



## **DELCLIMA S.P.A.**

Registered Office: Treviso, via L. Seitz 47

Paid-up share capital: Euro 224,370,000.00

<http://www.del-clima.com>

Economic and Administrative Registration (REA) Treviso – Tax Code No. 06830580962

### **DISCLOSURE**

prepared in accordance with Article 114-*bis* of Legislative Decree 24<sup>th</sup> February 1998, as subsequently amended and supplemented and Article 84-*bis*, paragraph 1 of the Regulation approved by Consob with Resolution No. 11971 of 14<sup>th</sup> May 1999, as subsequently amended and supplemented

regarding

### ***PHANTOM STOCK OPTIONS PLAN 2012-2016***

Treviso, 19<sup>th</sup> March 2012

## DEFINITIONS

The following definitions are used in this Disclosure:

- “ASSIGNMENT DATE”: date on which the Company's Board of Directors, after approval of the Plan by the Shareholders' Meeting, assigns the Phantom Stock Options to the Beneficiary.
- “ASSIGNMENT VALUE”: means the exercise price of the Virtual Options, equal to Euro 0.70 (70 cents) for each Phantom Stock Option.  
The Assignment Value is greater than the market value for the DeLclima Stock at the time of the proposal to approve the Plan (approved on 16<sup>th</sup> March 2012 by the Compensation Committee and on 19<sup>th</sup> March by the Board of Directors).
- “BENEFICIARY” or “PARTICIPANT”: means the person to whom the *Phantom Stock Options* are assigned and, more particularly, the Chief Executive Officer.
- “BOARD OF DIRECTORS”: means the Board of Directors of DeLclima S.p.A..
- “CHIEF EXECUTIVE OFFICER”: means the Chief Executive Officer of DeLclima S.p.A., Carlo Grossi.
- “COMPANY” or “DELCLIMA S.P.A.”: means the company DeLclima S.p.A., with registered office in Treviso, Via L. Seitz 47, share capital subscribed and fully paid up of Euro 224,370,000.00, divided into 149,580,000 shares with a nominal value of Euro 1.50 (one euro fifty cents) each, registered with the Register of Companies at the Chamber of Commerce of Treviso with no. 06830580962.

**“COMPENSATION COMMITTEE”:**

means the Compensation Committee of DeLclima S.p.A. set up and appointed by the Board of Directors.

**“DISCLOSURE”:**

means this information document drafted in accordance with Art. 114-*bis* of the TUF and Art. 84-*bis*, paragraph 1 of the Issuers' Regulation, in compliance with the indications contained in Scheme 7, Annex 3A of the Issuers' Regulation.

**“ISSUERS' REGULATION”:**

means the Regulation approved with Consob resolution No. 11971 of 14<sup>th</sup> May 1999, as subsequently amended and supplemented.

**“PHANTOM STOCK OPTIONS” or  
“VIRTUAL OPTIONS” or, more simply,  
“OPTIONS”:**

means the (free, personal and non-transferable *inter vivos*) instruments that give the Beneficiary the right to receive a sum of money corresponding to the increase in value of DeLclima Shares, traded on the Electronic Stock Market organised and managed by Borsa Italiana, in accordance with the procedures specified and within the times indicated in the Regulation.

**“PHANTOM STOCK OPTIONS PLAN  
2012-2016” or “PLAN”:**

means the plan to assign virtual options (so-called *Phantom Stock Options*) reserved for the Company's Chief Executive Officer, regulated by the Rules, approved - upon the proposal of the Compensation Committee - by the Board of Directors on 19<sup>th</sup> March 2012 and submitted, in accordance with Art. 114-*bis* of the TUF, for the approval of the Shareholders' Meeting convened on 23<sup>rd</sup>/26<sup>th</sup> April 2012, in the first and second call respectively.

**“RULES”:**

means the *“Rules regarding the Phantom Stock Option Plan 2012-2016”* approved - upon the proposal of the Compensation Committee - by the Board of Directors on 19<sup>th</sup> March 2012 and submitted for the approval of the Shareholders' Meeting convened on 23<sup>rd</sup>/26<sup>th</sup> April 2012 in first and second call respectively.

**“SHAREHOLDERS' MEETING”:**

means the Meeting of the Shareholders of DeLclima S.p.A.

**“SHARES” or “DELCLIMA SHARES”**

or **“STOCKS” or “DELCLIMA STOCKS”:**

means the ordinary shares of DeLclima S.p.A. with a nominal value of Euro 1.50 (one euro fifty cents) each, listed on the Electronic Stock Market organised and managed by Borsa Italiana.

**“TUF”:**

means Legislative Decree No. 58 of 24<sup>th</sup> February 1998, as subsequently amended and supplemented.

## PREAMBLE

This Disclosure has been prepared by DeLclima S.p.A. in order to provide detailed information to its shareholders and to the market regarding the proposed adoption of the Phantom Stock Option Plan 2012-2016 approved by the Board of Directors on 19<sup>th</sup> March 2012, upon the proposal of the Compensation Committee and submitted, in accordance with Art. 114-bis of the TUF, for the approval of the Shareholders' Meeting convened on 23<sup>rd</sup>/26<sup>th</sup> April 2012, in the first and second call respectively, together with the related Rules.

In particular, the Disclosure has been prepared in accordance with Art. 84-bis, paragraph 1 of the Issuers' Regulation and in compliance with the indications contained in Scheme 7, Annex 3A of the Issuers' Regulation ("**Scheme 7**").

It should be noted that the Plan is aimed at paying a sum of money in relation to the increased value of DeLclima Stock, traded on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. It is therefore a (so-called) Phantom Stock Option Plan since it is not based on the physical delivery of the underlying financial instruments, but on the (cash) payment of sums of money by virtue of an increase in the Stock's value.

The Plan is deemed to be "of major significance" in accordance with Art. 114-bis, paragraph 3, of the TUF and Art. 84-bis, paragraph 2 of the Issuers' Regulation, since it is reserved for a member of the Board of Directors: it is therefore an incentive system which is consistent with common practice (also at international level) and with the principles of the Corporate Governance Code for Listed Companies, to which the Company adheres.

The Disclosure is made available to the public at the registered office of DeLclima S.p.A. in Via L. Seitz 47, Treviso, and on the Company's website [www.del-clima.com](http://www.del-clima.com), section "*Investor Relations*" - "*Governance*" - "*Annual Shareholders' Meeting*" - "*2012*" and has also been sent to Consob and Borsa Italiana S.p.A. in accordance with the regulations in force.

## 1. BENEFICIARIES

### 1.1. Indication of the name of the Beneficiaries who are members of the Board of Directors of the Issuer, of companies controlling the Issuer and the companies directly or indirectly controlled by the Issuer.

The plan envisages the assignment of Phantom Stock Options to the Chief Executive Officer of the Company, Carlo Grossi.

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## 2. REASONS FOR THE ADOPTION OF THE PHANTOM STOCK OPTION PLAN

### 2.1. Plan Objectives

The Phantom Stock Option Plan proposed by the Board of Directors, upon the proposal of the Compensation Committee, has the primary objective of aligning the interests of investors and the Chief Executive Officer, by introducing a remuneration system for the latter which is linked to the increase in value of the DeLclima Stock and, therefore, to the creation of value for the Company.

It should be noted that the adoption of an incentive-based remuneration system for management's strategic component is consistent with common practice (also at international level) and in accordance with the principles of the Corporate Governance Code for Listed Companies regarding the remuneration of executive directors.

#### 2.1.1 Additional information for Significant Plans

The Plan is spread over a medium-long period (approximately three years for the vesting period of the Virtual Options and a further year and a half for their exercise): this time period has been deemed as the most appropriate for achieving the set incentive objectives and, in particular, **to focus the Beneficiary's attention on the medium/long-term strategic success factors for DeLclima S.p.A.**

The proposal has been formulated by taking into account the remuneration level of the Chief Executive Officer and the incentive objective that this Plan intends to pursue, since the payment in cash is linked to a significant increase in value of the DeLclima Stock on the regulated market.

## 2.2. **Conditions for exercising and performance indicators considered in the exercise of Phantom Stock Options**

Maturation, and therefore the ability to exercise the rights assigned by the Plan, is not subject to the achievement of economic or financial results but is subject to the expiry of the period indicated in the Rules and the maintenance of the significant relationship between the Beneficiary and the Company for the whole period between the assignment of Virtual Options to their exercise, in compliance with the Rules.

The benchmark for quantifying the bonus is the ongoing performance of DeLclima Stock compared to the Assignment Value for the duration of the Plan.

### 2.2.1 **Additional information for Significant Plans**

The Board of Directors and the Compensation Committee believe that this Plan's particular incentive structure is appropriate in order to pursue the objective, namely that of steering the Chief Executive Officer towards objectives that strategically enhance the value of the Issuer over the medium-long term. Since the payment in money will be subject to the increase of DeLclima Stock on the stock market (compared to the Assignment Value) over the next years, it is believed that the Plan adequately responds to the objective to align the interests of the Chief Executive Officer with those of the Issuer, investors and stakeholders in general, in maximising the value of the Shares.

## 2.3. **Criteria for determining the number of Phantom Stock Options to be assigned and the Assignment Value given to them.**

The number of Phantom Stock Options that the Board of Directors will assign to the Beneficiary in total is equal to 1,000,000 (one million) and this number has been determined also in view of the Beneficiary's position within the organisation, his responsibilities and professional skills.

The Assigned Value will be Euro 0.70 (seventy cents) and the bonus in money will be paid, as illustrated below, in relation to the increase in value of DeLclima Stock.

As already mentioned, this proposal was made by the Board of Directors and by the Compensation Committee by taking into account the Beneficiary's remuneration level and, naturally, the incentive objective that the Plan intends to pursue: in particular the Assignment Value (greater than the stock market price at the time the Plan was approved by the Board of Directors on 19<sup>th</sup> March 2012 upon the proposal of the Compensation Committee adopted at the meeting held on 16<sup>th</sup> March 2012) is the incentive element which characterises the Plan submitted for the approval of the Shareholders' Meeting.

The proposal was adopted unanimously by those present at the Board of Directors meeting and the Board of Statutory Auditors gave its favourable opinion. The director, Mr Carlo Grossi, Beneficiary of the Plan and, therefore, someone with an interest in such resolution being made, did not participate in the deliberations.

**2.4 Reasons underlying any decision to assign remuneration plans based on financial instruments not issued by the Issuer**

Not applicable as the Plan is based only on the difference in value of DeLclima Shares.

**2.5 Evaluations regarding significant tax and accounting implications which have affected the definition of the Plan**

There are no significant tax and accounting implications which have affected the definition of the Plan.

**2.6 Any support of the Plan by the special Fund to encourage workers to participate in businesses, pursuant to Art. 4, paragraph 112 of Italian Law no. 350 of 24<sup>th</sup> December 2003.**

Not applicable.

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### **3. APPROVAL PROCEDURE AND TIMING FOR THE ASSIGNMENT OF VIRTUAL OPTIONS**

#### **3.1 Powers and functions delegated by the Shareholders' Meeting to the Board of Directors in order to implement the Plan**

On 19<sup>th</sup> March 2012 the Board of Directors resolved to submit the Phantom Stock Option Plan 2012-2016, for the assignment of 1,000,000 Virtual Options and the related Rules, for the approval of the Shareholders' Meeting convened on 23<sup>rd</sup>/26<sup>th</sup> April 2012, in first and second call respectively.

The Meeting of the Shareholders of the Company is convened to deliberate on the approval of the Plan (and related Rules) and also to grant a mandate to the Board of Directors - that it can delegate some decisions to the Compensation Committee - to implement the Plan, including the broadest powers to better manage the Plan, including the power to make all the amendments deemed necessary or appropriate so that the Plan can best be implemented, in accordance with the aforementioned Rules.

#### **3.2 Parties appointed to administrate the Plan**

Provision is made in the proposal to the Shareholders' Meeting that management of the Stock Option Plan is delegated by the Shareholders' Meeting to the Board of Directors so that the latter can delegate some decisions to the Compensation Committee, in compliance with the principles of the Corporate Governance Code for Listed Companies to which the Company has adhered. The Board of Directors must therefore fulfil the mandate received from the Shareholders' Meeting by applying the regulations provided by the Rules.

#### **3.3 Procedures for the review of the Plan**

In accordance with the Rules, the Plan can be amended and supplemented: (i) in the event of share capital increases in the Company, whether free-of-charge or against consideration, or extraordinary distribution of dividends that may affect the *Phantom Stock Options*, Shares or, more generally, the economic content of the Plan; and (ii) the occurrence of events that may affect the *Phantom Stock Options*, Shares or, more generally, the economic content of the Plan (e.g. mergers, spin-offs, acquisitions, divestitures, public takeover and exchange bids, etc.).

In particular, the Rules provide that, at its sole discretion, the Board of Directors may adjust the terms of the Rules as follows:

- suspend, for a period not exceeding 60 working days, the right to exercise the Phantom Stock Options in order to make the necessary adjustments;

- adjust the quantities or the Assignment Value in order to keep the essential contents of the Plan unchanged, if necessary by resorting to the assessment of an independent expert. The Board of Directors is also granted (after having heard the opinion of the Compensation Committee) the power to make any amendments and additions to the Plan that may be necessary during the implementation and management of the same Plan.

**3.4 Methods by which the availability and assignment of the shares are determined**

This is not applicable since the rights attributed to the Beneficiary incorporate the attribution of a sum of money, in the manner and within the time limits provided by the Rules, and therefore without the effective assignment of shares.

**3.5 Role played by each director in determining the characteristics of the Plan. Date of the decision taken by the competent body to propose the Plan to the Shareholders' Meeting**

The Plan and the related Rules have been prepared by the Compensation Committee (consisting entirely of non-executive directors and the majority of these are independent) in the meetings held on 6<sup>th</sup> March and 16<sup>th</sup> March 2012.

On 19<sup>th</sup> March 2012 the Board of Directors approved the proposed Plan and the related Rules and resolved to convene the Shareholders' Meeting for the 23<sup>rd</sup>/26<sup>th</sup> April 2012, in first and second call respectively, to approve the Plan.

In the resolution - adopted unanimously by those present at the Board of Directors meeting - Mr Carlo Grossi, as Beneficiary of the Plan, and therefore someone with an interest in such resolution being made, did not participate in the deliberations.

**3.6 Date of the decision taken by the competent body with regards to the proposal to approve the Plan and the proposal to said body by the Compensation Committee**

See point 3.5.

**3.7 Date of the decision taken by the competent body with regards to the assignment of instruments and the proposal to said body by the Compensation Committee**

At the end of the Shareholders' Meeting convened for 23<sup>rd</sup>/26<sup>th</sup> April 2012 the Board of Directors will meet to assign the Virtual Options to the Beneficiary as mandated to do so by the same Shareholders' Meeting.

For the resolution on the proposal by the Compensation Committee, please see point 3.5.

**3.8 Market price of the DeLclima Share at the dates of the decisions regarding the proposed Plan and the assignment of shares**

As of 16<sup>th</sup> March 2012 (date of the resolution by the Compensation Committee) and 19<sup>th</sup> March 2012 (date of the resolution of the Board of Directors) the closing price of DeLclima

S.p.A. ordinary shares was equal to Euro 0.622 and Euro 0.609 per share respectively (Source: Reuters).

**3.9 Any considerations on the disclosure of significant information during the definition of timing of the assignment of the Options**

Not applicable.

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#### 4. CHARACTERISTICS OF THE INSTRUMENTS ASSIGNED

##### 4.1 Description of how the Plan is structured

The Plan provides for the free and personal assignment of a certain number of Phantom Stock Options, i.e. Virtual Options, that cannot be transferred *inter vivos*, which grant the Beneficiary - within the terms and conditions laid down by the Rules - not the right to subscribe and/or purchase DeLclima shares but the right to **payment of a sum of money corresponding to the increase in value of the DeLclima stock on the Electronic Stock Market** organised and managed by Borsa Italiana, in accordance with the procedures set out in the Rules. This is therefore a Phantom Stock Option plan.

##### 4.2 Indication of the period of effective implementation of the Plan

The Plan provides for the assignment to the Beneficiary of 1,000,000 Phantom Stock Options, which can be exercised (and therefore they grant the right to receive the above payment) and also by splitting into parts **from 1<sup>st</sup> July 2015**, the Options must be exercised **by and no later than 31<sup>st</sup> December 2016**.

##### 4.3 Termination of the Plan

The Plan will terminate with the exercise - by the Beneficiary - of the last Phantom Stock Option assigned to him, provided that the conditions for said exercise are met, and in any case no later than the expiry date for the exercise period set by the Plan at 31<sup>st</sup> December 2016.

##### 4.4 Maximum number of options assigned each tax year

There is no maximum number of Options to be assigned each tax year. Subject to the Shareholders' Meeting resolution approving the Plan, the Board of Directors will implement said Plan by attributing a total number of 1,000,000 (one million) Phantom Stock Options to the Beneficiary.

##### 4.5 Methods and clauses for implementing the Plan

With regard to the methods and clauses for implementing the Plan, please see points 2.2, 2.2.1 and 2.3 of this Disclosure.

In particular, it should be noted that:

(i) the number of Phantom Stock Options to be assigned to the Beneficiary (equal to 1,000,000 Options) has been determined by taking the Beneficiary's position within the organisation, his responsibilities and professional skills into account.

(ii) according to the Rules, exercising the Options is subject to the condition that there is a significant relationship between the Beneficiary and the Company for the whole period between the assignment of Virtual Options to their exercise in compliance with the Rules.

#### **4.6 Restrictions on availability affecting the options or the shares deriving from exercising the same**

As this is a Phantom Stock Option Plan, the relevant limits concern the ability to exercise the assigned instruments and therefore, as already explained:

- the instruments may be exercised (and therefore will give the right to obtain the payment in money referred to above) from 1<sup>st</sup> July 2015;

- the instruments may be exercised by and no later than 31<sup>st</sup> December 2016.

The Rules also state that the Phantom Stock Options may not be exercised in the 15 days before the board meeting for approving the half year and annual accounts.

By express provision of the Rules (paragraph 6), all the Phantom Stock Options assigned to the Participant are understood as being assigned on a strictly personal basis and the Participant cannot dispose of them in any way whatsoever, with the exception of transfer upon death. Should the Participant breach this restriction, he shall lose any right(s) over the Phantom Stock Options assigned to him and these Options will be cancelled.

#### **4.7 Any termination conditions with regard to the Plan in the event that the Beneficiaries carry out hedging operations which neutralise any prohibitions on sale**

Not applicable since the Plan does not provide for termination conditions for the situation in which the Beneficiary carries out hedging operations which neutralise the prohibitions on the sale of Phantom Stock Options.

#### **4.8 Effects caused by the termination of employment**

According to the Rules, the right to exercise the Phantom Stock Options is genetically and functionally linked and subject to the continuation of the significant relationship between the Beneficiary and the Company with the following clarifications:

- despite the constancy of the (so-called "organic") administrative relationship with the delegation of powers, if employment is interrupted (i.e. the executive relationship) due to resignation or dismissal for just cause and subjective justifiable reason before the date of exercising the Phantom Stock Option, no amount will be paid to the Participant to the Plan regardless of whether the rights have effectively matured (and therefore even if this event occurs after the end of the vesting period); - in the case that the delegation of powers or the office of director are revoked for just cause, or the Beneficiary voluntarily relinquishes office,

before the date of exercising the Phantom Stock Option, no amount will be paid to the Participant to the Plan regardless of whether the rights have effectively matured (and therefore even if this event occurs after the end of the vesting period);

- if the administrative relationship or the delegation of powers fails for a cause other than revocation for just cause or the Beneficiary's voluntary relinquishment before the date of exercising the Phantom Stock Option, the Beneficiary will keep the right to exercise the Phantom Stock Options provided that the executive relationship with the Company still persists. In this case, given the occasional and extraordinary nature of this incentive system, the same cannot be considered as an integral part of the Participant's normal remuneration in any way. In particular, the amount of the incentive which will be paid to the Participant will be understood as already including any related incidence on the direct and indirect salary obligations regulated by existing collective and individual agreements that may apply (such as, for example, the thirteenth and fourteenth month bonus or supplementary indemnity, if payable) and by the law (such as, for example, severance indemnity or compensation for redundancy), having taken account of this at the moment of deciding on the number of Phantom Stock Options to be assigned to the Participant and their initial value;

- in the event of permanent disability leading to the Beneficiary being unable to continue the employment relationship, either during the vesting period (and therefore before 1<sup>st</sup> July 2015) or after the vesting period but before 31<sup>st</sup> December 2016, the Beneficiary may exercise those Phantom Stock Options that have not yet been exercised within 90 days from the date employment terminated.

- in the event of the death of the Participant to the Plan, either during the vesting period (and therefore before 1<sup>st</sup> July 2015) or after the vesting period but before 31<sup>st</sup> December 2016, his heirs or successors in title may exercise those Phantom Stock Options that have not yet been exercised within 90 days from the date of the Participant's death.

However, the Board of Directors has the possibility to decide, after hearing the opinion of the Compensation Committee, on flat-rate formulas, or other more favourable formulas, to apply to special cases.

#### **4.9 Indication of any other causes for cancelling the Plan**

Unless otherwise indicated in the preceding subsections of this Disclosure, there are no other grounds for cancelling the Plan.

For completeness it should be noted that if any third party obtains control of DeLclima S.p.A., the Participant to the Plan may exercise all the Phantom Stock Options within 30 days after the event.

In the event that control of DeLclima S.p.A. changes, the Share price at the moment of exercising the option(s) will be that recognised by the third party purchaser for the purchase of DeLclima S.p.A. shares.

In the event that DeLclima is delisted, the Participant to the Plan may exercise all the Phantom Stock Options within 30 days after the event. In this case the exercise price will be the weighted average of DeLclima shares in the month preceding the delisting.

**4.10 Reasons for the potential provision for redemption**

Not applicable as the Plan does not provide for the Company "redeeming" the Phantom Stock Options.

**4.11 Any loans or other facilities for the purchase of the Shares**

Not applicable as the Plan does not provide for the granting of loans or other facilities to the Beneficiary.

**4.12 Assessments made on the expected cost to DeLclima at the Assignment Date**

The expected cost to the Company is not currently quantifiable.

**4.13 Any dilution effects on the capital determined by the Plan**

Not applicable since the implementation of the Plan will not have any dilution effect on shareholdings.

**4.14 Other information**

Any significant information, in addition to that already provided in this Disclosure and not available at the moment said Disclosure was approved, will be provided within the time limits laid down and in accordance with the legislation in force.

Treviso, 19<sup>th</sup> March 2012

*For the Board of Directors*

*The Chairman*

*(signed by Dr Giuseppe De' Longhi)*

**REMUNERATION PLAN BASED ON FINANCIAL INSTRUMENTS**

Table 1, Scheme 7 of Annex 3A of the Issuers' Regulation

NAME AND SURNAME OR CATEGORY	OFFICE	BOX 1						
		Financial instruments other than stock options (Phantom Stock Options)						
		<p align="center"><b><u>Section 2</u></b></p> <p align="center">Newly assigned instruments based on the decision:</p> <ul style="list-style-type: none"> <li>■ of the Board of Directors proposed to the Shareholders' Meeting (convened for 23<sup>rd</sup>/26<sup>th</sup> April 2012, in first and second call respectively);</li> <li>□ of the competent body for the implementation of the shareholders' meeting resolution</li> </ul>						
		Date of the Shareholders' Meeting resolution	Type of Financial Instruments	Number of Financial Instruments assigned	Assignment date	Instrument purchase price (if applicable) (1)	Market price at the time of assignment	Vesting period
<b>MEMBERS OF THE ISSUER'S BOARD OF DIRECTORS</b>								
<b>MR CARLO GROSSI</b>	Chief Executive Officer of DeLclima S.p.A.	23 <sup>rd</sup> /26 <sup>th</sup> April 2012	Instrument parametrized to the value of DeLclima S.p.A. shares <i>(Phantom Stock Option)</i>	no. 1,000,000 (one million)	16 <sup>th</sup> March 2012 (Compensation Committee) 23 <sup>rd</sup> /26 <sup>th</sup> April 2012 (Board of Directors)	Euro 0.70	Euro 0.622 (2) Euro 0.609 (3)	23rd/26th April 2012 30 <sup>th</sup> June 2015
<b>Notes:</b>								
(1) Exercise Price (defined in the Disclosure and in the Rules "Assignment Value")								
(2) Price at 16 <sup>th</sup> March 2012, date of the meeting of the Compensation Committee which approved the assignment proposal.								
(3) Price at 19 <sup>th</sup> March 2012, date of the meeting of the Board of Directors which approved the assignment proposal.								