



RenoDeMedici

In compliance with article 114-*bis* of Legislative Decree n. 58/98 and article 84-*bis* of Regulation adopted by Consob under resolution No. 11971 of 14 May 1999 and subsequently amended.

**REGULATION OF INCENTIVE PLAN IN FAVOUR OF MANAGEMENT FOR YEARS
2011/2012/2013**

Introduction

These Rules govern the execution of the 2011-2012- 2013 Phantom Shares Plan (the “Plan”) and the assignment of such Shares to top management of the Company and of its subsidiaries (the “Beneficiaries”).

Definitions

The terms below have the following meanings in these Regulations:

“Beneficiaries” The Participants in the Plan.

“Bonus” The possible cash amount gross of any deduction providing by law any other charge to be borne by the Beneficiaries, calculated by applying the Formula only in case of achievement of the Performance and/or in the other cases provided by the present Information Document.

“Board of Directors” The *pro tempore* Board of Directors of Reno De Medici S.p.A.

“CAP” The possible maximum amount that the Company will pay to all Beneficiaries at the end to the Plan equal to Euros 6,000,000.00 with exception of the provision of art. 9 of Regulation. Such maximum amount will also include the social security contributions to be borne by the Company and/or the Group.

“Company/RDM” Reno De Medici S.p.A., with registered office at Via Durini n. 16/18, Milan, Italy.

“EBIT ADJUSTED”: The algebraic sum of (i) EBITDA ADJUSTED (ii) depreciation and amortization, (iii) recovery of value and write-downs of assets; (iv) the productions lines whose operations will have been discontinued, suspended or interrupted even if they will not be reported has no-recurring according to the IFRS Principle.

“EBITDA ADJUSTED”: It indicates the Gross Operating Profit adjusted for (i) non recurring income and expenses arising from non recurring events as indicated in the Consolidated Profit and Loss Statements drawn up according to the IFRS and the Consob Resolution n. 15519 of July 28, 2006, as subsequent modifications and integrations, (ii) income and expenses relevant to productions lines whose operations will have been discontinued, suspended or interrupted even if they will not be reported has no-recurring according to the IFRS Principle. It is specifically represented that EBITDA ADJUSTED includes the costs relevant to both the present Plan and the Incentive Plan for Employees approved on October 19, 2009.

“Employees” The Employees of RDM Group (as follows pinpointed) who are not working their trial period or period of notice for resignation, dismissal or mutual termination of the Employment Relationship and will keep the employment relationship until 31 December 2013.

“Final Bonus” The cash amount, net of withholding, to be paid to the Beneficiaries upon

expiration of the Plan by 15 July 2014.

“Financial Ratios” The Financial Ratios provided for the Loans Contracts as follows changes and integrations.

“Formula” The formula used to calculate the Bonus: [(number of Phantom Shares assigned to each beneficiary) x (Rate of Performance achieved) x (Reference Value)].

“Free Phantom Shares” The n. 1.943.000 Phantom Shares at the disposal of the Board to be granted to new Beneficiaries during the Plan.

“Group” Reno De Medici and its controlled and affiliated companies also pursuant to art. 2359 c.c..

“Information Document”: The present information document drawn up pursuant to art. 114 bis of TUF and art. 84-bis of R.E.

“Loans Contracts”: The two Loans Contracts signed with Intesa San Paolo and Unicredit Banca d’Impresa S.p.A. at 6 April 2006 and the contract signed with Intesa San Paolo at 21 December 2006, and subsequent modifications and/or integrations; the Loan Agreement signed by the Subsidiary RDM Ansbergh GmbH with Dresdner Bank on December 19, 2008, and any other future Loan Agreement that provides for financial covenants.

“MTA” The Mercato Telematico Azionario (Italian Telematic Stock Exchange) organized and managed by Borsa Italiana S.p.A..

“Net Financial Position – NPF” It indicates the Net Financial Position as reported in the Consolidated Annual Report and Financial Statements for each year.

“Net Invested Capital Adjusted”: It is defined as the algebraic sum of non-current assets, non-current liabilities and Net Working Capital deducted the assets and liabilities relevant to lines of production whose operations have been discontinued, suspended or interrupted. The entity of such deduction will be determined by dividing by 12 the year-end value of such assets and liabilities, times the number of months in which the operation will have been discontinued, suspended or interrupted. The Net Investment Capital Adjusted will be calculated based on the evidence of the Consolidated Annual Report and Financial Statements for each year.

“Performance” The economic-financial Performance fixed in order to receive the Bonus.

“Payment Date” The date on which any Final Bonus will be paid with the exception of the cases at art. 4.3. of this Information Document, fixed at 15 July 2014.

“Percentage” The percentage of the Performances to effective achievement. The Percentage may be from 100% to 0% and apply in order to calculate the Bonus in compliance with the Formula.

“Phantom Shares” The Company’s virtual shares assigned to each of the Plan Beneficiaries, the value of which, parameterised to the value of Reno De Medici S.p.A. shares on the MTA on the Reference Date, will be used as the basis for calculation of the Bonus according to the Formula.

“PLAN” This Incentive Plan.

“Reference Value” The arithmetic media of the value of RDM’s shares recorded on the MTA during the April 2014.

“Remuneration Committee” The Remuneration Committee formed within the Board of Directors of RDM for purposes of Art. 7 of the Corporate Governance Code adopted by Borsa Italiana S.p.A.

“Regulation” The regulations governing and defining the criteria for the implementation of this Incentive Plan.

“R. E.” Consob Regulation no. 11971 of 14 May 1999 - Implementing the provisions on issuers of Legislative Decree 58 of 24 February 1998 and subsequent amendments and additions.

“ROCE” The percentage ratio between “EBIT ADJUSTED” and “Net Invested Capital Adjusted”.

“Shares” The ordinary shares of Reno De Medici S.p.A. listed on the market managed by Borsa Italiana S.p.A., Star Segment.

“TUF” Italian Decree Law no. 58/98, and subsequent amendments and additions.

“Verification Date” The date for verification of achievement of the performance conditions as indicated at art. 4.2. of this Information Document.

Art. 1 Issuer

Reno De Medici S.p.A. (“RDM” or “Company”), with headquarters at Via Durini no. 16/18, Milan, Italy.

Art. 2 Beneficiaries

The directors, managers and employees of the Company and of its subsidiaries (jointly, the “Group”), identified nominative by the Plan, to whom the Phantom Shares will be assigned for 2011/2012/2013 as shown below.

Art. 3 – Administration of the Plan

3.1. The Plan will be administered by the Board of Directors, and on its behalf, by the Chairman and the Deputy-Chairman, separately, as provided in the Regulation.

According to the Plan provisions, the Board will have the power to change the list of the Beneficiaries including for purposes of reflecting any significant changes in employment relations or new manager during the term of the Plan, as well as any exclusions due to failure to satisfy the requirements for assignment established by Plan rules and/or due to the occurrence of circumstances that support just exclusion from the Plan; the assigned Phantom Shares will turn into Free Phantom Shares and the Board will be able to assign also those to the new Beneficiary according to the criteria provided into this Information Document and the Regulation.

3.2. For good and constant monitoring of the Plan, the Board delegates the following functions to the Remuneration Committee:

- a) within 30 days after approval by the Meeting, inform Beneficiaries of the number of Phantom Shares assigned and the performance conditions to be achieved;
- b) inform the new Beneficiaries of the number of Phantom Shares assigned and the performance conditions to be achieved;
- c) annually and throughout the Plan, check that Beneficiaries maintain requisites for participation in the Plan;
- d) promptly notify the Board if any Beneficiary/ies no longer has/ve the requisites for participation;
- e) verify and communicate the achievement, with the relative percentage, or not of the Performance by 30th March 2014, however in the occasion of the approval of the financial Statements of year 2013 by the Board ;
- f) by 15 May 2014 and after the approval of the approval of the financial Statements 2013 by the Shareholders’ Meeting, calculate and communicate the amount the Award basing on the Formula.

3.3. The Final Bonus will be paid by 15 July 2014.

3.4. All Board resolutions concerning the interpretation and application of the Plan will be final and binding for the persons involved.

3.5. The rules contained in the Corporate Governance Code for Listed Companies adopted by the Company will be applied under all circumstances.

3.6. The Board has all powers to administer the Plan, including power to make any non-essential change to the Plan and all opportune changes to these Rules following possible changes to current tax laws.

3.7. Acceptance of ownership of the Phantom Shares entails full acceptance of all provisions of these Rules.

Art. 4 – Adjustments

In case of stock split-downs or split-ups, capital increases or reductions, merger or split, or any other extraordinary operation affecting the capital of RDM, the Board will submit to the Shareholders' Meeting a proposal to suitably change the number of Phantom Shares assigned.

Art. 5 – Method of calculation and payment

5.1. The following stages will be implemented over the term of the Plan:

a) **Assignment of Phantom Shares - 2011**: after the approval by the Shareholders' meeting, the Remuneration Committee will communicate the number of assigned phantom shares and the performance to achieve to the all Beneficiaries;

b) Verification Date: by 30th March 2014, or contextually to the Board called to approve the Financial Statements at 31 December 2013, the Remuneration Committee will meet in order to verify the achievement of certain performance. The Company has decided to fix the Verification Date at the adoption of Financial Statements of year also considering that some Directors are Beneficiaries. In this way, the Company will avoid any risk also in compliance with art. 114 TUF.

c) Calculated Date: in the event of the achievement of Performance and compliance to the Financial Ratios by 15th May 2014 and after the approval of Financial Statements at 2013 by the Shareholders' Meeting, the Remuneration Committee will calculate the amount of the award for each Beneficiaries by the Formula and it will inform the Board and each Beneficiaries about the amount of the award.

d) Payment Date: by 15 July 2014, the Company will have to pay the Final Bonus to the Beneficiaries.

Art. 6 Conditions for achievement of the Bonus

The Payment of the Bonus is related to achievement of the following conditions:

a) a) as regard to 75% of the value of the Bonus, upon the achievement at 31 December of each year of a ROCE equal or higher than:

31.12.2011	31.12.2012	31.12.2013
6%	8%	10%

b) as regards 25% of the value of the Bonus upon the achievement at 31 December of each year of a ratio PFN/EBITDA ADJUSTED equal or lower than:

31.12.2011	31.12.2012	31.12.2013
2,4	2,2	2

In case of the above mentioned conditions are achieved only for one and/or two years and/or they will be achieved in part during one and/or two and/or three years, it will be calculated the number of Phantom shares to apply for the Formula dividing the assigned total number by the number of years of Plan.

Art. 7 Loss of right

7.1. The Beneficiary loses his/her right to the Bonus in case of termination due to dismissal/withdrawal, for just cause or justified reasons, by the Group company with which the Beneficiary has an employment relationship, in case of unagreed withdrawal/resignation by the Beneficiary, in case of failure to perform his/her assigned duties, as well as non-continuation in the office held for the Chairman, the Deputy Chairman and the Managing Director at the 31 December 2013. In this case, the assigned Phantom Shares will turn into Free Phantom Shares. It is understood that the Beneficiary loose the right before 31st December 2013 can not make claim and/or exercise a right and/or request something in case the goal should be achieved for each year in which the Beneficiary shall work for the Company.

7.2. Nevertheless, the Board of Directors may adopt specific solutions in special cases of interruption of employment with the Beneficiary or his disability, retirement or in case the discharge from the appointment of Chairman and Deputy-Chairmen.

7.3. In case of replacement of the Beneficiary and/or introduction of a new Beneficiary during the Plan term, the Board of Directors may consider the number of the assignment Phantom Shares based on the residual time for the Plan as well as on the specific responsibilities and role assumed by the Beneficiary.

Art. 8 – Non-transferability

8.1. The Phantom Shares cannot be sold, disposed of, encumbered, or transferred in any other way, and any sale, disposal, encumbrance, or transfer in violation of this provision will be invalid and will not bind the Company in any way.

8.2. In case of the beneficiary dies: (i) before the 31 December 2013, the Board could assign and pay a Bonus calculated *pro rata temporis* to his/her successors identified in compliance with the enforced law in each country; (ii) after the 31 December 2013, his/her successors will have right to receive the potential Bonus according to the enforced law in each country.

Art. 9 – Change of Control

In the event of the announcement of a public offer on the shares of RDM and/or of operations which may lead to a Change of Control, the Board of Directors will be able to pay fully or partially the Bonus in advance and the CAP will not be applied.

Art. 10 - Notices and Deadlines

10.1. All notices required by these Rules must be made in writing and sent by registered letter with return receipt, or hand-delivered, or by telegram, to the addressed shown below:

- to the Company: Via Durini 16/18, Milan, Italy, fax: (+39) 02.89966200, to the attention of the Company Secretary;
- to the Beneficiary, c/o the office or division if the Beneficiary is an employee; otherwise, to the domicile that the Beneficiary provides the Company at the time of assignment or, in the absence thereof, to Company headquarters.

10.2. The deadlines included in these Regulations are peremptory. It is agreed that should any one of the deadlines included in these Regulations fall on a holiday, as identified and defined in the legislation of the individual countries concerned, such deadline shall be deferred to the first available day which is not a holiday.

Art. 11 – Applicable law

These Rules are governed by Italian law.

Art. 12. – MISCELLANEOUS

It is explicitly agreed that the Beneficiary's participation in the Plan to which these Regulations relate shall not create nor give rise to any entitlement, expectation or claim of any nature whatever, including in the future, in relation to or in connection with the Advisor/Employees/Director relationship. Such relationships shall continue to be governed by prevailing laws and agreements.

Art. 13 - Arbitration clause

13.1. All disputes deriving from these Rules will be submitted exclusively to a board of arbitration composed of three arbitrators according to the national arbitration rules of the Chamber of National and International Arbitration of Milan, Italy, which the parties declare to know and fully accept. The venue of arbitration will be Milan, Italy. The board of arbitration will decide in the customary manner and according to law.

13.2. Nevertheless, and without prejudice to the above, the parties expressly agree that any and all disputes related to these Rules in any way and not covered by this Arbitration clause, or of which the board of arbitration may not have cognisance, will be subject to the jurisdiction and exclusive cognisance of the Court of Milan, Italy.

Milan, 21st March, 2011.