchase and the utilisation of treasury stock within the limits already stated, even through specialist intermediaries and also pursuant to and for the purposes of market practices concerning liquidity support permitted by the Consob with Resolution 16839 of 19th March 2009 and with Regulation EU No. 596/2014 of 16th April 2014 and the relative regulations to implement it, where applicable.”

Milan, 15th March 2018

for the Board of Directors
Vice Chairman and Chief Executive Officer
Andrea Recordati