Anna,
living with epilepsy

2014 ANNUAL REPORT

CONTENT

Philip, living with axial spondyloarthritis

OUR **VISION**

Meeting **patients**' unmet **needs**

Just because our medicines treat thousands of people around the world does not mean our job is done. For us, it is vital that we listen to the constantly evolving needs of patients and their families. Working with physicians and healthcare professionals, we are engaging more with patients to better understand their clinical, economic, social and personal needs. What matters most is how they feel in their everyday life as they progress on their healthcare journey. Because we are not just treating a disease. We are caring for individual people.

Patients inspire us to bring them value through more cutting-edge science, more innovative drugs, and more practical solutions – so that they, and their carers, can get on with their lives.

People with severe diseases inspire us to make a meaningful difference to as many lives as possible.

I demand the best of myself and others. I execute flawlessly and strive for continuous improvement.

People living with severe diseases rely on us to develop new creative solutions that will have a positive impact on their lives.

I understand patient needs better than the competition and translate this insight into distinctive solutions.

Entrepreneurs think big and constantly focus on creating superior customer value.

I relentlessly take on selected initiatives with energy, resilience and a "can do" attitude.

Overarching principle by which we operate, engage and interact with customers and other stakeholders, as well as one another.

I constantly act in a transparent, authentic and ethical way.

Diversity of thoughts and an inclusive approach are cornerstones of success.

I actively listen, seek and embrace different perspectives.

Holding ourselves and each other accountable delivers superior and sustainable value to patients.

I'm empowered and act as if UCB's success as a whole depends on my contribution.

Caring for people with severe diseases, customers and colleagues is at the heart of what we do and makes us better.

I act with empathy, openness, generosity and helpfulness – and I treat others as I would like to be treated.

PASSION FOR **PERFORMANCE**

INNOVATION

ENTREPRENEURSHIP

INTEGRITY

EMBRACING **DIFFERENCES**

ACCOUNTABILITY

CARE

2014 MILESTONES (JAN.-JUNE)

1 JANUARY

Publication in the New England Journal of Medicine of results from a Phase 2 trial evaluating ***romosozumab*** in postmenopausal women with low bone mass

Partnership with Biogen Idec to develop and commercialize multiple sclerosis and hemophilia therapies in Asia

2 FEBRUARY

Jean-Christophe Tellier appointed as next Chief Executive Officer (effective January 2015)

3 MARCH

Partnership with Sanofi for breakthrough innovation in immune-mediated diseases

UCB returned the global rights of ***tozadenant*** to Biotie

E Keppra® filed for monotherapy in Japan

UCB convertible bond conversion

4 APRIL

AGM: Kay Davies appointed as Independent Director and Cédric van Rijckevorsel as Director

Strategic research alliance launched with Weill Cornell Medical College (U.S.)

5 MAY

UCB wins Employer (global) of the Year award in the U.K.

6 JUNE

Partnership with the European Investment Bank (EIB) to accelerate development of new medicines for patients

UCB4940: Phase 2 started; results expected in H2 2015

UCB's first ever **Global Green Planet Day**

UCB Global Green Planet Day

2014 MILESTONES (JULY-DEC.)

JULY 7

- Dermatology **partnership with Dermira** to broaden patient access to **Cimzia®**
- ***Brivaracetam*** positive topline results from the latest Phase 3 study
- **E Keppra®** injectable formulation received marketing authorization in Japan
- Launch of the **Mozambique Epilepsy Initiative** in collaboration with WHO

AUGUST 8

- **UCB joined** industry peers in committing to more data transparency through responsible sharing of our clinical trials data

SEPTEMBER 9

- **Vimpat®** monotherapy approved and launched in the U.S.
- **Global employee survey:** 72% engagement rate

OCTOBER 10

- **Vimpat®** positive Phase 3 study in Asia
- **Official opening** of biotech plant in Bulle, Switzerland
- **UCB honored** by The Lupus Foundation of America

NOVEMBER 11

- Decision to divest U.S. specialty generics business, **Kremers Urban**
- **Partnership with Daiichi Sankyo** in Japan to broaden access to **Vimpat®**
- AkzoNobel **2014 Sustainability Award** in China

DECEMBER 12

- Farewell to **Roch Doliveux**

2015 ON OUR WAY TO SUCCESS

UCB TODAY

Cimzia®

- Crohn's disease
- Rheumatoid arthritis
- Psoriatic arthritis
- Axial spondyloarthritis/ ankylosing spondylitis

Reaching **more than** **64 000** **patients**, across **55** countries

€ **797** **million** net sales

Astellas (Japan)
Dermira (psoriasis)

Phase 3
- juvenile idiopathic arthritis
- psoriasis

Vimpat®

Epilepsy POS[1]

Reaching **more than** **383 000** **patients** across **46** countries

€ **471** **million** net sales

Daiichi Sankyo (Japan)

Approval in epilepsy POS[1] monotherapy (U.S.)

Phase 3:
- epilepsy POS[1] – monotherapy EU
- epilepsy PGTCS[2]
- epilepsy POS[1] pediatric

Neupro®

- Parkinson's disease
- Restless legs syndrome

Reaching **more than** **263 000** **patients** across **46** countries

€ **200** **million** net sales

Otsuka (Japan)

Keppra®

- Epilepsy POS[1]
- Epilepsy PGTCS[2]
- Epilepsy myoclonic seizures

Reaching **more than** **1.1** **million** of **patients** across **47** countries

€ **665** **million** net sales

Otsuka (Japan)

Approval in epilepsy POS[1] monotherapy and IV formulation (Japan)

Lakeisha, living with epilepsy

UCB TOMORROW

	romozosumab	***epratuzumab***	***brivaracetam***
POTENTIAL INDICATION	Osteoporosis	Systemic lupus erythematosus (SLE)	Epilepsy POS[1]
PREVALENCE	**75** million people[4]	**650 000** people[5]	**5** million people[6]
PARTNER	Amgen	Immunomedics	
R&D PHASE	Phase 3 • postmenopausal women (results: H1 2016) • men (results: H2 2016)	Phase 3 (results: H1 2015)	Filings (U.S. & EU)
STUDY	• ARCH • FRAME	• Embody™ 1 • Embody™ 2	• N° 1252 • N° 1253 • N° 1254 • N° 1358

R&D MILESTONES

2015 H1	2015 H2	>	2016 H1	2016 H2	>	2017
brivaracetam epilepsy POS[1] – adj. therapy U.S. and EU filings	**UCB0942** highly drug resistant epilepsy Phase **2** start		***romosozumab*** osteoporosis in post-menopausal women Phase **3** results	***romosozumab*** osteoporosis in men Phase **3** results		**Vimpat®** epilepsy POS[1] – ped. adj. therapy Phase **3** results
Vimpat® PGCTS[2] – adj. therapy Phase **3** start	**UCB5857** immunology Phase **2** start		**Cimzia®** C-Early™ Phase **3** results	**Cimzia®** Exxelerate™ Phase **3** results		**Cimzia®** psoriasis Phase **3** results
epratuzumab SLE[3] Phase **3** results	**UCB4940** psoriatic arthritis Phase **2** results		**Cimzia®** juvenile IA [7] Phase **3** results			
Cimzia® psoriasis Phase **3** start	**Vimpat®** epilepsy POS[1] monotherapy EU Phase **3** results		***dapirolizumab pegol*** SLE[3] Phase **2** start			

● Immunology
● Neurology

For more details, please refer to the R&D update (p. 56-57)

[1] POS: partial-onset seizures

[2] PGTCS: primary generalized tonic-clonic seizures

[3] SLE: systemic lupus erythematosus

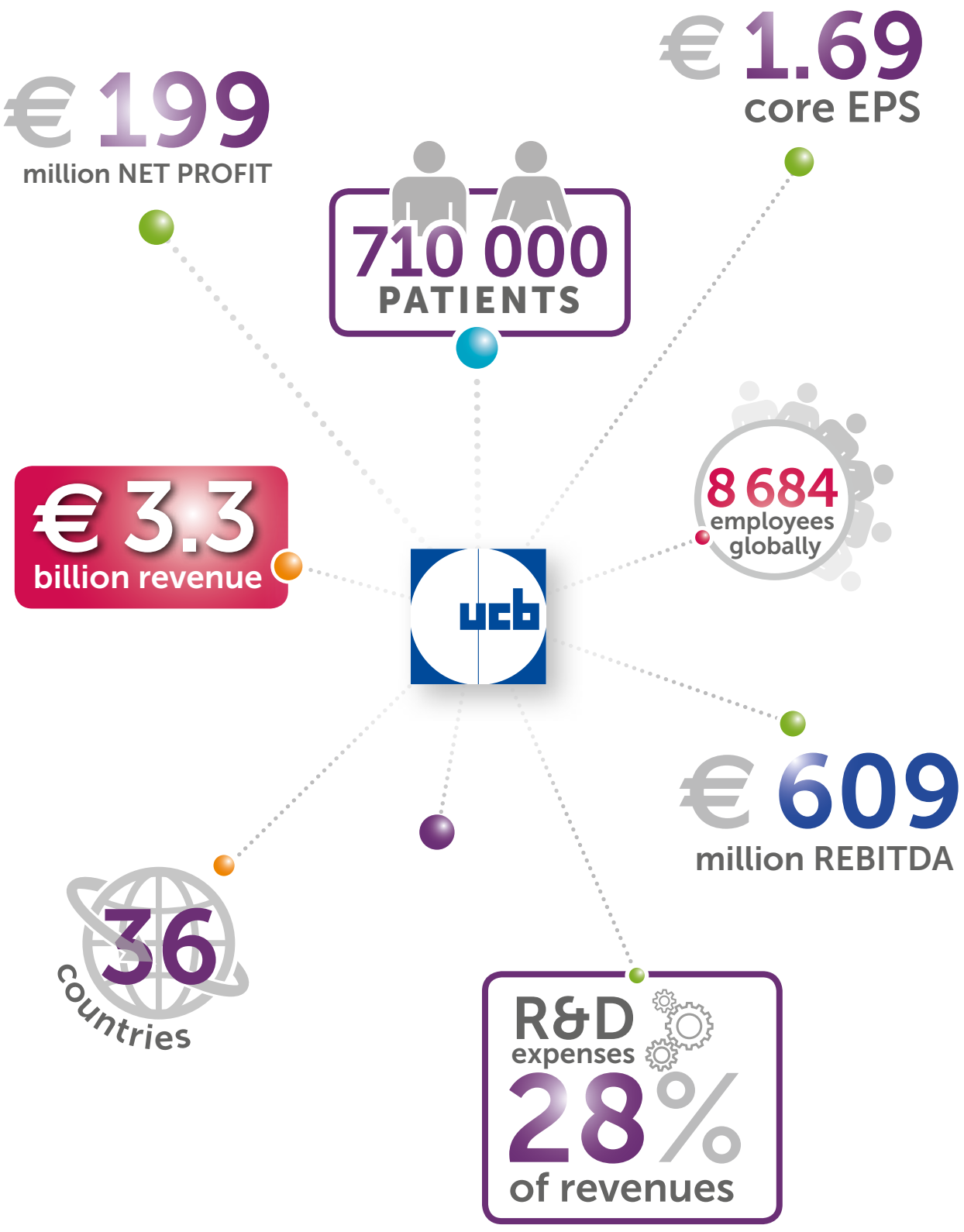
[4] International Osteoporosis Foundation."Facts and Statistics." Accessed 10 February 2015 from www.iofbonehealth.org/facts-statistics#category-16

[5] Decision Resource – December 2014 – Number of diagnosed prevalent cases of systemic lupus erythematosus in the major pharmaceutical markets – 2014

[6] Decision Resource – December 2014 – Number of diagnosed prevalent cases of epilepsy in the major pharmaceutical markets – 2014

[7] IA: idiopathic arthritis

2014 KEY PERFORMANCE INDICATORS



REACHING PATIENTS AROUND THE WORLD

In recent years we have extended our presence to more global regions and patients than ever before. **And we continue to grow**. Our high rate of investment in pioneering science, backed up by **strong alliances** with professional partners, allows us to bring our neurology and immunology drugs to hundreds of new patients every day and across the globe.

Our planned sustainable growth will come from ground-breaking science and from bringing added value to patients, as well as being the preferred partner to all our other stakeholders.

It's summed up by UCB's **twin motivations**: *Inspired by patients. Driven by science.*

NORTH AMERICA

€ **1 154 m**
NET SALES

% **39**
NET SALES

1 815
EMPLOYEES

EUROPE

€ **1 146 m**
NET SALES

% **39**
NET SALES

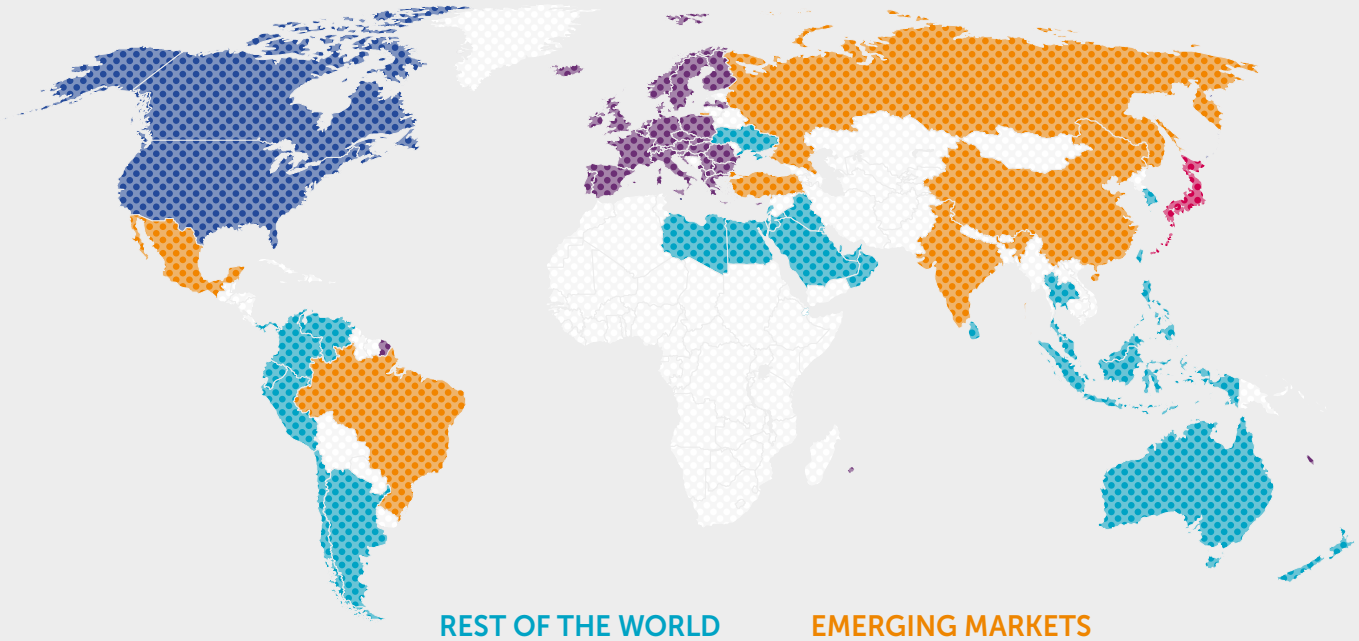
4 237
EMPLOYEES

JAPAN

€ **197 m**
NET SALES

% **7**
NET SALES

319
EMPLOYEES



REST OF THE WORLD

€ **115 m**
NET SALES

% **4**
NET SALES

137
EMPLOYEES

EMERGING MARKETS

€ **326 m**
NET SALES

% **11**
NET SALES

2 176
EMPLOYEES

I. LETTER TO OUR STAKEHOLDERS

CONTINUING OUR **GROWTH PATH**

Dear shareholders, partners, colleagues, and those living with severe diseases,

At UCB we share an ambition to transform the lives of people living with severe diseases. Our focus is on neurology and immunology disorders – putting patients at the center of our world. Everything we do begins with one simple question, "How will this make a difference to the lives of people living with severe diseases?" We aim to deliver differentiated and sustainable value to patients, which leads to increased value for UCB and its shareholders.

In 2014, 710 000 people, 22% more compared to 2013, living with severe diseases such as inflammatory TNF-mediated diseases, epilepsy or Parkinson's disease have used one of our core medicines, Cimzia®, Vimpat® or Neupro®. This made it a year special to us at UCB and encourages us to move forward.

2014 was also the year of the CEO-transition: from Roch Doliveux, who successfully transformed UCB from a conglomerate into a biopharma leader and who implemented the vision of a patient-centric organization, to Jean-Christophe Tellier. Under his leadership, UCB teams are now working to bring patient centricity to the next level by further enhancing connection to patients, improving access to our medicines, strengthening the current focus of the company.

In the following pages, we illustrate the progress made on our growth principles in 2014:

1. Grow Cimzia®, Vimpat® and Neupro®
2. Prepare *brivaracetam*, *epratuzumab* and *romosozumab*
3. Deliver breakthrough medicines
4. Reach competitive profitability
5. Ensure quality and compliance with laws and regulations
6. Develop passionately engaged colleagues and business partners
7. Focus and new solutions in a changing and challenging environment

1. GROW **CIMZIA®**, **VIMPAT®** AND **NEUPRO®**

Cimzia®

Inflammatory TNF–mediated diseases and Crohn's disease

EXPECTED AT LEAST

€ 1.5 billion **peak sales***

€ 797 million
2014 NET SALES

Vimpat®

Epilepsy partial onset seizures

EXPECTED AT LEAST

€ 1.2 billion **peak sales***

€ 471 million
2014 NET SALES

Neupro®

Parkinson's disease and restless legs syndrome

EXPECTED AT LEAST

€ 400 million **peak sales***

€ 200 million
2014 NET SALES

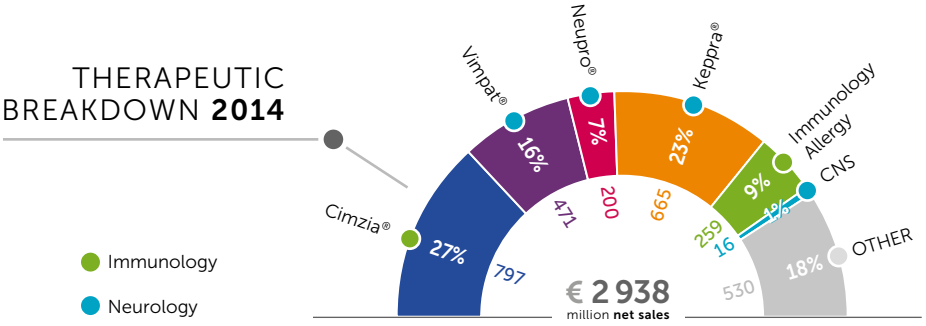
* by the end of the decade

In 2014, combined net sales of Cimzia®, Vimpat® and Neupro® grew to € 1 468 million, representing 50% of UCB's global net sales.

Cimzia® *(certolizumab pegol)* reached 64 000 patients (+25%) and is now available to people living with inflammatory TNF-mediated diseases in more than 55 countries, including Brazil and Japan (partner: Astellas), and generated world-wide net sales of € 797 million (+34% or 35% at constant exchange rates). To meet the growing demand for Cimzia® across the world, UCB invested into its new biotech plant in Bulle (Switzerland) – one of the largest and most modern in Europe. The plant now needs to be validated by international regulatory authorities over the next 18 months.

In September 2014, FDA approved **Vimpat®** *(lacosamide)* as monotherapy in partial onset seizures; this approval broadened the therapeutic choices of patients living with epilepsy in the U.S. A separate Vimpat® monotherapy development program is under way for patients in Europe and Japan as the regulatory requirements are different. The monotherapy indication represents an important opportunity to reach even more adult epilepsy patients still living with uncontrolled seizures. Following the positive results of the Phase 3 clinical trial in Asia, UCB partnered with Daiichi Sankyo for bringing Vimpat® to Japan, and a filing for marketing authorization is scheduled for 2015. Vimpat® is now available to 383 000 people living with epilepsy in 46 countries, including Russia, Mexico and Brazil, where Vimpat® is approved as adjunctive therapy in the treatment of partial-onset seizures in adults with epilepsy since February 2014. Vimpat® generated world-wide net sales of € 471 million (+15% at actual and constant exchange rates).

Neupro® *(rotigotine)*, the patch for Parkinson's disease and restless legs syndrome, is available in 46 countries and continues to grow especially supported by our partner in Japan, Otsuka. The world-wide net sales of Neupro® reached € 200 million, an increase of 10%. In Brazil, Neupro® was approved as a treatment for Parkinson's disease; making it the second UCB neurology approval within 2014. In China, Neupro® reported positive Phase 3 results; submission is planned in 2015.



Keppra® *(levetiracetam)* continues to be an important treatment option for people living with epilepsy worldwide. In March 2014, E Keppra® was filed with the Japanese authorities for monotherapy in partial onset seizures and approved in February 2015. The impact of generic erosion following loss of exclusivity first in the U.S. (2008) followed by EU (2010) continues to be meaningful, driving global Keppra® net sales down 7% to € 665 million (-5% at constant exchange rates). These were mitigated by net sales in Japan (partner: Otsuka), and emerging markets such as China growing by double digit rates.

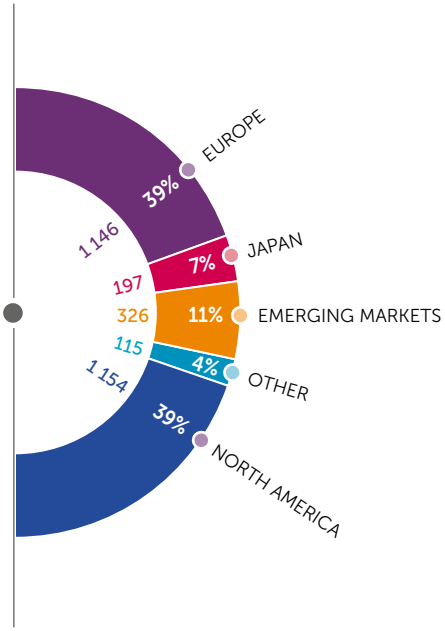
In collaboration with the **China** Association Against Epilepsy (CAAE), UCB has launched Project Dandelion, a medical education initiative in China to cultivate quality and sustainable care for patients living with epilepsy. This training program for health care professionals aims to improve accurate diagnosis, appropriate treatment and adherence for epilepsy patients in cities, as well as in rural areas. To meet the growing demand for UCB medicines in China, we expanded our manufacturing facilities in Zuhai.

Chen Guoqiong,
living with epilepsy

Augmenting our growth potential for our core medicines in emerging markets, in January 2014 we announced an important partnership with Biogen Idec, a U.S.-based biopharma company, to develop and commercialize selected Biogen Idec neurology and hematology products across **South East Asian markets,** and **China**. This partnership significantly enhances UCB's neurology presence in Asia, and represents a strong endorsement for our growing capabilities in this important region.

GEOGRAPHICAL BREAKDOWN **2014**

€ 2 938
million **net sales**



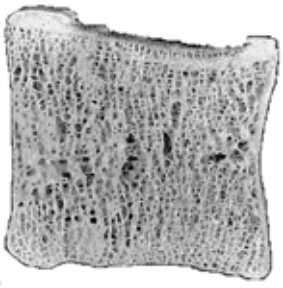
2. PREPARE ***BRIVARACETAM***, ***EPRATUZUMAB*** AND ***ROMOSOZUMAB***

We are on our way to bring three new potential medicines to people living with severe diseases. Our development projects in neurology and immunology are advancing as planned in multiple Phase 3 studies, the last development phase before regulatory review and approval, the foundation for potential patients' access:

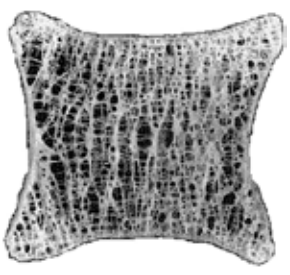
Romosozumab, co-developed with our partner Amgen, is a potential breakthrough treatment for people living with bone loss disorders like **osteoporosis**. *Romosozumab* is a humanized monoclonal antibody that binds to sclerostin, a naturally occurring protein secreted from bone cells that regulates bone formation. By binding to and blocking sclerostin, *romosozumab* stimulates bone formation and reduces bone resorption (break-down), making it different from most available treatments for osteoporosis. Due to its bone-forming properties, *romosozumab* may result in new treatment strategies to help manage bone diseases. Two large Phase 3 studies involving more than 10 000 women with osteoporosis are underway in the U.S., Europe, Japan and South America. Osteoporosis however, is not "just a women's disease". Worldwide, approximately 1 in 5 men over 50 will break a bone due to osteoporosis. This is why we have another Phase 3 study underway for in men with osteoporosis.

The monoclonal antibody ***epratuzumab***, in-licensed from Immunomedics, is a potential novel treatment for the auto-immune disease **lupus** (systemic lupus erythematosus or SLE). Auto-antibodies, produced by autoreactive B cells, are known as key factors in the origin and maintenance of SLE resulting in inflammation and tissue damage. *Epratuzumab* inhibits the activation of B cells, while preserving immune function. The Phase 3 program is expected to report first results later this year. In October 2014, the Lupus Foundation of America (LFA), a U.S. organization focused on research, education and advocacy in lupus, honored UCB for the company's pioneering research in the development of new treatments for lupus and commitment to improving the quality of life for those living with the chronic disease.

AROUND THE WORLD, 1 IN 3 WOMEN AND 1 IN 5 MEN OVER 50 ARE AT RISK OF AN OSTEOPOROTIC FRACTURE[1]



HEALTHY BONE



OSTEOPOROUS BONE

UCB'S LATE-STAGE DEVELOPMENT **PIPELINE**

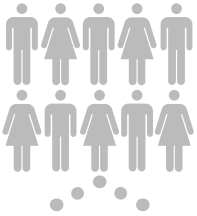
	PHASE 1	PHASE 2	PHASE 3	FILING
brivaracetam *epilepsy POS/adjunctive therapy*				Filed (Jan. 2015)
epratuzumab *systemic lupus erythematosus*			Phase 3 results: H1 2015 *(Partner: Immunomedics)*	
romosozumab *osteoporosis in postmenopausal women*			Phase 3 results: H1 2016 *(Partner: Amgen)*	
romosozumab *osteoporosis in men*			Phase 3 results: H2 2016 *(Partner: Amgen)*	

POS: partial-onset seizures

Brivaracetam, a next generation compound for **epilepsy** is supported by one of the largest Phase 3 programs in the disease, with more than 3 000 patients already treated with *brivaracetam*, some for over 8 years. Patients taking *brivaracetam* do not need dose titration, receiving a therapeutic dose from treatment initiation. In July 2014, positive topline results from the latest Phase 3 study with *brivaracetam* showed reduced partial-onset seizure (POS) frequency and improved responder rates, both with statistical significance. We just filed marketing authorization applications with the U.S. and EU regulatory authorities to obtain approval for *brivaracetam* as adjunctive treatment for partial onset seizures in patients 16 years and older with epilepsy.

[1] International Osteoporosis Foundation."Facts and Statistics." Accessed 10 February 2015 from www.iofbonehealth.org/facts-statistics#category-16

R&D PROCESS



REGULATORY DECISION
- Approval
- Rejection
- Further data required

FILING
Review of extensive documentation by health authorities (FDA, EMA, PMDA, *etc.*)

3 PHASE
- Safety
- Efficacy
- Tolerability
- **Large patients population (1 000-3 000)**

2 PHASE
- Safety
- Efficacy
- Tolerability
- **Patients (100-300)**

1 PHASE
- Safety
- Tolerability
- **Healthy volunteers (< 100)**

PRE-CLINICAL RESEARCH

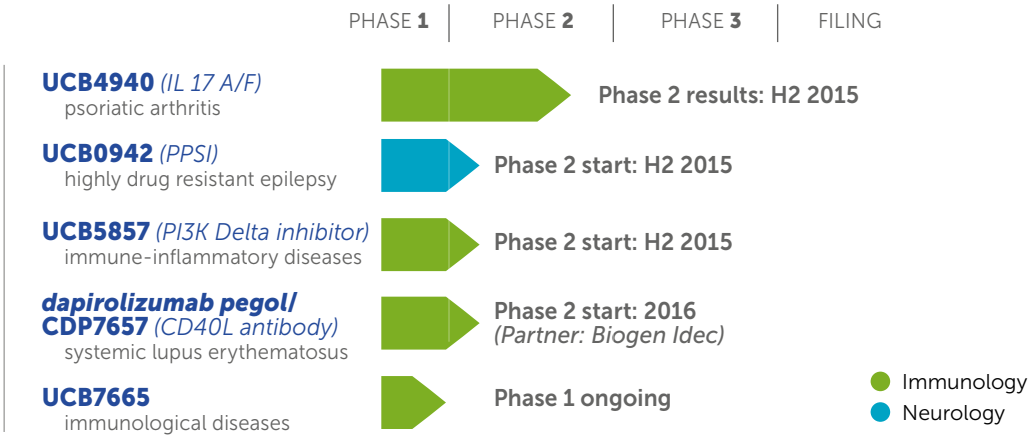
3. DELIVER **BREAKTHROUGH MEDICINES**

In our early stage pipeline, we focus on potential breakthroughs that offer true differentiation and value added for patients and systematically discontinue projects that do not. Our established research strategy for the breakthrough focuses on first or second-in class innovative approaches, prioritizing projects that have a clear proof of concept and clear end points. The productivity, wealth and quality of our pipeline – internal and external – allow us to make these choices.

We are passionate about science. And this is what drives us to create a pipeline that will make a real difference in people's lives. How do we do it? We maximize our key asset: our pioneering expertise in both small and large molecules. We prioritize clearly. We make robust decisions. All of which means we can rapidly advance promising molecules into innovative therapies.

In 2014, we significantly broadened our early pipeline and saw positive results across the assets in Phase 1 (first test in humans/safety in patients) and moving into Phase 2 (proof of concept test in patients).

UCB and Sanofi have entered into a **scientific and strategic collaboration** for the discovery and development of innovative anti-inflammatory small molecules which have the potential to treat a wide range of immune-mediated diseases in areas such as gastroenterology and arthritis. We are partnering Sanofi's significant expertise, strong capabilities and resources with UCB's cutting-edge research skills and breakthrough innovations. We strongly believe that together we can maximize the opportunity to treat diseases currently treated by biologic agents with small molecules and thus benefit millions of people suffering from severe diseases. The project is at pre-clinical stage.



4. REACH **COMPETITIVE PROFITABILITY**

We invested 28% of revenue for a promising early and late-stage pipeline of potential new medicines. UCB has made the conscious strategic decision to invest a high amount in R&D (above industry average), to build the basis for sustainable long-term growth in an environment that continues to increasingly demand levels of clear differentiation and value for patients compared to what is already available on the market. As a result of this long-term strategic growth decision, UCB's short-term profitability margin is below industry average.

We reached our financial targets in 2014, with revenues totaling at € 3.3 billion, generating an underlying profitability (recurring EBITDA) of € 609 million and core earnings per share of € 1.69. The Board of Directors is proposing a gross dividend of € 1.06 (2013: € 1.04), in-line with the dividend policy of UCB. Marketing and selling expenses benefited from synergies and efficiencies and tight expense management showed results and decreased 2% versus 2013, while R&D expenses of € 928 million remained stable at 28% of our revenues to fund our highly innovative pipeline and breakthrough research.

In November 2014, UCB announced its decision **to divest its U.S. specialty generics business Kremers Urban**. Our growing core business and UCB's progressing early and late-stage pipeline now allows us to focus even more on providing innovative solutions to patients living with severe diseases. Following this decision, the Kremers Urban assets are treated differently within UCB Group accounts: Kremers Urban is now treated as "discontinued operation" since 2013 onwards; hence it is also no longer included in the key performance indicators for UCB's recurring underlying performance.

We are targeting a 30% recurring EBITDA margin in 2018, bringing UCB to industry average margin level. To reach our competitive profitability, we expect that the increase in net sales generated by Cimzia®, Vimpat® and Neupro® world-wide, the continuously improved reallocation of resources as well as tight cost management through a disciplined activity based approach should gradually improve our competitive profitability and accelerate towards peer level in 2018.

2014 FINANCIAL PERFORMANCE

€ million	2010	2011	2012	2013 RESTATED[1]	2014
REVENUE	**3 218**	**3 246**	**3 462**	**3 133**	**3 344**
Research and development expenses	705	778	861	886	928
R&D expense/revenue ratio	22%	24%	25%	28%	28%
Recurring EBIT	467	439	444	297	379
RECURRING EBITDA	**731**	**687**	**684**	**536**	**609**
REBITDA/revenue ratio	23%	21%	20%	17%	18%
Net profit (including non-controlling interests)	103	238	245	145	199
Core EPS (€ per non-diluted share)	**1.99**	**1.91**	**2.10**	**1.24**	**1.69**
Net debt	1 525	1 548	1 766	1 998	1 611
Net debt/REBITDA ratio	2.09	2.25	2.58	3.73	2.65
Equity ratio	51%	51%	49%	44%	48%
Cash flow from operating activities	506	292	355	288	512
Capital expenditure (including intangible assets)	78	137	221	344	161

[1] The 2013 financials have been restated for IFRS 10 and Kremers Urban divestiture decision.

5. **ENSURE QUALITY AND COMPLIANCE** WITH LAWS AND REGULATIONS

Idalia,
living with
osteoporosis

Patient health and safety are of utmost importance – patients are at the heart of everything we do. Our industry is experiencing an unprecedented array of regulatory changes and challenges, *e.g.*, in drug safety, end-to-end supply chain security and sales representative physician relationship. Training and development is the basis of continuous improvement for our people to engage in the rapidly changing environment and to ensure UCB's sustainable growth.

UCB requires all colleagues to take the Code of Conduct, IT Security and Drug Safety trainings. The Code of Conduct calls for"Performance with Integrity" outlining general principles of business conduct and ethical behavior that are expected from every UCB colleague and third parties acting on behalf of UCB. The Code of Conduct can be found on the UCB website[1]. We have established a reporting system to allow each and every colleague the opportunity to report confidential or anonymous compliance concerns anytime in native language – the "UCB Integrity Line®".

WHEN IT COMES TO COMPLIANCE, WE OPERATE A ZERO-TOLERANCE POLICY.

In 2014, we continued to pass all inspections from regulatory agencies, with no critical findings, and we also successfully implemented our corporate integrity agreement in the U.S. for the fourth year running.

We request and appreciate that every single colleague at UCB is committed **to follow the strict regulatory standards** for research, development, manufacturing and distribution of our products to ensure we meet all safety, quality, regulatory, legal and environmental requirements. Without our joint efforts, we would not be able to deliver sustainable and superior value for patients, delivering value also for all other stakeholders, including shareholders.

Our company joined industry peers in **committing to more data transparency** through responsible sharing of our clinical trials data[2]. This is for the ultimate goal of advancing public health and getting the best end results for patients. These commitments to data sharing will hopefully open new avenues for the scientific community, as well as patients, to benefit from clinical research – while of course maintaining patient privacy. It is in line with the five guiding principles established by the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Research and Manufacturers of America (PhRMA) for the responsible sharing of clinical trial data.

1 www.ucb.com/investors/Governance/Principles-codes-and-guidelines
2 www.ucb.com/rd/data-transparency

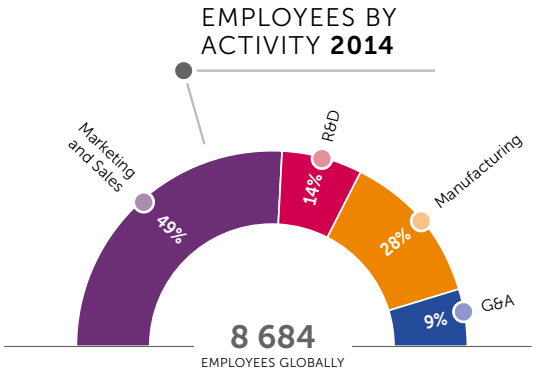
6. DEVELOP **PASSIONATELY** ENGAGED COLLEAGUES AND BUSINESS PARTNERS

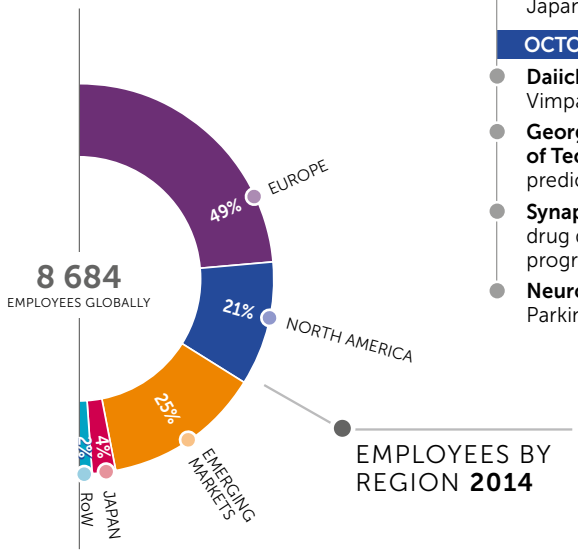
UCB offers an exciting working environment where initiative can flourish and those with a "can-do" attitude can thrive. Every colleague is invited to make their mark and to become a key part of the company's evolution. Our culture is walking on two legs: generosity and helpfulness. And we continue to evolve fast. Hundreds of new colleagues from health care and business backgrounds have joined us within the last two years. They bring with them a dynamic energy, fresh perspectives, and new ideas. Scientific excellence... innovation... co-creation... lateral thinking... reinventing the way we do things... these are some of the key competencies we are constantly developing, and looking for, at UCB.

At the same time, we ensure every UCB colleague has **the tools and environment to engage effectively** in the work we do. Wherever in the world we are based, and no matter what role we play in the company, we believe every one of us can have an impact across our organization. From early research right through to manufacturing and sales, we all pull together to achieve transformative solutions for patients and their families. In fact, in yearly surveys, a majority of colleagues have said UCB is a great place to work because patient centricity is at the heart of all we do.

UCB fosters diversity of talents. Our ability to understand colleagues' way of working across nations and education, our commitment to live values without boundaries build the company that unites us. At the end of 2014, UCB employed 8 684 people world-wide, composed of 67 nationalities and a workforce consisting of 53% men and 47% women.

We believe **sharing knowledge and expertise is essential** for the rapid growth of scientific understanding. And that bringing innovative therapies to patients requires intensive cooperation. We recognize that we cannot always bring innovative therapies to patients on our own; the complexity of severe diseases is beyond the expertise and resources of a single company. That is why we are teaming up with companies across the pharmaceutical industry and have a strong global network of internationally renowned scientists and academics. We, in turn, are happy to share our own skills and experience with peers and with the academic world.





2014 PARTNERSHIPS

JANUARY - MARCH

- **Biogen Idec** – multiple sclerosis and hemophilia therapies – Asia
- **IMI projects** – AETIONOMY (Alzheimer's and Parkinson's diseases) and PRECISESADS (systemic autoimmune diseases)
- **Harvard and Oxford** – fluorine chemistry
- **Sanofi** – anti-inflammatory small molecules
- **Biotie** – *tozadenant* right returned
- **Otsuka** – E Keppra® monotherapy filing – Japan

APRIL - JUNE

- **Weill Cornell Medical College** – strategic research
- **EPFL institute** – neurodegenerative diseases
- **European Investment Bank** – to accelerate development

JULY - SEPTEMBER

- **Dermira** – Cimzia® – dermatology
- **MC10** – "Biostamp" platform
- **Otsuka** – E Keppra® injectable approval – Japan

OCTOBER - DECEMBER

- **Daiichi Sankyo** – Vimpat® – Japan
- **Georgia Institute of Technology** – predictive analytics
- **SynapCell** – epilepsy drug discovery program
- **Neuropore** – Parkinson's disease

7. FOCUS AND NEW SOLUTIONS IN A CHANGING AND CHALLENGING ENVIRONMENT

Hüseyin, living with rheumatoid arthritis

The biopharmaceutical industry is driven by innovation and continues to be very susceptible to patent expiries with increasing generic competition. More than ever, science is closer to precisely better defining dedicated solutions. At the same time, biopharma companies are facing an unprecedented rapid-changing environment with world-wide health reforms, globally transforming health systems, with new real life analytics leading to more integrated, interactive and evolving approaches, and empowered healthcare consumers managing their own healthcare. An aging population – by 2015 McKinsey expects 550 million people world-wide to be above 50 years old and 180 million people above 70 – is also driving healthcare demand.

In **an ever-changing, more complex and connected environment** where value for the patient is becoming the common objective of all actors involved, today at UCB we are well positioned to become the patient-preferred biopharma leader. We can build on the successful transformation UCB has undergone in the last 10 years.

We are **bringing patient centricity to the next level** in a more collaborative and service oriented model where a holistic approach to the patient across all component of the value chain from science to care management will create differentiated and sustainable value for patients, UCB and shareholders.

We recognize that the complexity of severe diseases is beyond the expertise and resources of a single company and that we cannot always bring innovative therapies to patients on our own. That is why we are teaming up with companies within and outside of the biopharmaceutical industry – to the benefit of patients we continue to learn from best-in-class companies in areas such as innovation, healthcare consumer insights, and cost management. That is why we focus on our core indication areas in immunology and neurology and our core geographies.

The combination of integrated care, better-differentiated solutions and patient involvement offers a significant opportunity to increase our return on patient value creation, resulting in a higher return for UCB and its shareholders.

Since 2004, our strategy has been focused on delivering superior and sustainable solutions to people living with severe diseases, targeting two areas: neurological diseases and diseases of the immune system. We are now working to bring patient centricity to the next level by further enhancing connection to patients, improving access to our medicines, strengthening the current focus.

We constantly strive to obtain better patient and healthcare consumer insights by listening to patients and their families, to better understand their clinical, economic, social and personal needs along their healthcare journey.

Patients inspire us to bring them value through more cutting-edge science, more innovative drugs, and more practical solutions – with the aim to make a true impact on patients' lives.

It's summed up by UCB's twin motivations:

Inspired by patients. Driven by science.

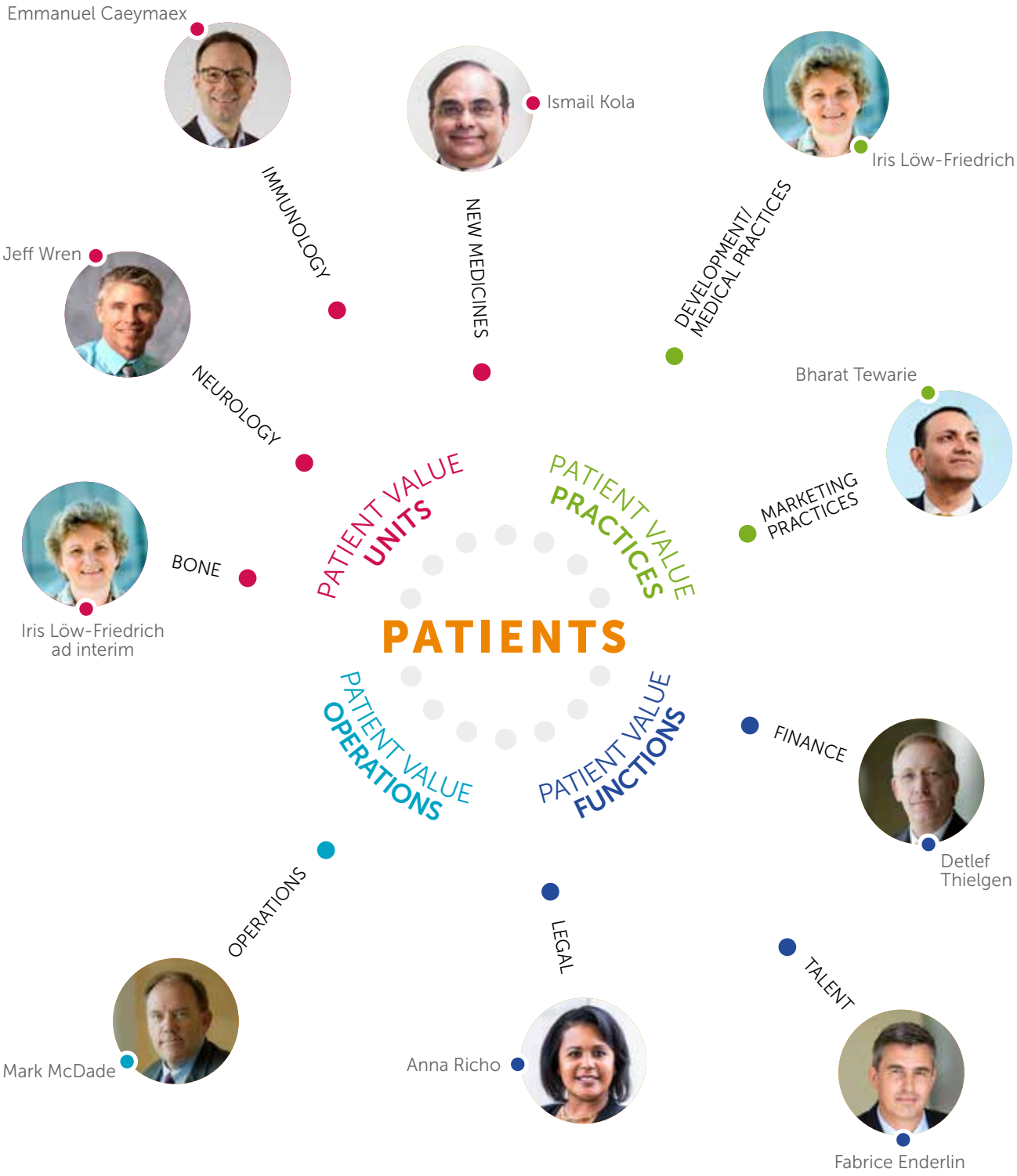
GOING FORWARD, WE CONTINUE **TO FOCUS** ON OUR STRATEGIC GROWTH PRIORITIES

- Grow Cimzia®, Vimpat® and Neupro®
- Advance and prepare launch of the next wave of promising new solutions: *brivaracetam, epratuzumab and romosozumab*
- Deliver breakthrough medicines
- Reach competitive profitability
- Constantly ensure quality and compliance with laws and regulations
- Develop passionately engaged colleagues and business partners

Bernd, living with rheumatoid arthritis and ankylosing spondylitis

Esther, living with Crohn's disease

TO TRANSLATE **OUR STRONG COMMITMENT** TO IMPACTING **PATIENTS' LIVES,**
WE ADAPTED OUR ORGANIZATION BASED ON 4 PILLARS OF **"PATIENT VALUE"**



UCB enters a new era: a new CEO, the next wave of potential medicines with first filings for *brivaracetam*, Phase 3 results for *epratuzumab* later this year and *romosozumab* in 2016. With 5 development projects now in Phase 1 and 2, we aim to continue to fill our pipeline with attractive, well differentiated products due to our focused R&D efforts and application of excellence in science for acceleration and expansion of our offering for people living with severe diseases.

Our aim is for UCB's growth to exceed the biopharma industry's average growth. We will continue to invest more than our peers in research and development, with the current years expected as a "peak investment years". Over the longer term, we aim to gradually reach peer profitability of 30%, accelerating towards 2018 through economies of scale, driven by: top line growth, an improved gross margin and, lower relative marketing and selling expenses. Based on the current performance of our core medicines, we confirm our expectation to reach more than 1.5 million patients with Cimzia®, Vimpat® and Neupro®, representing combined peak sales of at least € 3.1 billion.

For 2015 we expect our revenues to reach approximately € 3.55-3.65 billion, a recurring EBITDA between € 710-740 million and a core EPS range of € 1.90-2.05 based on an average of 193.7 million shares outstanding.

Sincerely,

Jean-Christophe Tellier
Chief Executive Officer

Gerhard Mayr
Chairman

A BIG THANK YOU


Caroline, Rebecca, Wendy and Lut

THANK YOU, dear people living with severe diseases for your insights and inspiration. You, your caregivers, physicians and nurses are an integrated part of our path forward. All your comments and challenges but also encouragements form the foundation of our activities – rounded up by the important input from payers and regulators.

THANK YOU, dear colleagues at UCB and partners to UCB. Your engagement, patient-orientation, expertise, persistence and compliance are essential to our success today and in the future.

THANK YOU, dear shareholders and investors for the dialogues we enjoy with you and your ongoing support.

THANK YOU, dear Board of Directors for the fruitful and challenging discussions and your supportive guidance.

THANK YOU, dear Roch Doliveux for your vision and leadership over the last decade. For creating a biopharma leader, for implementing patient-centricity and for delivering shareholder value. Over the last decade, the market capitalization of UCB shares trippled.

THANK YOU all for continuing our journey with us. We are Inspired by patients. Driven by science. And we are committed to bring superior and sustainable value to patients and all our other stakeholders.

Lloyd,
living with epilepsy

II. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

1. CORPORATE GOVERNANCE STATEMENT
2. BUSINESS PERFORMANCE REVIEW
3. OPERATING AND FINANCIAL REVIEW

1. CORPORATE GOVERNANCE STATEMENT

Sander,
living with lupus

As a Belgian-headquartered company with a commitment to the highest standards of Corporate Governance, the Board of Directors (hereafter "the Board") of UCB SA/NV (hereafter "UCB") adopted a Charter of Corporate Governance in October 2005, as required by the "Belgian Code on Corporate Governance" (first edition, 2004). Pursuant to article 96, section 1, 1° of the Belgian Companies Code, UCB has adopted the "2009 Belgian Code on Corporate Governance" (hereafter "the Corporate Governance Code") as its reference code of Corporate Governance, taking into account the specific international aspects of UCB[1].

This Charter of Corporate Governance, which is available on the UCB website (www.ucb.com/investors/Governance/Principles-codes-and-guidelines), describes the main aspects of UCB's Corporate Governance, including its governance structure and the terms of reference of the Board, as well as those of its committees and the Executive Committee. The Charter of Corporate Governance is annually updated, in December, and reviewed by the Board to be in line with the applicable laws and regulations, the Corporate Governance Code and their interpretation.

In accordance with the Belgian Companies Code and with the Corporate Governance Code, the following pages provide factual information about UCB's Corporate Governance. This includes changes to UCB's Corporate Governance, together with relevant events that took place during 2014, such as changes in UCB's capital or shareholder structure, the modifications in UCB's governance and in the Board's and committees' composition, the main features of UCB's internal control and risk management systems, and the remuneration report. It also includes explanations, where applicable, of any deviations from the Corporate Governance Code.

[1] The "2009 Belgian Code on Corporate Governance" is available on the website of the Belgian Corporate Governance Committee (http://www.corporategovernancecommittee.be)

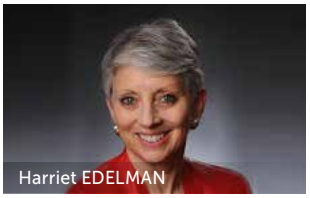
DIRECTORS AND AUDITORS

SITUATION AS OF 1 JANUARY 2015


Gerhard MAYR


Evelyn du MONCEAU


Jean-Christophe TELLIER


Harriet EDELMAN


Kay DAVIES


Charles-Antoine JANSSEN


Albrecht DE GRAEVE


Jean-Pierre KINET


Arnoud de PRET


Tom McKILLOP


Norman J. ORNSTEIN


Cédric van RIJCKEVORSEL

BOARD OF DIRECTORS

- **Gerhard Mayr**, Chair
- **Evelyn du Monceau**, Vice Chair
- **Jean-Christophe Tellier,** Executive Director and CEO
- **Kay Davies,** Director
- **Albrecht De Graeve,** Director
- **Arnoud de Pret,** Director
- **Harriet Edelman,** Director
- **Charles-Antoine Janssen,** Director
- **Jean-Pierre Kinet,** Director
- **Tom McKillop,** Director
- **Norman J. Ornstein,** Director
- **Cédric van Rijckevorsel,** Director

SECRETARY OF THE BOARD OF DIRECTORS

- **Xavier Michel**, Vice-President and Secretary General

STATUTORY AUDITOR

- **PricewaterhouseCoopers**, represented by its permanent representative Jean Fossion

HONORARY DIRECTORS

- **André Jaumotte**, Honorary Chair
- **Mark Eyskens**, Honorary Chair
- **Georges Jacobs de Hagen**, Honorary Chair
- **Karel Boone**, Honorary Chair
- **Daniel Janssen**, Honorary Deputy Chair
- **Prince Lorenz of Belgium**
- **Alan Blinken**
- **Michel Didisheim**
- **Roch Doliveux**
- **Peter Fellner**
- **Guy Keutgen**
- **Paul Etienne Maes**
- **Gaëtan van de Werve**
- **Jean-Louis Vanherweghem**
- **Bridget van Rijckevorsel**

HONORARY CHAIRMEN OF THE EXECUTIVE COMMITTEE

- **Daniel Janssen**
- **Paul Etienne Maes**
- **Georges Jacobs de Hagen**
- **Roch Doliveux**

1.1 | CAPITAL AND SHARES

1.1.1 | CAPITAL

The capital of UCB has been modified in 2014.

On 31 December 2014, it amounted to € 583 516 974 and was represented by 194 505 658 shares.

1.1.2 | SHARES

Since 13 March 2014, the share capital of UCB is represented by 194 505 658 shares (hereafter "UCB shares"), all fully paid up. UCB shares may be registered or dematerialized shares, at the request of the shareholder, in accordance with the Belgian Companies Code.

Pursuant to the Belgian Act of 14 December 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialized securities as from 1 January 2014.

On 1 January 2014, the UCB bearer shares were by force of law automatically converted into dematerialized shares. UCB had to register them in its securities account in its own name. However, this did not grant UCB any title on the shares, as UCB merely holds them on behalf of their unknown owners. The rights attached to the claimed bearer shares – such as the dividend rights, the right to participate in and vote at the General Shareholders Meetings, the preferential subscription rights in the case of a capital increase – are suspended since 1 January 2014 and until the rightful owners have obtained the timely registration of their shares in their own name or until the mandatory sale of the unclaimed bearer shares.

As of 1 January 2015, through a mandatory sale process imposed by the above mentioned Belgian Act of 14 December 2005, UCB will have to offer all unclaimed bearer shares for sale on the Euronext Brussels Stock Exchange. UCB will announce this mandatory sale in due time in accordance with the applicable regulations. Once the unclaimed bearer shares have been sold, UCB will deposit the net proceeds of the sale with the Belgian Deposit and Consignments Fund ("Caisse des dépôts et consignations"/"Deposito- en Consignatiekas"). As of that moment, UCB will no longer intervene in the process. After 31 December 2015, the rightful owners of the underlying bearer shares will have the right to claim the payment of the corresponding net proceeds from the Belgian Deposit and Consignment Fund subject to evidence of their valid title to the shares. The Belgian Act of 14 December 2005 provides that, as of 1 January 2016, such repayment will be subject to a fine of 10% of the proceeds of the sale of the underlying bearer shares per each commenced year of arrears.

More details on the dematerialization and conversion process are available on UCB website (http://www.ucb.com/investors/governance/shareholders-information).

Until they are fully paid up, UCB shares are registered and may only be transferred after prior approval by the Board. Registered UCB shares are recorded in the share register of UCB.

All UCB shares are admitted for listing and trading on Euronext Brussels.

1.1.3 | CONVERTIBLE BONDS

UCB issued senior unsecured 4.5% Bonds due 2015 for an aggregate principal amount of € 500 million, placed with institutional investors following an accelerated book-building procedure on 30 September 2009 (hereafter the "Convertible Bond(s)"). An Extraordinary General Meeting decided on 6 November 2009 to attach a conversion right to these Bonds. Each Convertible Bond had a denomination of € 50 000 and could be converted as from 2 December 2009 until 15 October 2015 for a conversion price of € 38.746 per UCB share. UCB has exercised its option to redeem all outstanding Convertible Bonds on 12 March 2014 (see the press releases of 16 and 21 January 2014). As an alternative to the redemption of the Convertible Bonds, each bondholder had the right to exercise its conversion rights, following which UCB could, in its own discretion, decide to transfer existing UCB shares and/or issue new UCB shares.

Pursuant to the notices received by UCB up to 5 March 2014 (latest day on which bondholders could exercise their conversion right), a number of bondholders exercised their conversion rights with respect to an aggregate number of 9 985 Convertible Bonds, resulting in:

a) two capital increases for an aggregate amount of € 33 235 518 in capital and € 396 012 275 in issuance premium, and the resulting issuance of an aggregate number of 11 078 506 new UCB shares:

   (i) a capital increase of 27 February 2014 (see the press release of 27 February 2014) following the conversion of 3 963 Convertible Bonds, and the resulting issuance of 5 114 057 new UCB shares, and

   (ii) a capital increase of 13 March 2014 (see the press release of 19 March 2014) following the conversion of 4 622 Convertible Bonds, and the resulting issuance of 5 964 449 new UCB shares

b) the delivery of 1 806 638 existing UCB shares to UCB's wholly owned subsidiary UCB Lux SA following the conversion of 1 400 Convertible Bonds which were held by this affiliate.

The remaining 15 Convertible Bonds, with an aggregate nominal value of € 750 000, were not converted but redeemed on 12 March 2014 at par together with interest accrued to that date.

As per 19 March 2014, UCB no longer had any Convertible Bonds outstanding. The Bonds have also consequently been withdrawn from the listing on the Euro MTF market of the Luxembourg Stock Exchange.

1.1.4 | TREASURY SHARES

In accordance with article 12, §2 of the Articles of Association of UCB, the Shareholders Meeting of 24 April 2014 decided to renew, for a period of 2 years, the authorization granted to the Board of Directors to acquire, on or outside of the stock exchange, by way of purchase, exchange, contribution or any other kind of acquisition, directly or indirectly, up to 10% of the total number of UCB shares for a price or an exchange value per share of maximum the highest price of the UCB share on Euronext Brussels on the day of the acquisition and minimum € 1, without prejudice to article 208 of the Royal Decree of 31 January 2001. The authorization granted to the Board of Directors extends to any acquisitions of UCB shares by the direct subsidiaries of UCB as defined in article 627 of the Belgian Companies Code. This authorization replaced the previous 5 year authorization granted by decision of the Extraordinary Shareholders Meeting of 6 November 2009. As the case may be, any disposal of own shares by UCB or its direct subsidiaries can be made pursuant to the authorization granted to the Board of Directors as set forth in article 12 in fine of the Articles of Association.

UCB acquired 4 396 638 and transferred 4 423 812 UCB shares in 2014. On 31 December 2014, UCB held a total of 5 539 270 UCB securities representing, if exercised, 2.85% of the total number of UCB shares. That holding of UCB securities consists of 239 270 shares, 3 721 040 assimilated financial instruments (outstanding options), 438 960 assimilated financial instruments (options exercised but not yet settled) and 1 140 000 UCB assimilated financial instruments (other).

UCB Fipar SA, an indirect subsidiary of UCB, acquired 2 700 000 UCB shares in 2014 and sold 2 734 397 UCB shares in 2014. On 31 December 2014, UCB Fipar SA held a total of 2 092 219 UCB securities representing, if exercised, 1.08% of the total number of UCB shares. That holding of UCB securities consists of 142 219 shares and 1 950 000 assimilated financial instruments.

The UCB shares were acquired by UCB and UCB Fipar SA amongst others in order to cover part of UCB's obligations resulting from the employees' stock option plans, stock award plans and performance share plans and by UCB to cover part of UCB's obligations resulting from the Convertible Bonds.

For additional details, please refer to note 25.3 Treasury shares.

For a full overview of UCB's large shareholdings (including assimilated securities) on the basis of the transparency notifications made pursuant to the law of 2 May 2007 on the disclosure of large shareholdings, please refer to section 1.2 Shareholders and shareholders structure.

1.1.5 | AUTHORIZED CAPITAL

The Extraordinary General Meeting of 24 April 2014 decided to give an authorization to the Board of Directors (and to amend the Articles of Association accordingly), for a period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits set by law,

i. with up to 5% of the share capital at the time of the decision of the Board of Directors to make use of this authorization, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders (whether or not for the benefit of one or more specific persons who are not employees of the company or of its subsidiaries);

ii. with up to 10% of the share capital at the time of the decision of the Board of Directors to make use of this authorization, in the event of a capital increase without cancellation or limitation of the preferential subscription rights of the existing shareholders.

In any event, the total amount by which the Board of Directors may increase the share capital by a combination of the authorizations set forth in (i) and (ii) above, is limited to 10% of the share capital at the time of the decision of the Board of Directors to make use of this authorization.

The Board of Directors is moreover expressly authorized to make use of this mandate, within the limits as set out under (i) and (ii) above, for the following operations:

1. a capital increase or the issuance of convertible bonds or warrants with cancellation or limitation of the preferential subscription rights of the existing shareholders;

2. a capital increase or the issuance of convertible bonds with cancellation or limitation of the preferential subscription rights of the existing shareholders for the benefit of one or more specific persons who are not employees of the Company or of its subsidiaries;

3. a capital increase by incorporation of reserves.

Any such capital increase may take any and all form, including, but not limited to, contributions in cash or in kind, with or without share premium, the incorporation of reserves and/or share premiums and/or profits carried forward, to the maximum extent permitted by the law.

Any decision of the Board of Directors to use this mandate requires a 75% majority.

The Board of Directors is empowered, with full power of substitution, to amend the Articles of Association to reflect the capital increases resulting from the exercise of its authorization.

1.2 | SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The main shareholder of UCB is Financière de Tubize SA (also referred to herein as the "Reference Shareholder"), a Belgian company listed on Euronext Brussels.

With respect to the shareholding structure of Financière de Tubize SA, according to a transparency declaration dated 13 March 2013 made pursuant to the law of 2 May 2007 on the disclosure of large shareholdings, and a notification dated 20 August 2014 made pursuant to the law of 1 April 2007 on public takeover bids relating to its shareholders structure, 52.20% of the voting rights of Financière de Tubize SA is held by a group of shareholders, acting in concert and consisting of the following members of/or companies controlled by the Janssen family:

- Eric Janssen SPRL (19.11%);
- Baron Daniel Janssen (13.19%);
- Altaï Invest SA, controlled by Countess Diego du Monceau de Bergendal, born Evelyn Janssen (11.14%);
- Barnfin SA, controlled by Mrs Jean van Rijckevorsel, born Paule Bridget Janssen (8.74%);
- Jonkheer Jean van Rijckevorsel (0.02%).

With respect to its shareholding in UCB, Financière de Tubize SA is acting in concert with Schwarz Vermögensverwaltung GmbH & Co. KG , *i.e.* they have entered into an agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to UCB and concerning the possession, acquisition or transfer of voting securities (cf. article 3, §1, 13°, a), b) and c) of the law on the disclosure of large shareholdings and article 3, §1, 5°, a) and b) of the law on public takeover bids).

Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG collectively hold 35.39% of the total number of UCB shares.

UCB and its subsidiaries also hold UCB shares (see below for an up-to-date overview of their shareholdings).

The remaining UCB shares are held by the public.

On page 31 is an updated overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of 2 May 2007, on the disclosure of large shareholdings (situation as at 5 January 2015).

			NUMBER	PERCENTAGE	SITUATION AS PER*
	Share capital €		**583 516 974**		13 March 2014
	Total number of voting		**194 505 658**		13 March 2014
1	**Financière de Tubize SA ("Tubize")**				
	securities carrying voting rights (shares)		66 370 000	34.12%	13 March 2014
2	**Schwarz Vermögensverwaltung GmbH & Co. KG ("Schwarz")**				
	securities carrying voting rights (shares)		2 471 404	1.27%	13 March 2014
	Tubize + Schwarz[3]				
	securities carrying voting rights (shares)		68 841 404	35.39%	
3	**UCB SA/NV**				
	securities carrying voting rights (shares)		678 230	0.35%	5 January 2015
	assimilated financial instruments (options)[1]		3 721 040	1.91%	5 January 2015
	assimilated financial instruments (other)[1]		1 140 000	0.59%	5 January 2015
		TOTAL	**5 539 270**	**2.85%**	
4	**UCB Fipar SA**				
	securities carrying voting rights (shares)		142 219	0.07%	5 January 2015
	assimilated financial instruments (other)[1]		1 950 000	1.00%	5 January 2015
		TOTAL	**2 092 219**	**1.08%**	
	UCB SA/NV + UCB Fipar SA[2]		**7 631 489**	**3.92%**	
	securities carrying voting rights (shares)		820 449	0.42%	
	assimilated financial instruments (options)[1]		3 721 040	1.91%	
	assimilated financial instruments (other)[1]		3 090 000	1.59%	
	Free float[4] (securities carrying voting rights (shares))		**124 843 805**	**64.19%**	
5	**Capital Research and Management Company** (subsidiary of The Capital Group Companies Inc.)				
	securities carrying voting rights (shares)		13 905 411	7.15%	8 January 2014
6	**Vanguard Health Care Fund**				
	securities carrying voting rights (shares)		9 741 353	5.01%	28 October 2014

(all percentages are calculated on the basis of the current total number of voting rights)

[1] Assimilated financial instruments within the meaning of article 6 of the Royal Decree of 14 February 2008 on the disclosure of large shareholders, which, if exercised, grant an additional voting right: *i.e.*, securities, options, futures, swaps, interest term agreements and other derivative contracts that grant their holder the right to acquire existing securities carrying voting rights pursuant to an agreement that is binding under the applicable law and only on the holders' own initiative.

[2] UCB SA/NV indirectly controls UCB Fipar SA | article 6, §5, 2° and article 9, §3, 2° of the law on the disclosure of large shareholdings.

[3] Tubize and Schwarz have declared to be acting in concert | article 6, §4 and article 9, §3, 3° of the law on the disclosure of large shareholdings.

[4] Free float being the UCB shares not held by the Reference Shareholder (Tubize) and Schwarz, UCB SA/NV or UCB Fipar SA. Only shares held by these entities are taken into account for this calculation, to the exclusion of assimilated financial instruments.

* All information based on the notifications received pursuant to the law of 2 May 2007 on the disclosure of large shareholdings.

UCB has received notifications pursuant to article 74, §7 of the law of 1 April 2007 on public takeover bids from Financière de Tubize SA, Schwarz Vermögensverwaltung GmbH & Co. KG and UCB Fipar SA respectively on 22 November 2007, 11 December 2007 and 28 December 2007.

On 25 August 2014, UCB received an updated notification pursuant to article 74, §8 of the law on public takeover bids from Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG (this notification is available on the UCB website), in which is declared that:

- Financière de Tubize SA held 66 370 000 UCB shares on a total number of 194 505 658 (*i.e.* 34.12%);
- Schwarz Vermögensverwaltung GmbH & Co. KG held 2 471 404 UCB shares on a total number of 194 505 658 (*i.e.* 1.27%);
- Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG did not proceed to any transfer of securities carrying voting rights since 31 July 2013;
- Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG are acting in concert.

Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG collectively hold 35.39% of the total number of UCB shares.

1.3 | BOARD OF DIRECTORS AND BOARD COMMITTEES

1.3.1 | BOARD OF DIRECTORS

COMPOSITION OF THE BOARD AND INDEPENDENT DIRECTORS

The Board of Directors was composed as follows in 2014:

	FIRST APPOINTED AS DIRECTOR	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR
Gerhard Mayr, Chair	2005	2015	x
Evelyn du Monceau, Vice Chair	1984	2015	
Roch Doliveux, Executive Director and CEO*	2004	2017*	
Jean-Christophe Tellier, Executive Director and CEO Elect*	2014	2018	
Kay Davies	2014	2018	x
Albrecht De Graeve	2010	2017	x
Arnoud de Pret	2005	2015	
Harriet Edelman	2012	2016	x
Charles-Antoine Janssen	2012	2016	
Jean-Pierre Kinet	2008	2015	x
Tom McKillop	2009	2016	x
Norman J. Ornstein	2008	2015	x
Cédric van Rijckevorsel	2014	2018	

* Roch Doliveux resigned from his mandate as Board member with effect as at 31 December 2014. Jean-Christophe Tellier has been appointed as CEO as of 1 January 2015.

In 2014, Bridget van Rijckevorsel retired and Peter Fellner reached the age limit of 70 years (article 3.2.4 of the Corporate Governance Charter). The General Meeting of 24 April 2014 appointed Cédric van Rijckevorsel for a new mandate of 4 years in replacement of Bridget van Rijckevorsel and Kay Davies for a new mandate of 4 years as independent Director, in replacement of Peter Fellner. Kay Davies is also replacing Peter Fellner as Chair of the Scientific Committee of the Board of Directors.

In the context of the CEO transition announced in February 2014, and following his appointment as CEO Elect and Chair of the Executive Committee (as from 1 March 2014) by the Board of 19 February 2014, Jean-Christophe Tellier has been appointed by the General Meeting of 24 April 2014 as an Executive Director, for a mandate of 4 years, bringing the total number of Directors to 13. Roch Doliveux remained CEO and *ad hoc* member of the Executive Committee until 31 December 2014. He resigned from his Director's mandate with effect as at 31 December 2014, Jean-Christophe Tellier taking on the role of CEO as of 1 January 2015 and remaining at the Board. Jean-Christophe Tellier and Roch Doliveux were also entrusted by the Board with powers of daily management of UCB. The daily management powers of Roch Doliveux were terminated simultaneously with his resignation from his directorship.

In 2014 Roch Doliveux (CEO) and Jean-Christophe Tellier (CEO Elect) were the only Executive Directors of UCB and did not qualify as independent Directors.

Evelyn du Monceau, Arnoud de Pret, Charles-Antoine Janssen and Cédric van Rijckevorsel are representatives of the Reference Shareholder and, as such, are not eligible to qualify as independent Director.

Gerhard Mayr, Kay Davies, Albrecht De Graeve, Harriet Edelman, Jean-Pierre Kinet, Tom McKillop and Norman J. Ornstein meet all the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Board and the Corporate Governance Code. The General Meeting of 24 April 2014 acknowledged the qualification of Kay Davies as independent Director in accordance with the above mentioned criteria.

Tom McKillop reached the age limit in 2012. The Board in its meeting of 13 December 2012 decided to make an exception to the age limit of article 3.2.4 of the Corporate Governance Charter for Tom McKillop, given his exceptional experience and expertise as the former CEO of a major pharmaceutical company and in light of his scientific background.

Pursuant to article 96, §2, 6° of the Belgian Companies Code, UCB declares currently having three female Directors in its Board being approx. 25% of the Board members. When replacements or appointments for the Board are considered, UCB – via its Board and the Governance, Nomination and Compensation Committee ("GNCC")– is systematically taking into account enhancing gender diversity in the Board, which includes searching for senior female profiles which could add a complementary value to the Board. Accordingly, in terms of gender diversity, the appointment of Kay Davies compensated the departure of Bridget van Rijckevorsel.

The mandates of Gerhard Mayr, Evelyn du Monceau, Arnoud de Pret, Jean-Pierre Kinet and Norman J. Ornstein will expire at the Annual General Meeting of 30 April 2015. Arnoud de Pret will reach the age limit and Jean-Pierre Kinet will not renew his mandate.

Upon recommendation of the GNCC, the Board of Directors will propose to the Annual General Meeting of 30 April 2015:

- the renewal of the mandate of Gerhard Mayr for a new term of 4 years;
- the renewal of the mandate of Evelyn du Monceau for a new term of 4 years;
- the renewal of the mandate of Norman J. Ornstein as independent Director for a new term of 4 years;
- the appointment of Cyril Janssen, for a mandate of 4 years, in replacement of Arnoud de Pret;

- The appointment of Alice Dautry, as independent Director for a mandate of 4 years, in replacement of Jean-Pierre Kinet.

Cyril Janssen will be a representative of the Reference Shareholder and, as such, will not be eligible to qualify as an independent director.

Gerhard Mayr and Evelyn du Monceau, if re-elected, will be proposed to respectively remain Chair and Vice-Chair of the Board. If re-elected, Gerhard Mayr will start his fourth term as Director and solely for this reason will no longer qualify as an independent Director as per article 526ter of the Belgian Companies Code.

Norman J. Ornstein and Alice Dautry meet all independence criteria stipulated by said article 526ter, the Board and the Corporate Governance Code. If elected by the Annual General Meeting of 30 April 2015, Alice Dautry will also replace Jean-Pierre Kinet as member of the Scientific Committee of the Board. Her appointment would also increase gender diversity at levels required by law.

Subject to the above renewals or appointments by the Annual General Meeting of 30 April 2015, the Board will also appoint Charles-Antoine Janssen to replace Arnoud de Pret as member of the Audit Committee, Albrecht De Graeve becoming the Chair of the Audit Committee, and Harriet Edelman, as independent Director, will replace Gerhard Mayr as member of the GNCC.

FUNCTIONING OF THE BOARD

In 2014, the Board met seven times. The attendance rate of its members was as follows:

Gerhard Mayr, Chair	100%
Evelyn du Monceau, Vice Chair	100%
Roch Doliveux, Executive Director**	100%
Jean-Christophe Tellier, Executive Director*	100%
Kay Davies*	85%
Albrecht De Graeve	100%
Arnoud de Pret	100%
Harriet Edelman	100%
Charles-Antoine Janssen	100%
Jean-Pierre Kinet	100%
Tom McKillop	100%
Norman J. Ornstein	100%
Cédric van Rijckevorsel*	100%

* As from 24 April 2014
(appointment by the General Meeting of 24 April 2014)

** Resigned with effect as at 31 December 2014

In addition to his ordinary meetings, the Board also had exceptional meetings by conference call over the year to decide and/or be updated on urgent or important projects or matters. All Board members were duly present or represented at these Board conference calls.

During 2014, the Board's main areas of discussion, review and decisions were: strategy of UCB, the CEO succession, the reports of the Audit Committee, Scientific Committee and of the GNCC, Corporate Governance and (re)organization of UCB, risk and risk management, succession planning, intragroup restructuring, the appointments reserved to the Board, the remuneration policies, the financial statements and financial reporting, business development and M&A projects, including but not limited to R&D contracts, investment, divestments, financial and commercial partnerships, license agreements, as well as the reports and resolution proposals to the shareholders meeting as published in the invitations to the General Meetings in compliance with the Belgian Companies Code.

There were no transactions or contractual relationships in 2014 between UCB, including its affiliated companies, and a member of the Board, giving rise to conflicts of interest, except as reported in section 1.9 below.

During 2014, the Board ensured an induction program for its new Directors to cover UCB organization and activities as well as the various areas of expertise required in a biopharmaceutical company.

ASSESSMENT OF THE BOARD

In accordance with its Corporate Governance Charter, the Board conducted an internal assessment in 2013. Following up on this assessment the Board agreed on an action plan that was implemented in the course of 2014. Amongst measures that were adopted by the Board as a result of its evaluation, regular sessions of the Board without the presence of the Executive Directors were introduced. It also included visits of main production sites as part of induction program of new Board members and meetings with talents of the organization.

In accordance with the Corporate Governance Charter of UCB, the next assessment of the Board will be conducted in 2015.

1.3.2 | BOARD COMMITTEES

AUDIT COMMITTEE

The Board has set up an Audit Committee whose composition, functioning and terms of reference are in accordance with the Belgian Companies Code and the Corporate Governance Code. In 2014, the composition of the Audit Committee was as follows:

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Arnoud de Pret, Chair	2015		100%
Albrecht De Graeve	2017	x	100%
Gerhard Mayr	2015	x	100%

Albrecht De Graeve and Gerhard Mayr meet all the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Board and the Corporate Governance Code, and all members have the competencies in accounting and audit matters as required by article 526bis, §2 of the Belgian Companies Code. The Audit Committee's composition complies with the Belgian Companies Code requiring that (at least) one member is an independent Director. The Corporate Governance Code recommends that a majority of the members of the Audit Committee are independent, which is the case.

The Audit Committee met four times in 2014. Each Audit Committee meeting includes separate private sessions attended solely by the internal and external auditors without management presence. As necessary, the external auditors attended all or part of each Audit Committee meeting.

The Audit Committee meetings were also attended by Detlef Thielgen (Executive Vice President and Chief Financial Officer), Doug Gingerella (Senior Vice President Global Internal Audit/M&A) and, acting as secretary of the Committee, Xavier Michel (Vice President and Secretary General).

The meetings were also partly attended on regular basis by Jean-Christophe Tellier (CEO Elect), Raf Remijsen (Sr. Dir. Group Treasury and Corporate Finance) for subjects relating to treasury and financial risk management, Bo Iversen (Vice President Tax and Treasury) for tax updates and financial risk management, Douglas Minder (Director Financial Collaborations and IFRS Competence Center) for IFRS updates, Caroline Vancoillie (Chief Accountant Officer) for accounting matters, Anna Richo (Executive Vice President and General Counsel) for litigation and risk management topics, Aaron Bartlone (Sr VP Corporate QA HSE and Drug Safety) for risk management topics, Véronique Gendarme (Senior Director Benefits and Rewards) for pension related matters and Cristina Bautista (Director Global Internal Audit) for global internal audit matters.

In 2014, and in accordance with its terms of reference (see the Charter of Corporate Governance available on the UCB website), the Audit Committee monitored the financial reporting process (including the financial statements); internal control and risk management systems of UCB and their effectiveness; the internal audit, its effectiveness, audit plan and results achievements; the statutory audit of the annual and consolidated accounts and the independence of the external auditor including the provision of additional services to UCB for which the Audit Committee reviewed and authorized the fees. In addition, the Audit Committee reviewed corporate restructuring projects, global risk management (including litigation and tax review, as well as the UCB Group global risk mapping and policy), impairment and equity value of subsidiaries, pensions schemes and liabilities, new IFRS rules and other new tax or accounting treatments and the external auditor satisfaction surveys. The Committee was also provided an update regarding the ongoing audit reform and made recommendations in relation to the renewal of the mandate of the external auditor (PricewaterhouseCoopers Reviseurs d'Entreprises/ Bedrijfsrevisoren) for another 3 years as their existing mandate was due to expire at the General Meeting of 30 April 2015.

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE ("GNCC")

The Board has set up a Governance, Nomination and Compensation Committee ("GNCC") whose composition, functioning and terms of reference are in accordance with the Belgian Companies Code and the Corporate Governance Code.

The composition of the GNCC is as follows:

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Evelyn du Monceau, Chair	2015		100%
Gerhard Mayr	2015	x	100%
Tom McKillop	2016	x	100%

A majority of the members of the GNCC meet all the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Board and the Corporate Governance Code, and all members have the competencies and the expertise required in matters of remuneration policies as required by article 526quater, §2 of the Belgian Companies Code.

The GNCC met six times in 2014. The committee was attended by Roch Doliveux (CEO), except when discussing issues relating to him, Jean-Christophe Tellier (CEO Elect and Chair of the Executive Committee), except when discussing issues relating to him, and by Fabrice Enderlin (Executive Vice President, Corporate Human Resources, Communication and Corporate Societal Responsibility), who acts as secretary of the GNCC, except when discussing issues relating to him and CEO compensation.

In 2014, and in accordance with its terms of reference (see the Charter of Corporate Governance available on the UCB website), the GNCC reviewed the appointment proposals to be submitted to Board approval, the performance of the Executive Committee members and their remuneration. It proposed and monitored the CEO transition and reviewed the succession planning of the other members of the Executive Committee and senior executives. It reviewed and made relevant proposal or recommendation to the Board with respect to the management reorganization implemented as of February 2015 and, in this context, the appointment of new members of the Executive Committee as well as of other senior executives. It reviewed and submitted to Board approval the remuneration policy and the long-term incentives to be granted to the management (including the CEO) and the performance criteria to which these grants were linked. The GNCC made an assessment of the remuneration of the new CEO (Jean-Christophe Tellier) and made the recommendation to the Board. The GNCC made an overall review of the Corporate Governance at UCB, including an annual report on Corporate Governance to the Board.

SCIENTIFIC COMMITTEE

The Scientific Committee assists the Board in its review of the quality of UCB R&D science and its competitive standing. The Scientific Committee is composed of members who have scientific and medical expertise. As from her appointment as Director by the General Meeting of 24 April 2014, Kay Davies has replaced Peter Fellner as Chair of the Scientific Committee.

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Kay Davies, Chair*	2018	x	100%
Jean-Pierre Kinet	2015	x	100%

* As from 24 April 2014.

The scientific Committee met three times in 2014.

The members of the Scientific Committee meet regularly with Ismail Kola, the Executive Vice President and President UCB NewMedicines™. The members of the Scientific Committee are also closely involved in the activities of the Scientific Advisory Board (SAB) of UCB, composed of external leading scientific medical experts. The tasks of the SAB are to critically review the R&D activities of UCB, provide scientific appraisal and strategic input as to the best way for UCB to become a thriving biopharmaceutical leader and to advise the Executive Committee on the strategic choices related to early stage R&D. The Scientific Committee reports to the Board on the SAB's appraisal of UCB's research activities and strategic orientations.

1.3.3 | EXECUTIVE COMMITTEE

COMPOSITION OF THE EXECUTIVE COMMITTEE AS FROM FEBRUARY 2015

Since 1 February 2015 the composition of the Executive Committee is as follows:

- **Jean-Christophe Tellier**, CEO and Chair of the Executive Committee
- **Emmanuel Caeymaex**, Immunology Patient Value Unit Head
- **Fabrice Enderlin**, Chief Talent Officer
- **Ismail Kola**, New Medicines Patient Value Unit Head and Chief Scientific Officer
- **Iris Löw-Friedrich**[1], Chief Medical Officer
- **Mark McDade**, Chief Operating Officer
- **Anna Richo**, General Counsel
- **Bharat Tewarie**[2], Chief Marketing Officer
- **Detlef Thielgen**, Chief Financial Officer
- **Jeff Wren**, Neurology Patient Value Unit Head

COMPOSITION AND FUNCTIONING OF THE EXECUTIVE COMMITTEE IN 2014

In 2014, the composition of the Executive Committee was as follows:

- **Roch Doliveux,** CEO and *ad hoc* member of the Executive Committee[3]
- **Jean-Christophe Tellier**, CEO Elect and Chair of the Executive Committee[3]
- **Fabrice Enderlin,** Executive Vice President, Corporate Human Resources, Communication and Corporate Societal Responsibility
- **Ismail Kola**, Executive Vice President and President UCB NewMedicines™
- **Iris Löw-Friedrich**, Executive Vice President, Biopharma Development Solutions and Chief Medical Officer
- **Mark McDade**, Executive Vice President, Established Brands, Solutions and Supply
- **Anna Richo**, Executive Vice President and General Counsel
- **Detlef Thielgen**, Executive Vice President and Chief Financial Officer

In 2014, the Executive Committee met two to three days a month.

There were no transactions or contractual relationships in 2014 between UCB, including its affiliates, and a member of the Executive Committee. In accordance with internal rules of conflict, some Executive Committee members did not participate to deliberations relating to contracts or relations with third party companies in which they also have director's mandates (Ismail Kola for the company Biotie Therapies and Iris Löw-Friedrich for company Wilex).

1 The position of Bone Disorders Patient Value Unit Head that will complete the new structure of the Executive Committee is still to be filled in and will be led ad interim by Iris Löw-Friedrich.

2 Joining as of March 2015

3 In the context of the CEO transition announced on 20 February 2014 and in accordance with the decision of the Board of 19 February 2014, Roch Doliveux, CEO, remained Chair of the Executive Committee until 28 February 2014. As from 1 March 2014, Jean-Christophe Tellier, as CEO Elect, was appointed as Chair of the Executive Committee and Roch Doliveux continued to attend the Executive Committee meetings on an *ad hoc* basis (upon invitation of the new Chair of the Executive Committee and CEO Elect, Jean-Christopje Tellier) and/or the meetings of the Executive Committee held in the presence of the Chair and Vice-Chair of the Board.

1.4 | REMUNERATION REPORT

The remuneration report describes UCB's executive remuneration philosophy and policies and how executive compensation levels are set in view of individual and company performance. The remuneration policy forms a part of a broader set of Human Resources policies, including performance management and talent development. The Governance, Nomination and Compensation Committee ("GNCC") oversees our executive compensation policies and plans. The Committee's roles and responsibilities are set forth in the corporate charter adopted by our Board of Directors.

1.4.1 | UCB'S GLOBAL REWARD PRINCIPLES

UCB aspires to be the patient-preferred biopharma leader and to achieve our goals we require engaged, world-class talents striving together to create superior value for patients. As we operate within a highly competitive global biopharma environment we require compensation plans that effectively bring qualified and talented executives together in a shared culture of performance. Our Global Reward program is designed to support and drive this culture while aligning executives closely to our business priorities. The objectives of the UCB Global Reward program are:

- to provide a strong motivation for delivering on our business strategy, ultimately driving the achievement of our patient-value goals;
- to link executive remuneration to both individual contribution and the overall success of UCB;
- to recognize and reward sustained high performance;
- to be fair and equitable, according to market practices;
- and to enable UCB to attract and retain the industry's best talent at global levels.

For our most senior executives, variable pay comprises the most significant component of the total remuneration offering. Our variable pay programs are closely linked to both short-term achievements and long-term individual and company performance, to ensure a balanced focus on company sustainability and value creation.

1.4.2 | THE UCB REMUNERATION POLICY

The policy of remuneration for members of the Executive Committee is set by the Board on the basis of recommendations by the GNCC. The GNCC meets at least twice per year during which time it:

- considers the market factors affecting the company's current and future pay practices;
- evaluates the effectiveness of our remuneration policies in terms of recognizing performance and determines the appropriate evolution of the plans;
- reviews the financial targets of the different performance-based compensation programs;
- determines the compensation levels of UCB's management team in view of their role, competencies and performance.

The remuneration policy ensures that the compensation programs applicable to the members of the Executive Committee, including equity incentives, pension schemes and termination arrangements, are fair and appropriate to attract, retain and motivate the management team.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

UCB's Board members are compensated for their services through a cash-based compensation program. The level of pay has been set based on benchmarks which include the remuneration of Board members of comparable European biopharmaceutical companies. Their pay consists of a fixed annual retainer, varying in size based on the director's mandate, and a fee per meeting attended, with the exception of the Chairman of the Board who receives only a fixed annual retainer. No long-term equity incentives are granted and there is also no other form of variable pay. An update to the level of pay was approved at the General Meeting of shareholders of 25 April 2013. The remuneration levels for UCB board members are set as follows:

ANNUAL FEES

- Chairman of the Board – € 210 000
- Vice Chair – € 105 000
- Directors – € 70 000

BOARD ATTENDANCE FEES

- Chairman of the Board – no fee (included in annual fees)
- Vice Chair – € 1 500 per meeting
- Directors – € 1 000 per meeting

AUDIT COMMITTEE/SCIENTIFIC ADVISORY COMMITTEE (ANNUAL FEES – NO MEETING FEES)

- Chairman of the Committees – € 30 000
- Members of the Committees – € 20 000

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE (ANNUAL FEES – NO MEETING FEES)

- Chairman of the Committee – € 20 000
- Members of the Committee – € 15 000

In application of these rules, the total remuneration of the Directors, including committee fees, for 2014 was as follows:

- **Gerhard Mayr**, Chairman € 245 000
- **Evelyn du Monceau**, Vice Chair € 135 500
- **Roch Doliveux**, Executive Director and CEO € 77 000
- **Jean-Christophe Tellier**, Executive Director and CEO Elect € 51 667
- **Kay Davies** € 70 667
- **Albrecht De Graeve** € 97 000
- **Arnoud de Pret** € 107 000
- **Harriet Edelman** € 77 000
- **Peter Fellner** € 35 333
- **Charles-Antoine Janssen** € 77 000
- **Jean-Pierre Kinet** € 97 000
- **Tom McKillop** € 92 000
- **Norman J. Ornstein** € 77 000
- **Bridget van Rijckevorsel** € 25 333
- **Cédric van Rijckevorsel** € 51 667

1.4.3 | STATEMENT ON THE REMUNERATION POLICY APPLIED TO THE REPORTED YEAR: REMUNERATION FOR EXECUTIVE DIRECTORS

This section discusses the competitive positioning strategy that UCB adopts against the market in which it operates. It also provides an overview of our executive compensation structure, the purpose of the different elements of pay and the link between pay and performance.

BENCHMARK FOR OUR REWARD PROGRAM

As per our Global Reward principles, our remuneration packages intend to be fair and appropriate to attract, retain and motivate management. They also must be reasonable in view of the company economics and the relevant practices of comparable global biopharmaceutical companies. The GNCC regularly considers the appropriate mix and level of cash and equity awards to offer to its executives based on recommendations from the Corporate Human Resources department. These recommendations are reviewed with our independent compensation consultant, Towers Watson, to ensure the market competitiveness of our total remuneration and to take into consideration market trends affecting our sector. A market assessment is typically conducted every other year to assess the competitiveness of all compensation components (base salary, bonus, long-term incentives) of each executive. Our Executive Committee compensation packages are composed of two main elements:

- a fixed component of remuneration: base salary;
- variable components of compensation: consisting of a cash bonus and long-term incentives.

UCB benchmarks its executive Global Reward program against a defined comparator group of international companies within the biopharmaceutical sector (companies with pharmaceutical and/or biotechnology activities). In the benchmark we take a focused approach to peer companies in Europe as well as the US. UCB's competitive positioning policy is to target median pay levels of this comparator group for all elements of total direct compensation (base salary and variable compensation). The actual compensation for each individual is determined considering their experience in relation to the benchmark, as well as their impact on company performance.

The comparator group is closely monitored to ensure it remains relevant and so that from year to year robust data is available, in view of the challenges of industry consolidation which impacts the stability of the underlying data.

COMPENSATION ELEMENTS AND PAY FOR PERFORMANCE

Our executive compensation programs are based on a balance of individual and corporate performance and market competitiveness. For our senior executives, both short-term and long-term incentives take into account performance against targets which are set by the Board. Throughout the performance period, the ongoing achievements are monitored and at the moment of vesting or payout, the final results are validated by the corporate finance department before final approval by the Audit Committee. In addition to the base salary and performance-related incentive pay, our executives are eligible for a range of benefits and perquisites which are in line with market compensation practices and fully aligned with the spirit of Belgian governance legislation, and therefore also with European regulations on executive compensation.

The GNCC makes compensation proposals for the CEO to the Board. The CEO provides compensation recommendations for the other Executive Committee members to the GNCC for endorsement.

Below we describe how each element of remuneration is determined and how performance is embedded in the incentive-based, variable components.

FIXED COMPENSATION COMPONENT: BASE SALARY

The target base salary is determined based on the specific job dimensions and criteria, and in relation to the median level of base salary that the market typically pays for such a role. Once the market level of base salary is defined, the specific compensation level of the individual depends on the extent to which he/she impacts the business and his/her level of skill and experience. The evolution of base pay depends on the individual's level of sustained performance, the level of pay compared to the benchmark and market factors such as inflation.

VARIABLE COMPENSATION COMPONENTS

Target variable compensation levels (bonus and long-term incentives, or "LTI") are set considering the median market level of our comparator group while providing the opportunity for each executive to exceed median levels when both company and individual performance are outstanding.

The variable compensation targets are subject to the application of performance multipliers which are defined based on a mix of company performance, individual performance and behaviors as well as a holistic consideration of long-term value creation for the company, for the ultimate benefit of the patient.

PERFORMANCE ASSESSMENT

CORPORATE PERFORMANCE MULTIPLIER

The corporate objectives of the CEO are set at the beginning of the year by the GNCC and are approved by the Board. UCB considers annual Recurring Earnings Before Interest, Tax, Depreciation and Amortization ("REBITDA") as the short-term corporate performance metric for its executives and senior management. The corporate performance multiplier is defined by the percentage of actual REBITDA versus the budget, at constant exchange rates, translated into a payout curve which ensures that only an acceptable range of performance is rewarded. The payout curve is translated into a payout range of between 0% and 150%. A minimum payout threshold is set and performance falling below this threshold results in a corporate performance multiplier of 0%.

INDIVIDUAL PERFORMANCE MULTIPLIER

The objectives for the CEO are proposed by the GNCC for approval by the Board of Directors. The GNCC proposes the Individual Performance Multiplier ("IPM") for the CEO to the Board based on the performance assessment at the end of the year. The CEO proposes the IPM for each of the other Executive Committee members to the GNCC, for endorsement. In discussing individual performance, the GNCC deliberates the achievement of the financial and quantitative objectives of the CEO and the non-financial aspects. For the CEO and the Executive Committee the evaluation includes the extent to which the individuals have carried out their duties in line with the company values and expected leadership behaviors. Below are the criteria which are evaluated for each Executive Committee member:

- Specific business achievements
- Strategic input and vision
- Team leadership
- Executive Committee team membership
- Impact

BONUS

The cash bonus is designed to reward the performance of the company and of the individual over a time horizon of one year. Under the Upper Management Compensation policy, the target bonus percentage is set at 90% of base salary for the CEO, and 65% for the other Executive Committee members in line with market practices.

The bonus target is subject to a double performance multiplier, which consists of the above-mentioned corporate and individual performance multipliers. The mechanism guarantees a direct link between individual contribution and company performance, which are interdependent. The calculation mechanism delivers significant value, when both company and individual performance are excellent. Conversely, the mechanism ensures that when company and/or individual performance levels are lower than expectations, this is adequately reflected through significantly diminished value.

Under the design of the double multiplier mechanism, a 0% corporate multiplier results in there being no bonus opportunity.

LONG-TERM INCENTIVES (LTI)

Our remuneration practice links a significant portion of equity-based compensation to mid-term and long-term company financial and strategic goals and performance. The LTI program is benchmarked against European Biopharmaceutical company practices. It is a three-tiered incentive program which includes a stock option plan, a free share plan (stock award) and a performance share plan.

The Upper Management Compensation policy, ensures that for Executive Committee members a greater proportion of variable pay is linked to long-term rather than short-term performance.

The long-term incentive target is expressed as a percentage of base pay. At target level, long-term incentives represent 120% of base pay for the CEO and 80% for the other Executive Committee members. The actual grant size is adjusted in view of individual performance, considering a mix of short-term achievements and the impact on long-term value creation. The resulting value is translated into a number of long-term incentives, using the binomial value of each award, and spread across our existing long-term incentive programs based on the following allocation:

- stock options – 30%
- stock awards – 35%
- performance shares – 35%

STOCK OPTION

Eligibility for participation in the Stock Option Plan is at the Board's discretion. The vesting period is typically three years from the date of grant but can be longer depending on local legislative requirements. Once vested, stock options are only exercisable once the share price exceeds the grant price and thus executives are incentivized to increase the share price over the

vesting period in order to benefit from their stock options. In the U.S., Stock Appreciation Rights are granted instead of stock options. These follow the same vesting rules as the Stock Option Plan and result in employees receiving a cash amount equal to the appreciation of UCB stock, instead of actual shares. All stock options and stock appreciation rights expire on their tenth anniversary from the date of grant. The grant price is fixed on the grant date, without further discount on the underlying UCB share price.

STOCK AWARD

The Stock Award Plan provides conditional rights to UCB common stock fulfilled upon remaining in employment with UCB three years after the grant date. The vesting period is three years from the date of grant. Our Executive Committee members are eligible for participation at the Board's discretion. Executives are incentivized to outperform the biopharmaceutical market and increase the company share price over the vesting period to optimize the value of their stock awards at the moment of vesting. In some countries, delivery of the award may also be made in phantom shares (an award, the value of which is based on the evolution of the share price but which is settled in cash on a pre-determined vesting date), depending on the local legislative environment.

PERFORMANCE SHARE PLAN

The Performance Share Plan ensures a strong link between pay and performance. Performance shares are grants of UCB common stock to the senior executive group, for which certain pre-established company-wide targets must be met at the time of vesting to trigger payout. The performance criteria and targets are defined by the Board upon proposal of the GNCC at the time of grant. The metrics used in this plan must address the following requirements:

Valid: be strategically relevant to the company and stakeholders while being within the influence and control of our executives ("line of sight");

Measurable: be predictable, definable, robust, realistic and accurately measurable over the time horizon.

The vesting period is three years. The number of shares awarded is adjusted at the end of the vesting period based on the company's performance against its goals. If actual company performance is below a specified threshold or the beneficiary leaves prior to vesting, then no shares are awarded. The maximum award is capped at 150% of the original grant. The target is set at a level which is sufficiently stretched and the maximum is linked to performance that would be considered exceptional. The 2014 grant was based on the following performance criteria to be measured at the end of 2016, each having equal weighting:

- Beating Consensus Revenue estimates
- Adjusted Net Profit After Tax

The same criteria were also used for the 2012 and 2013 grants.

The performance criteria are evaluated annually to ensure the maximum alignment with company priorities. For the 2015 grant, a new set of criteria has been endorsed by the Board which will include:

- revenue growth relative to a comparison group of companies (for 35% of the total);
- cash flow conversion ratio (for 35% of the total);
- reaching pipeline milestones – both early and late stage (for 20% of the total);
- employee engagement scores (for 10% of the total).

In some countries, delivery of the award may also be made in phantom shares, depending on the local legislative environment.

PENSIONS

As the Executive Committee is international in its nature, the members participate in the pension plans available in their country of contract. Each plan varies in line with the local competitive and legal environment. All defined benefit plans at UCB are either frozen or closed to new entrants to the extent feasible. Any new Executive Committee members would therefore automatically join either a defined contribution or cash balance plan.

Belgium

The Executive Committee members participate in a cash balance retirement benefit plan which is fully funded by UCB. The benefit at retirement age is the capitalization, at a guaranteed rate of return, of the employer's annual contributions during affiliation with the plan. UCB contributes an amount equal to 9.15% of the annual base salary and target bonus. UCB also provides an annual guaranteed return of 2.5%, increased by the Belgian health index (to a minimum of 3.25%, as defined by the Belgian legislation and with a maximum of 6%).

The Executive Committee members also participate in the UCB senior executive supplementary defined contribution plan. Contributions to the plan are twofold:

- a company contribution linked to the actual corporate results as defined by the Board and;
- a company contribution equal to 10% of their annual basic salary.

The Chief Executive Officer benefits from an individual pension promise (payable at the age of 60). This pension promise has been established when Roch Doliveux joined the organization in 2003 and is based on the average ann ual basic salary of the last five years.

Since the move during 2014 from a US agreement to a Belgian-based service agreement, Jean-Christophe Tellier participates in the same plans applicable to the other Belgian-based Executive Committee members.

U.S.

Members participate in the UCB Retirement Savings Plan. The plan is composed of qualified and non-qualified components. UCB's total contribution under the plan ranges from 3.5%-9% of annual pay based on age. Contributions up to the IRS limits are made in the qualified part of the plan. Contributions above this IRS limit are made in the non-qualified component.

The Executive Committee members also participate in a deferred compensation plan which is fully funded by the employees. Participants contribute on individual basis and can defer salary and/or bonus.

Germany

Both Executive Committee members are covered by a closed defined benefit pension plan. The plan promises pensions in case of retirement, disability and death. Benefits in case of retirement and disability amount to 50% of the last annual base salary before retirement or disability.

OTHER REMUNERATION ELEMENTS

Members of the Executive Committee are also typically entitled to participate in an international healthcare plan and executive life insurance as are available to other senior executives. Executive Committee members are also provided with certain executive perquisites such as a company car and other benefits in kind. All these elements are disclosed in the below section, Compensation of the Executive Committee. The remuneration policy for the members of the Executive Committee is extensively described in UCB's Charter of Corporate Governance (under 5.4.) available on the UCB website.

TERMINATION ARRANGEMENTS

Given the international character of our Executive Committee, as well as the dispersal of our various activities across different geographies, our members have agreements governed by different legal jurisdictions.

All Executive Committee termination agreements, with the exception of those of Jean-Christophe Tellier and Anna Richo, have been signed before the entry into force of the Belgian Corporate Governance law of 6 April 2010 which limits the level of termination indemnities.

The service contract established in 2003 for Roch Doliveux provides that in case of termination, he will be eligible to a lump sum equal to 24 months of actual base compensation plus the actual average variable compensation relating to the three previous years. In case of termination due to a change of control, the lump sum will be equal to 36 months.

At the request of Roch Doliveux the service agreement was terminated, in mutual agreement, on 31 December 2014 and therefore the termination clause was not applied.

A Belgian service contract was established during 2014 for Jean-Christophe Tellier and maintains similar termination conditions to those that were in place under his previous US employment agreement, comprising a lump sum equal to 18 months base compensation plus the actual average variable compensation relating to the three previous years.

Ismail Kola holds a Belgian employment contract and does have a termination clause which would entitle him to a severance payment of 18 months base salary and bonus in case the contract is terminated by the company. In case of a change of control of UCB, this payment would be equivalent to 24 months base salary and bonus.

Fabrice Enderlin and Detlef Thielgen have no specific termination provisions in their Belgian contracts. In case of termination the local employment law and practices would apply.

Iris Löw-Friedrich has a German employment agreement which provides a minimum of six months' notice and a termination indemnity equal to one year base salary and bonus. Overall this would represent an 18 months termination package.

For Mark McDade, who holds a U.S. employment agreement a clause is included in his agreements specifying a termination payment of 18 months base salary and bonus should there be an involuntary termination of the agreement by the company in case of a change of control.

Anna Richo is covered by a U.S. employment agreement which contains a clause allowing for a severance payment equal to 18 months base salary and bonus should there be an involuntary termination of the employment agreement or in case of change of control in UCB.

1.4.4 | REMUNERATION POLICY AS OF 2015

The GNCC continues to carefully monitor the Upper Management Compensation scheme. No amendments are currently foreseen in 2015. The mix of LTI across the 3 vehicles will be assessed against evolving market practices.

1.4.5 | COMPENSATION OF THE EXECUTIVE COMMITTEE

CHAIRMAN OF THE EXECUTIVE COMMITTEE AND CHIEF EXECUTIVE OFFICER

The remuneration of the CEO, Roch Doliveux, is composed of the above-mentioned elements being base salary, short-term incentive and long-term incentives.

In addition to his director's fees as a Board member of UCB SA, the remuneration and other benefits granted directly or indirectly to the CEO by UCB or any other of its affiliates in 2014 amount to:

- Base salary (earned in 2014): € 1 366 659;
- Short-term incentive (bonus), paid in 2015 and relating to the financial year 2014: € 848 265;
- Long-term incentives (number of UCB shares and options): see section below;
- Other components of the remuneration, such as the cost of pension, insurance coverage and monetary value of other fringe benefits: € 2 067 837, thereof € 1 732 060 being the retirement benefit (based on service cost).

The CEO's total compensation (base salary + bonus + LTI) for 2014 amounts to € 4 918 224 (excluding pension contributions and other benefits). This is an overall increase compared to 2013 due to the positive effect of share price appreciation on the valuation of the LTI and an improved collective performance leading to a higher corporate multiplier.

As from 31 December 2014, Roch Doliveux steps down as CEO and is replaced by Jean-Christophe Tellier. As from this date Roch Doliveux no longer holds an executive role and is retained as an advisor to the Board of Directors until December 2016. In this function he will perform special missions and projects as instructed by the Board as well as certain representational activities.

CARING ENTREPRENEURSHIP FUND

Roch Doliveux continued to contribute a portion of his compensation to a fund which he has set up in 2008 as part of the King Baudouin Foundation. The Caring Entrepreneurship Fund focuses on supporting entrepreneurship in the field of health and wellness.

OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

The amount of compensation stated below, reflects the amount the Executive Committee members have earned in 2014 based on their effective period in service as Executive Committee members (see above section "Composition of the Executive Committee").

The remuneration and other benefits granted directly or indirectly on a global basis to all the other members of the Executive Committee by the company or any other affiliate belonging to the group in 2014 amount to:

- Base salaries (earned in 2014): € 4 053 278;
- Short-term incentive (bonus), paid in 2015 and relating to financial year 2014: € 3 337 878;
- Long-term incentive (number of UCB shares and options): see section below;
- Other components of the remuneration, such as the cost of pension, insurance coverage and monetary value of other fringe benefits: € 3 315 859, thereof € 1 750 033 being the amount of retirement benefit (based on service cost).

The aggregated Executive Committee compensation (base salary + bonus + LTI) for 2014 amounts to: € 12 796 923 (excluding pension contributions and other benefits).

LONG-TERM INCENTIVES (LTI) GRANTED IN 2014

	STOCK OPTIONS[1]	BINOMIAL VALUE STOCK OPTION[2]	STOCK AWARDS[3]	BINOMIAL VALUE STOCK AWARDS[4]	PERFORMANCE SHARES[5]	BINOMIAL VALUE PERFORMANCE SHARES[6]	TOTAL BINOMIAL VALUE LTI [7]
Roch Doliveux	77 810	796 774	20 091	954 323	40 955	952 204	2 703 301
Jean-Christophe Tellier	30 656	313 917	7 916	375 998	16 136	375 153	1 065 067
Fabrice Enderlin	18 390	188 316	4 749	225 558	9 680	225 051	638 924
Ismail Kola[8]	22 537	230 779	15 819	751 403	11 862	275 796	1 257 977
Iris Löw-Friedrich	15 666	160 415	4 045	192 139	8 245	191 707	544 261
Mark McDade	21 456	219 707	5 540	263 156	11 293	262 565	745 427
Anna Richo	15 434	158 039	3 985	189 293	8 123	188 868	536 200
Detlef Thielgen	17 785	182 122	4 592	218 139	9 361	217 649	617 910

[1] Number of rights to acquire one UCB share at a price of € 58.12 between 1 April 2017 and 31 March 2024 (between 1 January 2018 and 31 March 2024 for Roch Doliveux, Fabrice Enderlin, Detlef Thielgen and Ismail Kola).

[2] The value of the 2014 stock options has been calculated based on the binomial methodology at € 10.24 as defined by Towers Watson.

[3] Number of UCB shares (or phantom shares) to be delivered for free after a vesting period of three years if still employed by UCB.

[4] The value of the 2014 stock awards has been calculated based on the binomial methodololy at € 47.50 per share award as defined by Towers Watson.

[5] Number of UCB shares (or phantom shares) to be delivered for free after a vesting period of three years if still employed by UCB and upon fulfillment of predefined performance conditions.

[6] The value of the 2014 performance shares has been calculated based on the binomial methodology at € 23.25 per performance share as defined by Towers Watson.

[7] Binomial valuation: an objective technique for pricing long-term incentives and which determines a fair value of the stock price over the life of a long-term incentive.

[8] Ismail Kola was awarded 10 000 phantom UCB shares on 1 April 2014 in addition to the normal grant of 1 April 2014 which is included in the figures.

LONG-TERM INCENTIVES VESTING IN 2014

Below is a schedule showing the long-term incentives granted to the Executive Committee members in previous years (reported in previous annual reports) and which have vested during the calendar year 2014 (not to be accumulated with the information in the above table which details the long-term incentives granted in 2014).

	STOCK OPTIONS		STOCK AWARDS		PERFORMANCE SHARES	
	NUMBER VESTED (NOT EXERCISED)[1-2]	NUMBER EXERCISED[3]	NUMBER VESTED	TOTAL VALUE UPON VESTING[4]	NUMBER VESTED [5]	TOTAL VALUE UPON VESTING
Roch Doliveux	45 000	48 000	24 000	1 397 520	0	
Jean-Christophe Tellier	N/A		6 700	390 141	0	
Fabrice Enderlin	15 000	15 000	7 200	419 256	0	
Ismail Kola	15 000		7 200	419 256	0	
Iris Löw-Friedrich	15 000		7 200	419 256	0	
Mark McDade	12 000		6 000	349 380	0	
Anna Richo[6]	N/A		20 000	1 303 600	N/A	
Detlef Thielgen	15 000		7 200	419 256	0	

[1] Jean-Christophe Tellier and Anna Richo joined UCB after the 2011 stock option grant.

[2] The stock options granted to Iris Löw-Friedrich on 1 April 2011 vested on 1 April 2014 and have an exercise price of € 26.72. The stock appreciation rights granted to Mark McDade on 1 April 2011 vested on 1 April 2014 and have an exercise price of € 26.80. The stock options granted to Roch Doliveux, Detlef Thielgen, Ismail Kola and Fabrice Enderlin on 1 April 2010 vested on 1 January 2014 and have an exercise price of € 31.62.

[3] Roch Doliveux exercised stock options granted to him on 1 September 2004 and on 1 April 2005. Those have respectively an exercise price of € 40.10 and € 37.33. Fabrice Enderlin exercised stock options granted on 1 April 2010. These have an exercise price of € 31.62.

[4] Upon vesting the UCB share had a value of € 58.23, which represents the market value of the shares delivered on the vesting date determined as the average of the high and the low price of UCB shares on that date.

[5] The Performance Shares granted in 2011 were not paid out as the 2013 performance conditions were not met.

[6] On 1 November 2012 Anna Richo was granted a sign-on Award. The UCB shares had a value of € 65.18 at vesting on 1 November 2014.

2015 LONG-TERM INCENTIVE GRANT

UCB's policy is to grant a number of long-term incentives based on the Individual performance for the performance year as well as a consideration of individual impact on long-term value creation. The grant is made on 1 April following the close of the performance year. The grant size is based on a valuation and share price defined in the policy. The actual grant value is only known on 1 April based on the share price on that day. Below can be found the number of options and awards to be granted on 1 April 2015. The resulting grant value will be reported in the 2015 annual report.

	STOCK OPTION 2015	STOCK AWARD 2015	PERFORMANCE SHARE 2015
Jean-Christophe Tellier	46 800	10 058	20 754
Emmanuel Caeymaex	9 191	1 975	4 076
Fabrice Enderlin	15 530	3 338	6 887
Ismail Kola	20 496	14 405	9 089
Iris Löw-Friedrich	15 521	3 336	6 883
Mark McDade	17 872	3 840	7 923
Anna Richo	14 874	3 196	6 594
Bharat Tewarie	11 234	2 414	4 982
Detlef Thielgen	17 621	3 787	7 814
Jeff Wren	10 456	2 246	4 635

1.5 | MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS OF UCB

1.5.1 | INTERNAL CONTROL

The Board is the governing body of UCB, and one of its roles is to provide entrepreneurial leadership of UCB within a framework of prudent and effective controls that enables risks to be assessed and managed. UCB management is responsible for establishing and maintaining adequate internal controls to provide reasonable assurance regarding the achievement of objectives of the reliable nature of financial information, compliance with relevant laws and regulations and performing internal control processes within UCB in the most efficient manner.

The Audit Committee assists the Board in its responsibility of monitoring the management of UCB and the UCB Group as a whole; the effectiveness of the overall internal control processes of UCB; the overall financial reporting process; the external auditor and the Global Internal Audit function and its effectiveness.

The Global Internal Audit function provides independent, objective assurance services designed to evaluate, add value and improve the internal control environment and operations of UCB by bringing a systematic, disciplined approach to the evaluation of, and recommending enhancements to the governance, compliance, risk management and internal control processes of UCB.

The Global Internal Audit group undertakes an Audit plan of financial, compliance and operational audits and reviews, as reviewed and approved by the Audit Committee and covering relevant company activities. The program includes independent reviews of the systems of internal control and risk management. The findings and the status of corrective actions taken to address these are regularly reported in writing to the Executive Committee and the status of the completion of the Audit plan as well as a summary of the findings and the status of corrective actions are reported in writing to the Audit Committee twice per year.

UCB has adopted formal procedures focused on internal controls over financial reporting, referred to as the Transparency Directive process. This process is intended to help minimize the risk of selective disclosure; to help ensure that all material information disclosures made by UCB to its investors, creditors and regulators are accurate, complete, timely and fairly present the condition of UCB; and to help ensure adequate disclosure of material financial and non-financial information and significant events, transactions and risks.

The process consists of a number of activities. Identified key contributors in the internal control process, which includes all Executive Committee members, are required to certify in writing that they understand and have complied with the requirements of UCB related to the financial reporting process, including providing reasonable assurance of effective and efficient operations, reliable financial information and compliance with laws and regulations. To promote their understanding of the broad range of potential issues, a detailed checklist is provided to them to complete and to assist them in their certification. In addition, a detailed worldwide desk review of Sales, Credits, Accounts Receivables, Trade Inventories, Accruals, Provisions, Reserves and Payments is performed, and the Finance Directors/representatives of all individual entities are required to acknowledge in writing that their financial reporting in these areas is based on reliable data and that their results are properly stated in accordance with requirements.

These procedures are coordinated by the Global Internal Audit function in advance of the issuance of the half-year and annual accounts. The results of the procedures are reviewed with the Chief Accounting Office, as well as Finance, the Legal Department and the External Auditors. Appropriate follow-up of any potential issues identified is performed and consideration of adjustments to reported financial information or disclosures is evaluated.

The results of these procedures are reviewed with the CEO and the CFO, and subsequently with the Audit Committee, prior to the publication of the accounts.

UCB updates its business plan on an annual basis and prepares a detailed annual budget for each financial year that is considered and approved by the Board. A management reporting system is in place, providing management with financial and operational performance measurement indicators. Management accounts are prepared monthly to cover each major area of the business. Variances from plan and previous forecast are analyzed, explained and acted on in a timely manner. In addition to regular Board discussions, meetings are held at least monthly by the Executive Committee to discuss performance with specific projects being discussed as and when required. Information systems are developed to support UCB's long term objectives and are managed by a professionally staffed Information Management team.

1.5.2 | RISK MANAGEMENT

A global Risk Management policy, applicable for the whole UCB Group and its affiliates worldwide, describes the commitment of UCB to provide an effective risk management system across the UCB Group in order to minimize its exposure to risks that could threaten its corporate objectives.

The Board is responsible for approving the strategy, goals and objectives of UCB Group and overseeing the establishment, implementation and review of the risk management system of UCB Group.

The Board is assisted by the Audit Committee in its responsibility for the appreciation of risk and risk management. The Audit Committee examines on a regular basis the areas where risks could significantly affect the financial situation and reputation of the UCB Group and monitors the overall risk management process of UCB.

The Corporate Risk Management Committee, consisting of Executive Committee members and senior management representatives of all business functions and reporting to the Executive Committee, provides strategic leadership that endorses the corporate risk assessment and prioritization process that drives the establishment of risk mitigation plans within all business functions and operations, supported by a global risks management system to effectively and efficiently assess, report, mitigate and manage actual or potential risks or exposures. The Chair of the Corporate Risk Management Committee reports directly to the CEO, provides periodic status updates directly to the Executive Committee and, on an annual basis, to the Audit Committee as well as to the Board.

The Executive Committee is responsible for implementing the risk management strategy and objectives, and the Global Internal Audit function is responsible for independently and regularly reviewing as well as validating the risk management process in UCB and jointly agreeing with the business functions on actions to mitigate and control assessed risks.

1.6 | PRIVATE INVESTMENT TRANSACTIONS AND TRADING IN UCB SHARES

The Board has approved a Dealing Code to prevent insider trading offences and market abuse, particularly during the periods preceding the publication of results or information that would likely have an effect on the price of UCB securities or, as the case may be, the price of the securities issued by a possible target company.

The Dealing Code establishes rules for Directors, executive management and key employees which prohibit the dealing in UCB shares or other financial instruments issued by UCB for a designated period preceding the announcement of its financial results (so-called "closed periods"). It further prohibits trading in UCB shares during period for persons who are, or may soon be, in possession of privileged information.

The Board has appointed Anna Richo, Executive Vice President and General Counsel, together with Xavier Michel, Vice President and Secretary General, acting separately, as Insider Trading Compliance Officers whose duties and responsibilities are defined in the Dealing Code.

The Dealing Code establishes the list of key employees and Directors, who have to inform the Trading Compliance officer(s) of the transactions on UCB shares and related securities they intend to make for their own account. The Dealing Code has been designed in accordance with and based on the rules of the EU Directive 2003/6/EC on insider dealing and market manipulation and the Belgian law of 2 August 2002 on the supervision of the financial sector and on financial services.

The Dealing Code is available on the UCB website: www.ucb.com/investors/governance/principles-codes-and-guidelines.

1.7 | EXTERNAL AUDIT

The General Meeting held on 26 April 2012 re-appointed PricewaterhouseCoopers Reviseurs d'Entreprises/ Bedrijfsrevisoren (hereafter "PwC") as external auditors for UCB for the legal term of 3 years.
The permanent representative designated by PwC for UCB in Belgium is Jean Fossion.

PwC has been appointed as external auditor in the affiliates of the UCB Group worldwide.

The 2014 fees paid by UCB to its auditors amounted to:

2014 – Actual	AUDIT (€)	OTHER ATTESTATION MISSIONS (€)	TAX SERVICES (€)	OTHER MISSIONS EXTERNAL TO THE AUDIT (€)	TOTAL (€)
PwC Belgium (Auditor)	550 918	162 000	0	67 875	780 793
PwC other related networks	1 658 596	1 651 857	247 420	103 738	3 661 611
Total	**2 209 514**	**1 813 857**	**247 420**	**171 613**	**4 442 404**

The re-election of PwC as statutory external auditor for a new term of 3 years will be proposed and submitted by the Board to the next Annual General Meeting to be held on 30 April 2015. Romain Seffer would be designated by PwC as permanent representative for UCB in Belgium.

1.8 | INFORMATION REQUESTED UNDER ARTICLE 34 OF THE ROYAL DECREE OF NOVEMBER 14, 2007

The following elements may have an impact in the event of a public takeover bid (see section 1.1):

1.8.1 | UCB'S CAPITAL STRUCTURE , WITH AN INDICATION OF THE DIFFERENT CLASSES OF SHARES AND, FOR EACH CLASS OF SHARES, THE RIGHTS AND OBLIGATIONS ATTACHED TO IT AND THE PERCENTAGE OF TOTAL SHARE CAPITAL THAT IT REPRESENTS ON 31 DECEMBER 2014

As from 13 March 2014, the share capital of UCB amounts to € 583 516 974, represented by 194 505 658 shares of no par value, fully paid up.

All UCB shares are entitled to the same rights. There are no different classes of UCB shares (see section 1.1.2).

1.8.2 | RESTRICTIONS, EITHER LEGAL OR PRESCRIBED BY THE ARTICLES OF ASSOCIATION, ON THE TRANSFER OF SECURITIES

Restrictions on the transfer of securities only apply to not fully paid up shares according to article 11 of UCB's Articles of Association (hereafter the "Articles of Association") as follows:

('...)

b) Any shareholder holding shares not fully paid who wishes to transfer all or part of his shareholding, should notify his intention by registered letter to the Board of Directors, indicating the name of the candidate to be approved, the number of shares offered for sale, the price and the proposed terms of sale.

The Board of Directors may, by registered letter, oppose this sale within a month of such notification, by presenting another candidate as purchaser to the selling shareholder. The candidate proposed by the Board will have a right of pre-emption on the shares offered for sale, unless the proposed seller withdraws from the sale within 15 days.

The right of pre-emption will be exercisable at a unit price corresponding to the lower of the two following amounts:

- *the average closing price of a UCB ordinary share on the "continuous trading market" of Euronext Brussels in the 30 stock exchange working days preceding the notification under the preceding paragraph, reduced by the amount still to be paid up;*
- *the unit price offered by the third party proposed for approval.*

The above-mentioned notification by the Board of Directors shall be taken as notification of the exercise of the right of pre-emption in the name and for the account of the purchasing candidate presented by the Board. The price will be payable within the month of this notification without prejudice to any more favorable conditions offered by the third party presented for approval.

c) If the Board does not reply within the period of a month from notification set out in the first paragraph of subsection b) above, the sale may take place on conditions no less favorable than those set out in the above-mentioned notification for the benefit of the candidate presented for approval.

(...')

To date, the capital of UCB is fully paid up.

1.8.3 | HOLDERS OF ANY SECURITIES WITH SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS

There are no such securities.

1.8.4 | SYSTEM OF CONTROL OF ANY EMPLOYEE SHARE SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

There is no such system.

1.8.5 | RESTRICTIONS, EITHER LEGAL OR PRESCRIBED BY THE ARTICLES OF ASSOCIATION, ON THE EXERCISE OF VOTING RIGHTS

The existing UCB shares entitle holders thereof to vote at the General Meeting.

Under article 38 of the Articles of Association:

"Each share gives the right to one vote.

Any person or entity who acquires or subscribes to beneficial ownership in shares, whether registered or not, in the capital of the company, conferring a right to vote, will be obliged to declare within the period required by law, the number of shares purchased or subscribed for, together with the total number of shares held, when such number in total exceeds a proportion of 3% of the total voting rights exercisable, before any possible reduction, at a General Meeting. The same procedure will have to be followed each time that the person obliged to make the initial declaration mentioned above increases his voting strength up to 5%, 7.5%, 10% and subsequently for each additional 5% of the total voting rights acquired as defined above or when following the sale of shares, his voting rights fall below one of the limits specified above. The same notification requirements will apply to any instrument, option, future swap, interest term agreement and other derivative granting its holder the right to acquire existing

securities carrying voting rights pursuant to a formal agreement (i.e. an agreement that is binding pursuant to the applicable law) and only on the holders' own initiative. In order for the notification requirements to apply, the holder must either have an unconditional right to acquire existing securities carrying voting rights or be able to make free use of its right to acquire them. A right to acquire securities carrying voting rights is considered to be unconditional if it depends merely on an event that can be caused to happen or prevented from happening by the holder of the right. These notifications will occur according to the modalities described in the legislation applicable to the disclosure of large shareholdings in issuers whose securities are admitted to trading on a regulated market. Failure to respect this statutory requirement will be able to be penalized in the manner laid down by article 516 of the Belgian Companies Code.

No-one may at a General Meeting cast a greater number of votes than those relating to such shares as he has, in accordance with the above paragraph, declared himself to be holding, at least twenty days before the date of the Meeting."

The voting rights attached to UCB shares held by UCB or by its direct or indirect subsidiaries are, as a matter of law, suspended.

1.8.6 | AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO UCB AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES AND/OR THE EXERCISE OF VOTING RIGHT

With the exception of the agreement between Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG as reported above, UCB has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

1.8.7. A) | RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF BOARD MEMBERS

Under the Articles of Association:

"The company shall be managed by a Board of Directors having at least three members, whether shareholders or not, appointed for four years by the General Meeting and at all times subject to dismissal by the General Meeting.

Outgoing Directors are eligible for re-election. The period of office of outgoing Directors, who are not re-appointed, ceases immediately on the closing of the Ordinary General Meeting.

The General Meeting shall determine the fixed or variable remuneration of the Directors and the value of their attendance vouchers, to be charged to operating expenses."

The General Meeting decides by a simple majority of votes on these matters. The rules relating to the composition of the Board of Directors are detailed in section 3.2 of the Corporate Governance Charter as follows:

('...)

COMPOSITION OF THE BOARD OF DIRECTORS

COMPOSITION

The Board is of the opinion that a number of between ten and fifteen members is appropriate for efficient decision-making on the one hand, and contribution of experience and knowledge from different fields on the other hand. Such a number also allows for changes to the Board's composition to be managed without undue disruption. This is way within the provisions of the law and the Articles of Association of UCB from which the Board shall be composed of at least three members. The General Meeting of Shareholders decides on the number of directors, upon proposal of the Board.

A large majority of the Board members are non-executive Directors.

The curricula vitae of the Directors and Directorship candidates are available for consultation on the UCB website (www.ucb.com). These curricula vitae mention, for each director, the directorships in other listed companies.

APPOINTMENT OF DIRECTORS

The directors are appointed by the General Meeting of Shareholders, following a proposal by the Board, and upon recommendation of the GNCC.

In proposing candidates at the General Meeting of Shareholders, the Board takes particular account of the following criteria:

- *a large majority of the Directors are non-executive Board members;*
- *at least three non-executive directors are independent in accordance with the legal criteria, and those adopted by the Board;*
- *no single Director or group of Directors may dominate decision-making;*
- *the composition of the Board guarantees diversity and contribution of experience, knowledge and ability required for specialist international activities of UCB; and*
- *candidates are fully available to carry out their functions and do not take more than five directorships in listed companies.*

The GNCC gathers information, allowing the Board to ensure that the criteria set out above have been met at the time of the appointments and renewals and during the term of office.

For each new directorship appointment, the GNCC performs an assessment of existing and required abilities, knowledge and experience on the Board. The profile of the ideal candidate is drawn up on the basis of this assessment and proposed to the Board for discussion and definition.

When the profile is established, the GNCC selects candidates that fit the profile in consultation with the Board members (including the Chair of the Executive Committee) and possibly using a recruitment firm. Recommendation of final candidate is made by the GNCC to the Board. The Board decides on the proposals to be submitted to Shareholders' approval.

For appointment of a Reference Shareholder's representative to the Board, the Vice-Chair will present the candidate chosen by the Reference Shareholder to the Board after consultation with the GNCC, and dialogue with the other Board members.

DURATION OF MANDATES AND AGE LIMIT

Directors are appointed by the General Meeting of Shareholders for a four-year term, and their terms may be renewed. Moreover, an age limit of seventy has been stipulated. A Director shall give up his/her current term the day of the Annual General Meeting of Shareholders following his/her 70th birthday. The Board may propose exceptions to that rule.

PROCEDURE FOR APPOINTMENT, RENEWAL OF TERMS

The process of appointment and re-election of Directors is run by the Board, which strives to maintain an optimum level of abilities and experience within UCB and its Board.

The proposals for appointment, renewal, resignation or possible retirement of a director are examined by the Board based on a recommendation from the GNCC.

The GNCC assesses for each of the directors who are candidate for re-election at the next General Meeting of Shareholders, their commitment and effectiveness and makes recommendations to the Board regarding their re-election.

Special attention is given to the evaluation of the Chair of the Board and the Chairmen of the Board committees.

The assessment is conducted by the Chair of the Board and the Chair of the GNCC, who have meetings with each of the Directors in their capacity as a Director and, as the case may be, as Chair or member of a Board Committee. For the Chair of the Board, the assessment is conducted by the Chair of the GNCC and a senior independent Director; for the Chair of the GNCC the assessment is conducted by the Chair of the Board and a senior independent Director. The sessions are based on a questionnaire and cover the Director's role in the governance of the Company and the effectiveness of the Board, and, amongst others, how they evaluate their commitment, contribution and constructive involvement in the discussions and decision-making.

Feedback is given to the GNCC who then reports to the Board, and makes recommendations as to the proposed re-election.

The Board submits to the General Meeting of Shareholders its proposals concerning the appointments, renewals, resignations or possible retirement of Directors. These proposals are communicated to the General Meeting of Shareholders as part of the agenda of the relevant shareholders meeting.

The General Meeting of Shareholders resolves on the proposals of the Board in this area by a majority of the votes.

In the event of a vacancy during a term, the Board is empowered to fill the post and to allow its decision to be ratified at the next General Meeting of Shareholders.

Proposals for appointment state whether or not the candidate is proposed as an executive director, define the term proposed for the mandate (i.e., not more than four years, in accordance with the Articles of Association), and indicate the place where all useful information in relation to the professional qualifications of the candidate, in addition to the main functions and directorships of the candidate, may be obtained or consulted.

The Board also indicates whether or not the candidate meets the independence criteria, in particular those stipulated in article 526ter Company Code, such as the fact that a director, in order to qualify as "independent" may not hold a mandate for more than three consecutive terms (with a maximum of twelve years). In case the director meets the independence criteria, a proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

The proposals for appointment are available on the UCB website (www.ucb.com)."

(...")

1.8.7. B) | RULES GOVERNING THE AMENDMENT OF UCB'S ARTICLES OF ASSOCIATION

The rules governing the amendment of the Articles of Association are set by the Companies Code. The decision to amend the Articles of Association has to be made by a General Meeting with a majority of 75% of the votes cast, provided that a least 50% of the share capital of UCB is present or represented at the meeting.

If the attendance quorum is not met at the first Extraordinary General Meeting, a second General Meeting can be convened and will decide without any attendance quorum having to be reached.

1.8.8 | POWERS OF THE BOARD, IN PARTICULAR POWER TO ISSUE OR BUY BACK SHARES

Powers of the Board are those defined by Belgian law and by the Articles of Association.

The terms of reference of the Board and the responsibilities that the Board has reserved to itself are further described in the Corporate Governance Charter as follows:

('...)

The Board is the governing body of UCB.

It has the power to make decisions on all matters which the law does not expressly attribute to the General Meeting of Shareholders. The Board acts collegially.

The roles and responsibilities and the functioning of the Board are determined by the Articles of Association of UCB and by the terms of reference of the Board and the Board's committees that are described in this Charter.

Among the matters over which it may, by law, make decisions, the Board has reserved key areas for itself, and has delegated wide powers of administration to an Executive Committee (see point 5).

It did not opt to create a Management Committee in the sense of the article 524bis of the Companies Code, since it preferred not to permanently delegate the powers granted to it by the law nor the general representation of UCB.

The Board's role is to provide entrepreneurial leadership of UCB within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board sets the strategic aims of UCB, ensures that the necessary financial and human resources are in place for UCB to meet its objectives and reviews management performance. The Board sets the values and standards of UCB and ensures that its obligations to its shareholders and others are understood and met. It takes collegiate responsibility for sound exercise of its authority and powers.

The powers the Board has reserved for itself concern mainly the following, and to this end it also receives all the information required in relation to each of them:

1. *Definition of the mission, values and strategy, risk tolerance and key policies of UCB;*
2. *Monitoring of:*
   - *management's performance and implementation of the company's strategy,*
   - *the effectiveness of the Board's committees,*
   - *the performance of the external auditor;*
3. *Appointment or removal:*
   - *from among its members, of the Chair of the Board, after a consultation of all Board members conducted by the Chair of the Governance, Nomination and Compensation Committee ("GNCC"),*
   - *from among its members, of the Chair and members of the Audit Committee, of the GNCC and of the members of the Scientific Committee,*
   - *of the Chair of the Executive Committee following a proposal by the GNCC,*
   - *of members of the Executive Committee following a proposal by the GNCC, and recommendation by the Chair of the Executive Committee,*
   - *of persons in major external bodies or of persons outside UCB requested to represent UCB at certain subsidiaries, on the recommendation of the Chair of the Executive Committee,*
   - *reviews the succession planning for the Chair of the Executive Committee and the other Executive Committee members, as proposed by the GNCC;*
4. *For endorsement, appointment or removal of senior executives on the recommendation of the Chair of the Executive Committee;*
5. *Ensure the integrity and timely disclosure of the financial statements of the UCB Group and UCB and of material financial and non-financial information to shareholders and financial markets;*
6. *Approve the framework of internal control and risk management set up by the executive management and controlled by the internal audit with direct access to the Audit Committee;*
7. *Preparation of the General Meeting of Shareholders and of the decisions proposed to be considered at the meeting;*
8. *Executive management structure and general organization of UCB (and of the UCB Group);*
9. *Approval of the annual budget (including the R&D program and the capital plan) and any increase in the overall annual budget (including the R&D program and the capital plan);*
10. *The long-term or major finance operations;*
11. *Creating, establishing, closing, settling or transferring subsidiaries, branches, production locations or major divisions exceeding a value of € 50 million;*
12. *Allotment, merger, acquisition, division, purchase, sale or pledging of assets (other than assets referred to under sub-section 13 below), instruments and shares, equity and equity-like investments, in and out- licensing of intellectual property and product divestments, joint-ventures, of a value exceeding € 20 million and involving third parties;*
13. *Purchase, sale or pledging of real estate property assets to a value exceeding € 50 million and real estate leases over a period exceeding 9 years for an aggregate amount of expenditures exceeding € 20 million;*
14. *The terms and conditions of plans for the grant of stock and stock options to employees;*

15. *To be informed, at the end of every semester, of the charitable donations in excess of € 10 000 YTD to each single beneficiary;*

16. *At the request of the Chair of the Executive Committee, the Board may also be asked to pronounce in the event of diverging opinions among a majority of the members of the Executive Committee and its Chair.*

(...")

As described under section 1.1.5 above, the Extraordinary General Meeting of 24 April 2014 authorized the Board, for a period of 2 years, to increase UCB's share capital, within the limits of article 603, section 1 of the Companies Code, with an amount of up to 5% of the share capital (at the time the Board makes use of the authorization) in the event of cancellation or limitation of the preferential subscription rights of existing shareholders or up to 10% of such amount in the event there is no limitation or cancellation of the preferential subscription rights of existing shareholders. The Board of Directors is also to decide on the use of such authorization by 75% majority. In accordance with applicable rules of the Belgian Companies Code, this authorization can however not be used during a public takeover bid.

In accordance with article 12 of the Articles of Association and as further described in section 1.1.4 above, the Extraordinary General Meeting of 24 April 2014 renewed the authorization granted to the Board to acquire UCB shares (share buyback) for a period of 2 years, up to maximum 10% of the total number of UCB shares for a price or an exchange value per share of maximum the highest price of the UCB shares on Euronext Brussels on the day of the acquisition and minimum € 1, without prejudice to article 208 of the Royal Decree of 31 January 2001 executing the Belgian Companies Code. This authorization replaced the previous 5 year authorization granted by decision of the Extraordinary Shareholders Meeting of 6 November 2009. As the case may be, any disposal of own shares by UCB or its direct subsidiaries can be made pursuant to the authorization granted to the Board of Directors as set forth in article 12 in fine of the Articles of Association. This authorization is however not an authorization to the Board to acquire own shares to "avoid serious and imminent damage to the company" within the meaning of article 620, §1, al. 3 of the Companies Code.

1.8.9 | SIGNIFICANT AGREEMENTS TO WHICH UCB IS A PARTY AND WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF UCB FOLLOWING A PUBLIC TAKEOVER BID, AND THE EFFECTS THEREOF, EXCEPT WHERE THEIR NATURE IS SUCH THAT THEIR DISCLOSURE WOULD BE SERIOUSLY PREJUDICIAL TO UCB; THIS EXCEPTION SHALL NOT APPLY WHERE UCB IS SPECIFICALLY OBLIGED TO DISCLOSE SUCH INFORMATION ON THE BASIS OF OTHER LEGAL REQUIREMENTS

- Institutional bonds of UCB SA/NV in the amount of € 500 million 5.75% Fixed Rate Senior Unsecured Securities issued 10 December 2009 which state that in case of a change of control (as defined in the Terms and Conditions, and which was approved by the General Meeting of 29 April 2010) the bondholders have the right to require the issuer to redeem such bondholders' bonds.
- Facility agreement in the amount of € 1 billion between, amongst others, UCB SA/NV, BNP Paribas Fortis SA/NV (formerly Fortis Bank SA/NV), Commerzbank AG, ING Bank NV and Mizuho Bank, LTD., as co-ordinating bookrunners, Bank of America Merrill Lynch International Limited, The Bank of Tokyo-Mitsubishi UFJ, LTD., Barclays Bank PLC, BNP Paribas Fortis SA/NV (formerly Fortis Bank SA/NV), Commerzbank AG, Crédit Agricole Corporate and Investment Bank, Belgium Branch, ING Bank NV, Intesa SanPaolo S.P.A., KBC Bank NV, Mizuho Bank LTD., The Royal Bank of Scotland PLC., (Belgium branch) (formerly ABN AMRO Bank NV, Belgian branch) and Sumitomo Mitsui Banking Corporation as mandated lead arrangers and Banco Santander, SA London branch, Deutsche Bank Luxembourg SA, DNB Bank ASA and Société Générale as lead, dated 14 November 2009 (as amended and restated on 30 November 2010, on 7 October 2011 and on 9 January 2014), which change of control clause was approved by the General Meeting of 24 April 2014, according to which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV.
- Hybrid Bonds of UCB SA/NV in the amount of € 300 million Fixed to-Floating Rate Perpetual Subordinated Securities issued 18 March 2011, the Terms and Conditions of which include a step up clause as per article 4 (h) which states that in case of a change of control (as the concept is defined in the Terms and Conditions) the applicable interest rate will be increased by 500 basis points unless UCB SA/NV elects to reimburse the Hybrid Bonds at that point, which change of control clause was approved by the General Meeting of 28 April 2011.

- Euro Medium Term Note Program dated 6 March 2013 for an amount of up to € 3 billion (the "EMTN Program"), providing for a change of control clause (condition 6 (e) (i)) under which, for any Notes issued thereunder where a change of control put clause is included in the relevant final terms, any holder of such Note and following a change of control of UCB SA/NV, has a right to redeem that Note by exercising such put right, and as such change of control clause has been approved by the General Meeting of 25 April 2013. The following notes have been issued under the EMTN Program and are subject to the above described change of control clause:
  - 7-year retail bond 3.75% due 2020 of UCB SA/NV in the amount € 250 million issued on 27 March 2013;
  - 8-year institutional bond 4.125 % due 4 January 2021 of UCB SA/NV in the amount of € 350 million issued on October 2013;
  - Notes 3.292% due 29 November 2019 issued on 28 November 2013 by UCB SA/NV in the amount of € 55 million under institutional private placement.

  Pursuant to article 556 of the Companies Code, the above described change of control clause provided for in the EMTN Program of 6 March 2013 has been approved at the General Meeting of 24 April 2014 in respect of any series of Notes to be issued under the EMTN Program within the 12 months following such General Meeting of 24 April 2014 and to which such change of control will be made applicable. A similar approval will be submitted to the General Meeting of 30 April 2015 in respect of any series of Notes to be issued under the EMTN Program from 25 April 2015 until 30 April 2015, if any, and to which, as the case may be, such change of control would be made applicable.
- Senior Unsecured Retail Bonds of UCB SA/NV issued in October 2013 and maturing 2 October 2023 in the amount of € 175 717 000 bearing a 5.125% Fixed Rate, and which states that in case of change of control (as defined in the Terms and Conditions of the offering) the bondholders have the right to require the issuer to redeem such bonds. This change of control clause was approved at the General Meeting of 24 April 2014.
- Facility agreement in the amount of € 150 million between, UCB Lux SA as borrower, UCB SA/NV as promoter and guarantor, and the European Investment Bank dated 9 May 2012, which change of control clause was approved by the General Meeting of 26 April 2012.
- Facility agreement in the amount of € 100 million between, between UCB Lux SA as borrower, UCB SA/NV as promoter and guarantor, and the European Investment Bank dated 15 April 2013, of which the change of control clause was approved by the General Meeting of 25 April 2013.
- Facility agreement in the amount of € 75 million/USD 100 million between, UCB SA/NV as borrower and the European Investment Bank, dated 16 June 2014, of which the change of control clause was approved by the General Meeting of 24 April 2014 and whereby, the loan, together with accrued interests and all other amount accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.
- EIB co-development agreement of an amount of € 75 million entered with the European Investment Bank (EIB) and of which the change of control clause has been approved by the General Meeting of 24 April 2014 and whereby such agreement can be terminated by the EIB in the event of a change of control of UCB SA/NV and UCB SA/NV may be bound to pay a termination payment corresponding, depending on the circumstances, to all, part of or an increased amount (capped at up to 110%) of the funding received from the EIB.
- The UCB stock awards and performance share plans by which UCB shares are granted annually by UCB to certain employees according to grade and performance criteria, vest according to the rules of both plans after three years, upon condition that its beneficiary remains in continuous employment with the UCB group. They also vest upon change of control or merger.

  On 31 December 2014, the following number of stock awards and performance shares are outstanding:
  - 976 637 stock awards, of which 105 210 will vest in 2015;
  - 536 912 performance shares, of which 82 475 will vest in 2015.
- The change of control clauses in the Executive Committee members' contract, as further described in the remuneration report (section 1.4.3).

1.8.10 AGREEMENTS BETWEEN UCB AND ITS BOARD MEMBERS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THE BOARD MEMBERS RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THE EMPLOYMENT OF THE EMPLOYEES CEASES BECAUSE OF A PUBLIC TAKEOVER BID

- For more details, see section 1.4.3 on the main contractual terms on hiring and termination arrangements for the CEO and members of the Executive Committee. No other agreements provide for a specific compensation of Board members in case of termination because of a takeover bid.
- In addition to the Executive Committee members identified in section 1.4.3, eight employees in the U.S. benefit from a change of control clause that guarantees their termination compensation if the employment of the employee ceases because of a public takeover bid.

1.9 | APPLICATION OF ARTICLE 523 OF THE COMPANIES CODE

1.9.1 | EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON 19 FEBRUARY 2014

Article 523 of the Belgian Companies Code was applied by the Board of Directors of 19 February 2014 in the context of the decisions relating to the CEO transition as follows (relevant excerpt from the minutes of the meeting):

('...)

Prior to any deliberation or decision by the Board concerning the recommendation of the GNCC to the Board in relation to succession plan of the CEO, Roch Doliveux, Executive Director, stated that he had a direct conflict of interest in the implementation of said decision and therefore withdrew from the meeting in order not to participate to the deliberation and vote by the Board of Directors on this issue. The Board acknowledged that article 523 of the Belgian Companies Code was applicable to these items of the agenda.

***Decision:** Following the recommendation made by the GNCC meeting of 20 January 2014, as reported to the Board by the Chair of the GNCC, the Board of Directors unanimously resolved:*

(i) to approve the implementation of (...) the *succession of the CEO and accordingly the following transition plan/decisions:*

- *Roch Doliveux will continue to act as CEO until 31 December 2014 and as Chair of the Executive Committee until 28 February 2014;*
- *Roch Doliveux will be appointed as* ad hoc *member of the Executive Committee of the Group as of 1 March 2014 and until 31 December 2014, attending the meeting of the Executive Committee organized with the Chair and Vice-Chair of the Board of Directors as well as whenever useful or necessary as determined in agreement with the Chair of the Executive Committee;*
- *(...), Jean-Christophe Tellier, is appointed (a) as "CEO Elect" with effect as of 1 March 2014, (b) as Chair of the Executive Committee in replacement of Roch Doliveux, also effective as of 1 March 2014 and, at the end of such transition period, (c) as CEO as from 1 January 2015;*
- *the appointment of Jean-Christophe Tellier as member of the Board of Directors for a term of 4 years will be proposed to the next Annual General Meeting of the Company to be held on 24 April 2014;*

(ii) to approve the proposal made by the Chair of the GNCC pursuant to the general express mandate granted to her by decision of the Board of 19 December 2013, to enter into an agreement with Roch Doliveux determining the terms and conditions of the future collaboration between the Company and Roch Doliveux for the period from 1 March 2014 until 31 December 2014, (...) and in accordance with the following terms and conditions: (...) – until 31 December 2014, Roch Doliveux will be entitled to keep all of his fixed and variable remuneration as well as any other compensatory benefits, in accordance with the agreements of 27 August and 28 August 2003, and to participate in the long-term incentive plans in force within UCB as well as any other contractual document, including the agreements and regulations relating to the supplementary pension plans to which he is affiliated.

(...")

1.9.2 | EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON 25 FEBRUARY 2014

Article 523 of the Belgian Companies Code was applied by the Board of Directors of 25 February 2014 in the context of the decisions relating to the CEO remuneration, the performance bonus and LTI grants (relevant excerpt from the minutes of the meeting):

('...)

Prior to any discussion or decision by the Board of Directors concerning the following items on the agenda:

- *Approval of the CEO bonus based on 2013 performance*
- *Approval of the CEO base salary as from 1 March 2014*
- *Approval of the CEO 2014 LTI grant including:*
  - stock options
  - stock awards
  - performance shares

Roch Doliveux, Director, stated that he had a direct financial interest in the implementation of the said decisions. In accordance with article 523 of the Company Code, this Director withdrew from the meeting in order not to attend the discussion by the Board of Directors concerning these issues, nor to participate in the vote. Jean-Christophe Tellier also departed the meeting. The Board of Directors established that article 523 of the Company Code was applicable to these operations. (...)

Decision: *The Board, having discussed the recommendations of the GNCC relating to the CEO bonus based on 2013 performance, his base salary as from March 2014 and on his 2014 LTI grants, resolved that these bonuses and LTI grants were approved as proposed below:*

- *CEO bonus: € 769 115*
- *CEO base salary increase: 0%*
- *CEO LTI 2014:*
  - *stock options: 77 810 (3 years and 9 months vesting);*
  - *stock awards: 20 091 (3 years vesting);*
  - *performance shares: 40 955 (3 years vesting).*

(...")

1.9.3 | EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON 6 NOVEMBER 2014

Article 523 of the Belgian Companies Code was applied by the Board of Directors of 6 November 2014 in the context of the decisions relating to the CEO transition and related remuneration decision as follows (relevant excerpt from the minutes of the meeting):

('...)

Prior to any discussion and deliberation by the Board concerning the recommendations of the GNCC in relation to the contractual conditions of respectively the CEO Elect and the CEO as from 1 January 2015 as well as to the PSP criteria for the long term incentives, the CEO Elect (Jean-Christophe Tellier) and the CEO (Roch Doliveux) declared that they had a personal conflict of interest within the meaning of article 523 of the Belgian Companies Code and therefore withdrew from the meeting and did not participate to the discussion, deliberation and vote on these issues. The Board acknowledged that said article 523 was applicable.

- ***Jean-Christophe Tellier***

Decision: *After analysis of relevant market data, the Board unanimously approved the recommendation of the GNCC to set the annual base pay of Jean-Christophe Tellier at € 940 000 as from 1 January 2015 when he will take on the function of CEO.*

- ***Roch Doliveux***

Decision: *Following on from the decision of the Board of 19 February 2014, the Board (i) acknowledged that, with effect at 31 December 2014, Roch Doliveux will no longer be a member of the Executive Committee nor of the Board of UCB and will no longer have any other executive functions in UCB and (ii), on the motion of the GNCC, confirmed that, as from 1 January 2015 and until 1 December 2016, Roch Doliveux will be retained as an advisor to the Board of UCB, for which he will continue to receive a fixed monthly base compensation equal to his current base pay, but will no longer be entitled to any variable pay (bonus or LTI) nor any other compensation at the end of his contract.*

- ***Performance Share Plan Criteria 2015 Grant***

The GNCC recommended to the Board to adapt the performance criteria for the performance share plan, on the basis of a set of metrics that more closely represent UCB's strategic priorities, while also considering relative performance against the external market.

Decision: *Upon recommendation of the GNCC, the Board unanimously approved the proposed adapted criteria for the performance share plan.*

(...")

1.10 | APPLICATION OF ARTICLE 96, §2, SECTION 2 OF THE BELGIAN COMPANIES CODE (DEVIATION FROM THE CODE)

Provision 2.9 (guideline): the Secretary of the Board reports to the General Counsel, instead of to the Chair of the Board. In accordance with the Charter of Corporate Governance, the members of the Board have however individual access to the Secretary's assistance for all Board or company's matters.

Provision 6.2: in accordance with this provision, the executive management should include at least all executive directors. As from 1 March 2014, in the context of the CEO succession and to ensure a consistent transition, the CEO attended the Executive Committee meetings on an *ad hoc* basis (upon invitation of the new Chair of the Executive Committee and CEO Elect) and/or the meetings of the Executive Committee held in the presence of the Chair and Vice-Chair of the Board.

2. BUSINESS PERFORMANCE REVIEW[1]

Rebecca,
living with rheumatoid arthritis

This Business Performance Review and the Operating and Financial review are based on the consolidated financial statements for the UCB Group of companies prepared in accordance with IFRS. The separate statutory financial statements of UCB SA prepared in accordance with Belgian Generally Accepted Accounting Principles, together with the report of the Board of Directors to the General Assembly of Shareholders, as well as the auditors' report will be filed at the National Bank of Belgium within the statutory periods, and be available on request or on our website.

[1] Due to rounding, some financial data may not add up in the tables included in this management report. The 2013 financials have been restated for IFRS 10 and Kremers Urban divestiture decision.

2.1 | KEY HIGHLIGHTS

- **Revenue** in 2014 reached € 3 344 million, a plus of 7%. Net sales went up by 5% driven by the 24% growth of Cimzia®, Vimpat® and Neupro® combined net sales of € 1 468 million – now accounting for 50% of UCB's net sales, while Keppra® reached € 665 million (-7%). Royalty income reached € 163 million (-5%) and other revenue increased to € 243 million (+45%), mainly due to payments from partners, Sanofi and European Investment Bank (EIB).
- **Recurring EBITDA** reached € 609 million, 14% higher than in 2013.
- **Net profit** amounted to € 199 million, 37% higher than last year, of which € 209 million is attributable to UCB shareholders, reflecting higher revenue and relatively lower overall operating expenses.
- **Core EPS** attributable to the UCB shareholders increased from € 1.24 in 2013 to € 1.69 per share in 2014.

	ACTUAL [1]		VARIANCE	
€ million	**2014**	**2013 (RESTATED)**	**ACTUAL RATES**	**CST RATES**
Revenue	**3 344**	**3 133**	**7%**	**8%**
Net sales	2 938	2 795	5%	6%
Royalty income and fees	163	171	-5%	-7%
Other revenue	243	167	45%	45%
Gross profit	**2 291**	**2 168**	**6%**	**7%**
Marketing and selling expenses	-779	-793	2%	1%
Research and Development expenses	-928	-886	-5%	-5%
General and administrative expenses	-201	-203	1%	1%
Other operating income/expenses (-)	-4	11	> -100%	> -100%
Recurring EBIT (REBIT)	**379**	**297**	**28%**	**35%**
Non recurring income/expenses (-)	-107	-34	> -100%	> -100%
EBIT (operating profit)	**273**	**263**	**3%**	**11%**
Net financial expenses	-162	-141	-14%	-14%
Profit before income taxes	**111**	**121**	**-9%**	**8%**
Income tax expenses (-)/credit	-6	-54	89%	86%
Profit from continuing operations	**105**	**67**	**55%**	**84%**
Profit/loss (-) from discontinued operations	94	78	21%	21%
Net profit	**199**	**145**	**37%**	**51%**
Attributable to UCB shareholders	209	160	30%	43%
Attributable to non-controlling interests	-10	-15	34%	29%
Recurring EBITDA	**609**	**536**	**14%**	**17%**
Capital expenditure (including intangible assets)	161	344	-53%	n.s.
Net financial debt	1 611	1 998	-19%	n.s.
Operating cash flow from continuing operations	497	267	86%	n.s.
Weighted average number of shares – non diluted	**191**	**182**	**5%**	**n.s.**
EPS (€ per weighted average number of shares – non diluted)	**1.10**	**0.88**	**25%**	**37%**
Core EPS (€ per weighted average number of shares – non diluted)	**1.69**	**1.24**	**37%**	**46%**

[1] Due to rounding, some financial data may not add up in the tables included in this management report.
The 2013 financials have been restated for IFRS 10 and Kremers Urban divestiture decision.

2.2 | 2014 KEY EVENTS

There have been a number of key events that have affected or will affect UCB financially:

IMPORTANT AGREEMENTS/INITIATIVES

- January 2014 – **UCB and Biogen Idec enter agreement to develop and commercialize multiple sclerosis and hemophilia therapies in Asia**. The relationship leverages UCB's expertise and presence in Asia to bring Biogen Idec's innovative therapies to patients in new markets. The exclusive agreements grant UCB the right to commercialize Biogen Idec products in South Korea, Hong Kong, Thailand, Singapore, Malaysia and Taiwan, and both develop and commercialize products in China.
- March 2014 – **UCB convertible bond conversion**. UCB completed the conversion of its € 500 million 4.50% convertible bonds due in 2015, which it had opted to early redeem in January 2014. The resulting share capital is € 583 516 974 with the total number of shares with voting rights now at 194 505 658.
- March 2014 – **UCB and Sanofi partner for breakthrough innovation in immune-mediated diseases**. Scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules which have the potential to treat a wide range of immune-mediated diseases in areas such as gastroenterology and arthritis.
- March 2014 – **UCB returned to Biotie the global rights of *tozadenant***, a selective inhibitor of the adenosine 2a receptor for the treatment of Parkinson's disease. This decision was made following an assessment of UCB's early and late stage clinical development pipeline as well as its preclinical opportunities and does not reflect any concerns regarding safety or efficacy of *tozadenant*.
- June 2014 – **UCB and European Investment Bank (EIB) partner to accelerate development of new medicines for patients**. Innovative partnership agreement to provide "at-risk co-development funding" of up to € 75 million for the development of selected UCB compounds.
- July 2014 – **UCB and Dermira enter into strategic collaboration in dermatology to broaden patient access to Cimzia®**. This collaboration gives Dermira exclusive rights to develop Cimzia® in psoriasis in the U.S., Canada and the EU. Dermira started the Phase 3 program in January 2015.
- November 2014 – **UCB announced its decision to divest its U.S. specialty generics business Kremers Urban (KU)**. Following this decision the KU assets are treated differently within UCB's Group accounts: KU is treated as "discontinued operation" from 2013 onwards. The divestiture process is ongoing.
- November 2014 – **UCB and Daiichi Sankyo partner Vimpat® in Japan**. Based on the positive Phase 3 results announced in October 2014, regulatory submission as adjunctive therapy in the treatment of adult patients with partial-onset seizures in Japan is planned in 2015. Under this agreement, UCB will manufacture and supply the product for commercialization. Daiichi Sankyo will manage the distribution and book sales, with both Daiichi Sankyo and UCB commercializing the product in Japan.
- December 2014 – **UCB assumes commercialization of Cimzia® from its former partner in Brazil, AstraZeneca.**

EVENTS AFTER THE BALANCE SHEET DATE

- January 2015 – **UCB and Neuropore enter into world-wide collaboration and agreement** to develop and commercialize therapeutic products aiming at slowing the progression of Parkinson's disease and related disorders. This includes NPT200-11, Neuropore's novel small molecule that targets pathogenic alpha-synuclein which is currently in preclinical development and is expected to enter clinical Phase 1 in 2015.

REGULATORY UPDATE AND PIPELINE PROGRESS

NEUROLOGY

- In September 2014, **Vimpat®** *(lacosamide)* was approved in the U.S. as monotherapy in the treatment of **partial-onset seizures** in adults with epilepsy. The U.S. authorities also approved a new single loading dose administration option for all formulations of Vimpat®.
  In October 2014, UCB reported positive results for the Phase 3 study evaluating Vimpat® as adjunctive therapy in the treatment of Japanese and Chinese adult patients with partial-onset seizures. Regulatory submissions in Japan and China are planned in 2015. To support this expansion, in November 2014, UCB entered into an agreement with Daiichi Sankyo to jointly commercialize *lacosamide* in **Japan**.
  Vimpat® is scheduled to move into Phase 3 development for **primary generalized tonic-clonic seizures** (PGTCS) in H1 2015.
  The Phase 3 study for the EU for Vimpat® as monotherapy in the treatment of partial-onset seizures in adults with epilepsy has completed patient recruitment, first results are expected in Q4 2015.
- In March 2014, **E Keppra®** (*levetiracetam*) was filed with the Japanese authorities for monotherapy in partial onset seizures in patients living with **epilepsy**. In July 2014, E Keppra® IV formulation was approved as adjunctive therapy in Japan.

- In July 2014, positive topline results from the latest Phase 3 study with ***brivaracetam*** showed reduced partial-onset seizure frequency and improved responder rates, both with statistical significance. This study was designed to evaluate the efficacy and safety of *brivaracetam* compared to placebo, as adjunctive treatment in adult **epilepsy** patients with partial-onset seizures, not fully controlled despite treatment with one or two concomitant antiepileptic drugs. In January 2015, the U.S. and EU regulatory authorities have accepted for review the new drug application and the marketing authorization application respectively for *brivaracetam* as adjunctive therapy for the treatment of partial-onset seizures in patients from 16 years of age with epilepsy.
- In December 2014, **UCB0942** (PPSI), a small molecule in development for highly drug resistant **epilepsy** is scheduled to start Phase 2 proof of concept study in H2 2015.

NEUROLOGY – AFTER THE BALANCE SHEET DATE

- In January 2015, Neuropore and UCB entered into world-wide collaboration in the development of a small molecule disease modifying treatment option for people living with **Parkinson's disease**. A Phase 1 study is scheduled to start in 2015.
- In February 2015, UCB announced positive top-line results from two Phase 3 studies evaluating **Neupro®** (*rotigotine* transdermal patch) in the treatment of patients in China with early- and advanced-stage idiopathic **Parkinson's disease**. Regulatory submission is planned in 2015.
- In February 2015, the Japanese regulatory authorities approved **E Keppra®** as monotherapy in the treatment of partial-onset seizures in people living with **epilepsy** aged four years and above.

IMMUNOLOGY

- In January 2014, the New England Journal of Medicine published results from a Phase 2 trial evaluating ***romosozumab*** in postmenopausal women with low bone mass that showed, compared with placebo, significant increases in bone mineral density at spine, hip and femoral neck. The Phase 3 program evaluating *romosozumab* in **postmenopausal osteoporosis** (PMO) is ongoing as planned with initial results expected in H1 2016.
  In June 2014, first patients were enrolled in a Phase 3 study to assess the efficacy and safety of *romosozumab* in men with **osteoporosis** and high risk of fracture; first results from this study are expected in H2 2016.
- ***Dapirolizumab pegol*** (CDP7657), an anti-CD40L pegylated Fab being developed in **systemic lupus erythematosus** (SLE) jointly with Biogen Idec, completed clinical Phase 1 end of 2014, showing that d*apirolizumab pegol* was well tolerated. The compound is scheduled to progress to Phase 2 in 2016.
- **UCB4940** (IL 17 A/F), a large molecule for immunological diseases has successfully passed Phase 1. Phase 2a in **psoriatic arthritis** started in June 2014 with first headline results expected in H2 2015.
- **UCB5857** (PI3K Delta inhibitor), a small molecule for **immune-inflammatory diseases** has successfully passed a Phase 1 study. A Phase 2 proof of concept study is scheduled to start during H2 2015.
- For **UCB7665**, a large molecule for i**mmunological diseases**, Phase 1 is continuing.

IMMUNOLOGY – AFTER THE BALANCE SHEET DATE

- In January 2015, for **Cimzia®** (*certolizumab pegol*), Dermira and UCB announced the start of the Phase 3 program in **psoriasis**. Top-line data from this program are expected in 2017.

3. OPERATING AND FINANCIAL REVIEW[1]

Therese,
living with axial spondyloarthritis

Scope change: As a result of the divestment of the remaining non-pharma activities, *i.e.* Films (in September 2004), Surface Specialties (in February 2005), and the decision to divest Kremers Urban Pharmaceuticals Inc. (November 2014), UCB reports the results from those activities as a part of profit from discontinued operations. Kremers Urban is treated as "discontinued operations" since 1 January 2013.

Recurring and non-recurring: Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("non-recurring" items). Besides EBIT (earnings before interest and taxes or operating profit), a line for "recurring EBIT" (REBIT or recurring operating profit), reflecting the on-going profitability of the company's biopharmaceutical activities, is included. The recurring EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Core EPS is the core net profit, or the net profit attributable to the UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, per non-dilutive weighted average number of shares.

1. Due to rounding, some financial data may not add up in the tables included in this management report. The 2013 financials have been restated for IFRS 10 and Kremers Urban divestiture decision.

3.1 | NET SALES BY PRODUCT

Total net sales amount to € 2 938 million, 5% above last year or +6% at constant rates. This was driven by the 24% growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 1 468 million – representing 50% of UCB's global net sales.

	ACTUAL		VARIANCE	
€ million	**2014**	2013 (RESTATED)	ACTUAL RATES	CST RATES
Core products				
Cimzia®	797	594	34%	35%
Vimpat®	471	411	15%	15%
Neupro®	200	182	10%	10%
Other products				
Keppra® (including Keppra® XR)	665	712	-7%	-5%
Zyrtec® (including Zyrtec-D®/Cirrus®)	163	204	-20%	-16%
Xyzal®	96	114	-16%	-16%
venlafaxine ER	58	39	49%	49%
Nootropil®	55	58	-5%	1%
Other	433	482	-10%	-7%
Total net sales	**2 938**	**2 795**	**5%**	**6%**

CORE PRODUCTS

Cimzia® (*certolizumab pegol*), for inflammatory TNF-mediated diseases reached net sales of € 797 million, an increase of 34%.

Vimpat® (*lacosamide*), for epilepsy, as add-on therapy and monotherapy (in the U.S. only), for the treatment of partial-onset seizures reached net sales of € 471 million (+15%).

Neupro® (*rotigotine*), for Parkinson's disease and restless legs syndrome, net sales increased to € 200 million (+10%).

OTHER PRODUCTS

Keppra® (*levetiracetam*), for epilepsy, reported net sales of € 665 million (-7%). The continued post-exclusivity erosion in EU (-15%) and the decrease in North America (-9%) were partly compensated for by strong growth in the emerging markets (BRICMT; +28%) and in Japan (+3%).

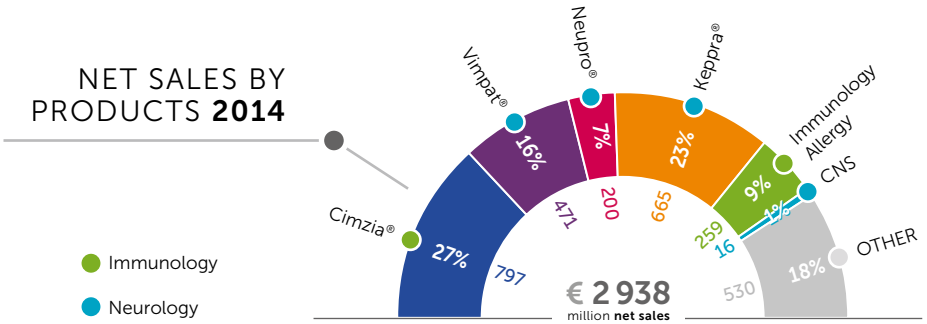
Zyrtec® (*cetirizine*, including Zyrtec®-D/Cirrus®), for allergy, had 20% lower net sales of € 163 million, mainly due to the weak Japanese Yen and generic competition.

Xyzal® (*levocetirizine*), for allergy, reached net sales of € 96 million (-16%) mainly due to generic competition.

Venlafaxine ER (*venlafaxine hydrochloride* extended release) for the treatment of depressive and anxiety disorders reached net sales of € 58 million (+49%).

Nootropil® (*piracetam*), for cognitive disorders, had net sales of € 55 million (-5%).

Other products: Net sales for other mature products went down to € 433 million (-10%), mainly due to generic competition and product divestitures.



3.2 | NET SALES BY GEOGRAPHICAL AREA

	ACTUAL		ACTUAL RATES		CST RATES	
€ million	**2014**	2013 (RESTATED)	€ MILLION	%	€ MILLION	%
Net sales North America	**1 154**	**1 028**	**126**	**12%**	**127**	**12%**
Core products						
Cimzia®	503	379	123	33%	124	33%
Vimpat®	344	314	30	9%	30	9%
Neupro®	39	40	-1	-3%	-1	-3%
Other products						
Keppra® (including Keppra® XR)	204	223	-19	-9%	-19	-9%
venlafaxine ER	58	38	19	50%	19	49%
Other	6	34	-28	-77%	-26	-77%
Net sales Europe	**1 146**	**1 109**	**37**	**3%**	**35**	**3%**
Core products						
Cimzia®	232	168	65	39%	65	39%
Vimpat®	112	87	24	28%	24	28%
Neupro®	138	129	9	7%	9	7%
Other products						
Keppra®	269	315	-46	-15%	-47	-15%
Zyrtec® (including Cirrus®)	65	61	4	6%	4	6%
Xyzal®	39	41	-1	-3%	-1	-3%
Nootropil®	26	26	-1	-3%	-1	-2%
Other	266	283	-17	-6%	-18	-7%
Net sales Japan	**197**	**231**	**-34**	**-15%**	**-21**	**-9%**
Core products						
Cimzia®	29	20	10	50%	12	62%
Neupro®	16	9	8	89%	8	89%
Other products						
E Keppra®	64	62	2	3%	7	12%
Zyrtec®	57	88	-31	-36%	-27	-30%
Xyzal®	30	51	-21	-42%	-22	-42%
Other	1	1	0	-21%	0	-14%
Net sales emerging markets	**326**	**313**	**13**	**4%**	**34**	**11%**
Core products						
Cimzia®	6	6	0	3%	1	12%
Vimpat®	6	4	2	50%	2	60%
Neupro®	2	2	0	-1%	0	5%
Other products						
Keppra®	91	71	20	28%	25	34%
Nootropil®	29	30	-1	-5%	2	6%
Zyrtec® (including Cirrus®)	25	37	-12	-32%	-9	-23%
Xyzal®	18	17	1	6%	2	13%
Other	149	146	3	2%	3	2%
Net sales Rest of World	**108**	**108**		**0%**		**0%**
Core products						
Cimzia®	27	22	5	23%	6	26%
Vimpat®	10	6	5	80%	5	86%
Neupro®	5	3	2	58%	2	60%
Other products						
Keppra®	37	40	-3	-7%	-3	-8%
Zyrtec® (including Cirrus®)	10	9	0	3%		0%
Xyzal®	5	5	0	9%		5%
Other	14	23	-9	-41%	-9	-41%
Unallocated	**7**	**6**	**1**	**14%**	**1**	**14%**
Total net sales	**2 938**	**2 795**	**143**	**5%**	**175**	**6%**

North America net sales reported by UCB reached € 1 154 million, an increase of 12% from the year before, or +12% at constant currency rates. Key driver of this growth was the 21% growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 885 million or US$ 1 174 million. The Keppra® franchise amounted € 204 million, down by 9% year-over-year. *Venlafaxine ER* reported net sales of € 58 million, a plus of 50%, recovering from supply shortages in 2013. Net sales of the other products reached € 6 million, down 77% due to generic competition and product divestiture.

Europe net sales reached € 1 146 million in 2014, up by 3%, driven by the continued growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 482 million, a plus of 26%. Keppra® net sales decreased by 15% to € 269 million, driven by post-exclusivity erosion. The allergy franchise Xyzal® (-3%) and Zyrtec® (+6%) reached € 39 million and € 65 million respectively. Nootropil® net sales remained stable at € 26 million. Other products contributed € 266 million, a decrease of 6% compared to 2013.

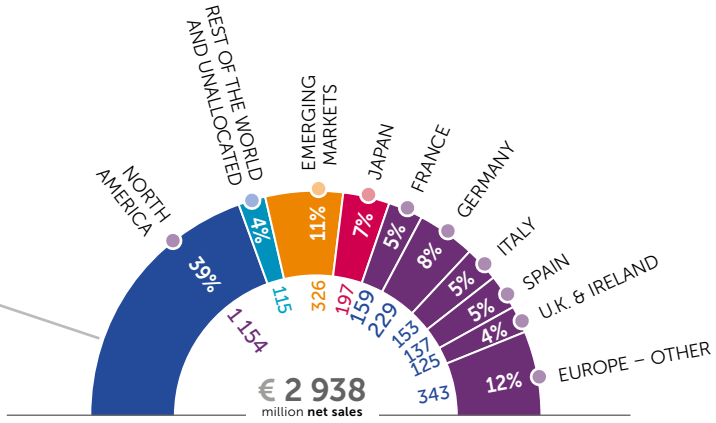
Japan net sales reached € 197 million (-15%; -9% at constant currency rates). Next to the impact of currency rates, the allergy franchise, Zyrtec® and Xyzal®, went down -36% and -42% respectively due to generic competition. Cimzia® reached net sales of € 29 million (+50%, partner Astellas), Neupro® € 16 million (+89%) and E Keppra® € 64 million (+3%, partner for both is Otsuka).

Emerging markets* net sales increased to € 326 million (+4%; +11% at constant rates), driven by Cimzia®, Vimpat®, Neupro® and Keppra®.

"Rest of the World and unallocated" sales amounted to € 115 million, stable compared to the previous period.

* Emerging markets: Brazil, Russia, India, China, Mexico and Turkey

NET SALES BY GEOGRAPHICAL AREA **2014**



3.3 | ROYALTY INCOME AND FEES

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Biotechnology IP	87	81	8%	2%
Zyrtec® U.S.	21	17	24%	24%
Toviaz®	18	33	-46%	-46%
Other	37	41	-9%	-9%
Royalty income and fees	**163**	**171**	**-5%**	**-7%**

In 2014, **royalty income and fees** declined by 5% reaching € 163 million. Biotechnology intellectual property (IP) was up 8% to € 87 million. Zyrtec® U.S. royalty income received on the over-the-counter sales were € 21 million (2013: € 17 million). The franchise royalties paid by Pfizer for the overactive bladder treatment Toviaz® (*fesoterodine*) went down to € 18 million from € 33 million due to exclusivity expiration within the franchise. Other royalty income and fees reached € 37 million (2013: € 41 million) and are mostly related to income from out-licenced product.

3.4 | OTHER REVENUE

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Partnerships in Japan	49	53	-7%	-7%
Contract manufacturing sales	43	58	-26%	-26%
Provas™/Xyzal® profit sharing	27	37	-27%	-27%
Other	124	20	> 100%	> 100%
Other revenue	**243**	**167**	**45%**	**45%**

Other revenue in 2014 reached € 243 million (+45%) mainly due to milestone payments and other revenue received from our partners in R&D.

Our **partnering activitiex Japan** encompass the collaboration with Otsuka focusing on E Keppra® and Neupro®, with Astellas for Cimzia® and with Daiichi Sankyo for Vimpat®. Milestone and other payments from our Japanese partners reached € 49 million in 2014 (2013: € 53 million).

Contract manufacturing sales in 2014 were € 43 million (2013: € 58 million), 26% lower and are mainly related to agreements with GSK announced in 2009.

The **profit sharing agreements for Provas® and Xyzal®** reached revenue of € 27 million, 27% lower than last year, mainly driven by the life cycle of these products.

"Other" revenue went up to € 124 million (2013: € 20 million) and include milestone and other payments from our R&D partners (also reflected in the R&D expense line) like the European Investment Bank (EIB) providing "at-risk co-development funding" for the development of selected UCB compounds; and Sanofi for the scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules.

3.5 | GROSS PROFIT

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Revenue	**3 344**	**3 133**	**7%**	**8%**
Net sales	2 938	2 795	5%	6%
Royalty income and fees	163	171	-5%	-7%
Other revenue	243	167	45%	45%
Cost of sales	**-1 053**	**-965**	**-9%**	**-9%**
Cost of sales products and services	-752	-685	-10%	-10%
Royalty expenses	-162	-131	-24%	-22%
Amortization of intangible assets linked to sales	-139	-149	7%	8%
Gross profit	**2 291**	**2 168**	**6%**	**7%**
of which				
Products and services	2 430	2 277	7%	8%
Net royalty income	1	40	-99%	> -100%
Amortization of intangible assets linked to sales	-139	-149	7%	8%

In 2014, **gross profit** reached € 2 291 million, 6% higher than 2013 due to the net sales growth.

Cost of sales has three components, the cost of sales for products and services, royalty expenses and the amortization of intangible assets linked to sales:

- **Cost of sales for products and services:** The cost of sales for products and services services increased by 10% to € 752 million (26% of net sales) after € 685 million in 2013 (25% of net sales), due to product mix;
- **Royalty expenses:** Royalties increased from € 131 million in 2013 to € 162 million in 2014 due to higher royalties relating to the marketed products, mainly Cimzia® and Vimpat®.

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Biotechnology IP	-54	-43	-25%	-19%
Other	-108	-88	-23%	-23%
Royalty expenses	**-162**	**-131**	**-24%**	**-22%**

Amortization of intangible assets linked to sales: Under IFRS 3 (*Business Combinations*), UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process Research and Development, manufacturing know-how, royalty streams, trade names, *etc.*). The amortization expenses of the intangible assets for which products have already been launched amounted to € 139 million in 2014 (2013: € 149 million).

3.6 | RECURRING EBIT AND RECURRING EBITDA

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Revenue	**3 344**	**3 133**	**7%**	**8%**
Net sales	2 938	2 795	5%	6%
Royalty income and fees	163	171	-5%	-7%
Other revenue	243	167	45%	45%
Gross profit	**2 291**	**2 168**	**6%**	**7%**
Marketing and selling expenses	-779	-793	2%	1%
Research and development expenses	-928	-886	-5%	-5%
General and administrative expenses	-201	-203	1%	1%
Other operating income/expenses (-)	-4	11	> -100%	> -100%
Total operating expenses	**-1 912**	**-1 871**	**-2%**	**-3%**
Recurring EBIT (REBIT)	**379**	**297**	**28%**	**35%**
Add: Amortization of intangible assets	168	180	-7%	-8%
Add: Depreciation charges	62	59	4%	4%
Recurring EBITDA (REBITDA)	**609**	**536**	**14%**	**17%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 1 912 million in 2014, 2% higher than last year, reflecting:

- 2% lower **marketing and selling expenses**, at € 779 million. The continued growth of Cimzia®, Vimpat® and Neupro® enables synergies and efficiencies with continued high performance of the marketing and selling activities;
- the well advanced, late-stage clinical development pipeline, including three projects in the last development phase (Phase 3), led to **research and development expenses** of € 928 million (increase 5%), or 28% of revenue (2013: 28% of revenue);
- stable **general and administrative expenses** of € 201 million;
- **other operating expenses** of € 4 million includes the 2013 Branded Prescription drug fee (US).

Recurring EBIT increased by 28% to € 379 million, compared to € 297 million last year:

- total amortization of intangible assets (product related and other) amounted to € 168 million (-7%);
- depreciation charges are stable with € 62 million.

Recurring EBITDA reached € 609 million, 14% higher than in 2013, reflecting higher revenue and relatively lower operating expenses.

3.7 | NET PROFIT AND CORE EPS

€ million	ACTUAL		VARIANCE	
	2014	2013 (RESTATED)	ACTUAL RATES	CST RATES
Recurring EBIT	**379**	**297**	**28%**	**35%**
Impairment charges	-30	-29	-3%	-4%
Restructuring expenses	-63	-32	-95%	-96%
Gain on disposals	20	22	-9%	-12%
Other non recurring income/expenses (-)	-34	5	> -100%	> -100%
Total non recurring income/expenses (-)	**-107**	**-34**	**> -100%**	**> -100%**
EBIT (operating profit)	**273**	**263**	**3%**	**11%**
Net financial expenses	-162	-141	-14%	-14%
Result from associates	0	0	n.a.	n.a.
Profit before income taxes	**111**	**121**	**-9%**	**8%**
Income tax expenses (-)/credit	-6	-54	89%	86%
Profit from continuing operations	**105**	**67**	**55%**	**84%**
Profit/loss (-) from discontinued operations	94	78	21%	21%
Net profit	**199**	**145**	**37%**	**51%**
Attributable to the UCB shareholders	209	160	30%	43%
Attributable to the non-controlling interests	-10	-15	34%	29%
Net profit attributable to UCB shareholders	**209**	**160**	**30%**	**43%**
After-tax non-recurring items and one-offs	109	34	> 100%	> 100%
Profit (-) from discontinued operations	-94	-78	-21%	-21%
Amortization of intangibles linked to sales	139	149	-7%	-8%
Taxes on amortization of intangibles	-40	-40	0%	0%
Core net profit attributable to UCB shareholders	**322**	**226**	**43%**	**52%**
Weighted average number of shares (million)	191	182	5%	n.s.
Core EPS attributable to UCB shareholders (€)	**1.69**	**1.24**	**37%**	**46%**

Total non-recurring income/expenses amounted to € 107 million pre-tax expense, compared to € 34 million pre-tax expense in 2013.

The 2014 non-recurring items include the impairment of the intangible asset related to *tozadenant,* the reversal of the impairment related to the damaged Bioplant in Bulle (Switzerland) offset with the insurance cover; restructuring expenses in Belgium, the U.K. and the U.S., gain on mature product divestitures and other expenses related to litigations and the U.S. Branded Prescription Drug Fee in accordance with the final regulations issued by the IRS in 2014.

The 2013 non-recurring items included the impairment related to non-financial assets, mainly CMC544 (a development project in oncology out licensed to Pfizer); the impairment of the damaged bioplant in Bulle (Switzerland) due to an explosion in November 2013, offset by the insurance cover in the other non-recurring income, restructuring expenses, the gain on divestment of primary care markets and tangible assets related to the Rochester manufacturing facility, and other expenses related to litigations and further optimization.

Net financial expenses increased from € 141 million in 2013 to € 162 million in 2014, including the impairment of the Biotie Therapeutics shares, valuation of the clinical trial partners, financial instruments, interests on unsecured bonds issues in Octocber 2013, offset with lower interests due to the early redemption of the convertible bond in March 2014.

Income tax expenses in 2014 were € 6 million (2013: € 54 million). The average tax rate on recurring activities is at 8% compared to 37% last year. The recognition of losses in two jurisdictions had a beneficial impact on the tax rate in 2014.

The **net profit of the Group** amounted to € 199 million, 37% higher than last year, and of which € 209 million attributable to the UCB shareholders and a loss of € 10 million to non-controlling interests.

The net profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, gives rise to a **core net profit** attributable to the UCB shareholders of € 322 million, 43% higher than 2013.

The **core EPS** attributable to the UCB shareholders amounted € 1.69 compared to € 1.24 in 2013 per non-dilutive weighted average number of shares.

3.8 | CAPITAL EXPENDITURE

The tangible capital expenditure resulting from UCB biopharmaceutical activities amounted to € 84 million in 2014 (2013: € 238 million). The 2013 capital expenditures related mainly to the biotech plant in Bulle (Switzerland).

Acquisition of intangible assets reached € 77 million in 2014 (2013: € 106 million) for software development costs and in-licencing deals.

In addition, as foreseen in the agreement between UCB and Lonza for the manufacturing by Lonza of PEGylated antibody fragment-based bulk actives, UCB has participated in the pre-financing of the related capital expenditure. Depreciation charges on this investment are recognized in the cost of goods sold and is added back for recurring EBITDA calculation purposes.

3.9 | BALANCE SHEET

The **intangible assets** decreased by € 93 million from € 1 312 million at 31 December 2013 to € 1 219 million at 31 December 2014. This includes the on-going amortization of the intangible assets (€ 168 million) mainly related to the acquisition of Celltech and Schwarz Pharma, impairment (€ 38 million), the increasing U.S. dollar and British pound, partially offset by additions through in-licencing deals and assets held for sale.

Goodwill amounts € 4 882 million or a € 188 million increase between 31 December 2013 and 31 December 2014 due to the increasing U.S. dollar and British pound, offset with assets held for sale.

Other non-current assets increased by € 216 million, mainly driven by an increase in deferred tax assets due to further recognition of losses in two tax jurisdictions.

The **current asset** increase from € 2 424 million as of 31 December 2013 to € 2 501 million as of 31 December 2014 stems from assets held for sale related to the KU divestment, offset with a cash decrease cash.

UCB's shareholders' equity, at € 4 842 million, an increase of € 519 million between 31 December 2013 and 31 December 2014. The important changes stem from the net profit after non-controlling interest (€ 199 million), positive currency translation (€ 258 million), offset with IAS 19 valuations (€ 128 million), the dividend payments (€ 222 million) and the capital increase (€ 460 million).

The **non-current liabilities** amount € 2 970 million, a decrease of € 122 million, stems from the conversion of the convertible bond, offset with the increase of employee benefits related to IAS 19 and other financial liabilities.

The **current liabilities** amounts € 2 336 million including the maturing retail bond, offset with new loans, higher trade payables and liabilities held for sale related to the KU divestment.

The **net debt** decreased by € 387 million from € 1 998 million as of end December 2013 to € 1 611 million as of end December 2014, and relates to the conversion of the convertible bond, dividend payment on the 2013 results and the dividend related to the perpetual subordinated bond, offset by the underlying net profitability.

3.10 | CASH FLOW STATEMENT

The evolution of cash flow generated by biopharmaceuticals activities is affected by the following:

- **Cash flow from operating activities** amounted € 512 million compared to € 288 million in 2013. Thereof, cash flow from continuing operations amounted to € 497 million after € 267 million in 2013. The increase stems mainly from the underlying net profitability and improved working capital offset with higher taxes paid during the period.
- **Cash flow from investing activities** showed an outflow of € 161 million in 2014 compared to € 288 million in 2013, including the committed investments in the biological plant in Bulle (Switzerland) and in-licencing deals.
- **Cash flow from financing activities** has an outflow of € 595 million, which includes the repayment of the retail bond, the dividend paid to the UCB shareholders and the shareholders of the perpetual subordinated bond offset with the second installment received from the European Investment Bank and Belgian Commercial Papers.

3.11 | OUTLOOK 2015

In 2015, UCB expects the continued growth of Cimzia®, Vimpat®, Neupro® to drive company growth. At the same time, UCB aims to advance and prepare the launches of potential new solutions for patients: *romosozumab, epratuzumab* and *brivaracetam*.

2015 revenue is expected to grow to approximately € 3.55-3.65 billion. **Recurring EBITDA** should increase to approximately € 710-740 million. **Core earnings per share** (EPS) reflect a higher number of shares and are therefore expected in the range of € 1.90-2.05 based on an average of 193.7 million shares outstanding.

Lut,
living with
osteoporosis

III. CONSOLIDATED FINANCIAL STATEMENTS

1 | CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	NOTE	2014	2013 (RESTATED)[1]
€ million			
CONTINUING OPERATIONS			
Net sales	5	2 938	2 795
Royalty income and fees		163	171
Other revenue	8	243	167
Revenue		**3 344**	**3 133**
Cost of sales		-1 053	-965
Gross profit		**2 291**	**2 168**
Marketing and selling expenses		-779	-793
Research and development expenses		-928	-886
General and administrative expenses		-201	-203
Other operating income/expenses (-)	11	-4	11
Operating profit before impairment, restructuring and other income and expenses		**379**	**297**
Impairment of non-financial assets	12	-30	-29
Restructuring expenses	13	-63	-32
Other income/expenses (-)	14	-13	27
Operating profit		**273**	**263**
Financial income	15	53	51
Financing costs	15	-215	-192
Share of loss of associates		-0	-
Profit/loss (-) before income taxes		**111**	**121**
Income tax expense (-)/credit	16	-6	-54
Profit/loss (-) from continuing operations		**105**	**67**
DISCONTINUED OPERATIONS			
Profit/loss (-) from discontinued operations	7	94	78
PROFIT		**199**	**145**
Attributable to:			
Equity holders of UCB SA		209	160
Non-controlling interests		-10	-15
BASIC EARNINGS PER SHARE (€)			
from continuing operations	37	0.60	0.45
from discontinued operations	37	0.50	0.43
Total basic earnings per share		**1.10**	**0.88**
DILUTED EARNINGS PER SHARE (€)			
from continuing operations	37	0.60	0.54
from discontinued operations	37	0.50	0.40
Total diluted earnings per share		**1.10**	**0.94**

[1] Restated for the adoption of IFRS 10 and a reclassification to discontinued operations

2 | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	NOTE	2014	2013 (RESTATED)[1]
€ million			
PROFIT FOR THE PERIOD		**199**	**145**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
- Net gain/loss (-) on available for sale financial assets		18	-3
- Exchange differences on translation of foreign operations		258	-86
- Effective portion of gains/losses (-) on cash flow hedges		-50	25
- Net gain/loss (-) on hedge of net investment in foreign operation		0	0
- Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		0	0
Items not to be reclassified to profit or loss in subsequent periods:			
- Remeasurement of defined benefit obligation	31	-128	6
- Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	30	12	0
Other comprehensive income/loss (-) for the period, net of tax		110	-58
Total comprehensive income for the period, net of tax		**309**	**87**
Attributable to:			
Equity holders of UCB SA		328	82
Non-controlling interests		-19	5
Total comprehensive income for the period, net of tax		**309**	**87**

[1] Restated for the adoption of IFRS 10 and a reclassification to discontinued operations

3 | CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	NOTE	2014	31 DEC 2013 (RESTATED)[1]	1 JAN 2013 (RESTATED)[1]
ASSETS				
Non-current assets				
Intangible assets	18	1 219	1 312	1 386
Goodwill	19	4 882	4 694	4 808
Property, plant and equipment	20	686	722	602
Deferred income tax assets	30	682	498	505
Financial and other assets (including derivative financial instruments)	21	178	110	132
Total non-current assets		**7 647**	**7 336**	**7 433**
Current assets				
Inventories	22	547	627	616
Trade and other receivables	23	729	972	828
Income tax receivables		9	9	13
Financial and other assets (including derivative financial instruments)	21	53	66	40
Cash and cash equivalents	24	507	750	326
Assets of disposal group classified as held for sale	7	656	0	0
Total current assets		**2 501**	**2 424**	**1 823**
Total assets		**10 148**	**9 760**	**9 256**
EQUITY AND LIABILITIES				
Equity				
Capital and reserves attributable to UCB shareholders	25	5 002	4 454	4 486
Non-controlling interests		-160	-131	-123
Total equity		**4 842**	**4 323**	**4 363**
Non-current liabilities				
Borrowings	27	341	269	193
Bonds	28	1 406	1 758	1 697
Other financial liabilities (including derivative financial instruments)	29	275	135	39
Deferred income tax liabilities	30	62	112	123
Employee benefits	31	430	294	290
Provisions	32	308	330	435
Trade and other liabilities	33	148	194	304
Total non-current liabilities		**2 970**	**3 092**	**3 081**
Current liabilities				
Borrowings	27	372	135	197
Bonds	28	0	588	0
Other financial liabilities (including derivative financial instruments)	29	183	195	200
Provisions	32	53	46	51
Trade and other liabilities	33	1 386	1 267	1 299
Income tax payables		142	114	65
Liabilities of disposal group classified as held for sale	7	200	0	0
Total current liabilities		**2 336**	**2 345**	**1 812**
Total liabilities		**5 306**	**5 437**	**4 893**
Total equity and liabilities		**10 148**	**9 760**	**9 256**

[1] Restated for the adoption of IFRS 10

4 | CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	NOTE	2014	2013 (RESTATED)[1]
€ million			
Profit for the year attributable to UCB shareholders		**209**	**160**
Non-controlling interests		-10	-15
Adjustment for profit (-)/loss from discontinued operations	7	-94	-78
Adjustment for non-cash transactions	34	167	315
Adjustment for items to disclose separately under operating cash flow	34	39	87
Adjustment for items to disclose under investing and financing cash flows	34	74	100
Change in working capital	34	333	-182
Cash flow generated from operations		**718**	**387**
Tax paid during the period		-206	-99
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		497	267
From discontinued operations		15	21
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		**512**	**288**
Acquisition of property, plant and equipment	20	-84	-238
Acquisition of intangible assets	18	-77	-106
Acquisition of subsidiaries, net of cash acquired	6	0	0
Acquisition of other investments		-21	-1
Sub-total acquisitions		**-183**	**-345**
Proceeds from sale of intangible assets		10	0
Proceeds from sale of property, plant and equipment		3	19
Proceeds from sale of business unit, net of cash disposed		8	36
Proceeds from sale of other investments		1	2
Dividends received		0	0
Sub-total disposals		**22**	**57**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		-146	-267
From discontinued operations		-15	-21
NET CASH FLOW USED IN INVESTING ACTIVITIES		**-161**	**-288**
Proceeds from issuance of share capital		0	3
Proceeds from issuance of bonds	25	0	666
Repayment of bonds (-)	28	-575	0
Proceeds from borrowings	27	387	127
Repayments of borrowings (-)	27	-45	-106
Payment of finance lease liabilities		-3	-3
Acquisition (-)/disposal of treasury shares	25, 38	-53	71
Dividend paid to UCB shareholders, net of dividend paid on own shares	25	-222	-205
Interest received	15	40	31
Interest paid	15	-124	-153
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		-595	432
From discontinued operations		0	0
NET CASH FLOW USED IN FINANCING ACTIVITIES		**-595**	**432**
NET INCREASE/DECREASE (-) IN CASH AND CASH EQUIVALENTS		**-244**	**432**
From continuing operations		-244	432
From discontinued operations		0	0
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**745**	**316**
Effect of exchange rate fluctuations		6	-3
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**507**	**745**

[1] Restated for the adoption of IFRS 10 and a reclassification to discontinued operations

5 | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014 – € MILLION	ATTRIBUTED TO EQUITY HOLDERS OF UCB SA											
	Share capital and share premium	Hybrid capital	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2014 (restated)[1]	**2 154**	**295**	**-167**	**2 509**	**61**	**-470**	**-6**	**22**	**55**	**4 454**	**-131**	**4 323**
Profit for the period				209						209	-10	199
Other comprehensive income/loss (-)					-116	277	18	-50		129	-19	110
Total comprehensive income				**209**	**-116**	**277**	**18**	**-50**		**338**	**-29**	**309**
Capital increase	460									460		460
Dividends				-199						-199		-199
Share-based payments				30						30		30
Transfer between reserves			11	-11						0		0
Treasury shares			-17							-17		-17
Conversion of the convertible bond					-41					-41		-41
Dividend to shareholders of perpetual subordinated bonds				-23						-23		-23
Acquired non-controlling interest										0		0
Balance at 31 December 2014	**2 614**	**295**	**-173**	**2 515**	**-96**	**-193**	**13**	**-28**	**55**	**5 002**	**-160**	**4 842**

2013 – € MILLION	ATTRIBUTED TO EQUITY HOLDERS OF UCB SA											
	Share capital and share premium	Hybrid capital	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Available for sale financial assets	Cash flow hedges	Net investment hedge	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2013	**2 151**	**295**	**-239**	**2 662**	**49**	**-379**	**-3**	**-3**	**55**	**4 588**	**5**	**4 593**
Effect of adoption IFRS 10 (Note 2)				-102						-102	-128	-230
Balance at 1 January 2013 (restated)[1]	**2 151**	**295**	**-239**	**2 559**	**49**	**-379**	**-3**	**-3**	**55**	**4 486**	**-123**	**4 363**
Profit for the period				160						160	-15	145
Other comprehensive income/loss (-)					6	-91	-3	25		-63	5	-57
Total comprehensive income				**160**	**6**	**-91**	**-3**	**25**		**97**	**-10**	**87**
Capital increase	3									3		3
Dividends				-182						-182		-182
Share-based payments				21						21		21
Transfer between reserves			25	-25						0		0
Treasury shares			47							47		47
Put and Call option for non-controlling interest					6					6		6
Dividend to shareholders of perpetual subordinated bonds				-23						-23		-23
Acquisition of non-controlling interest										0	2	2
Balance at 31 December 2013 (restated)[1]	**2 154**	**295**	**-167**	**2 509**	**61**	**-470**	**-6**	**22**	**55**	**4 454**	**-131**	**4 323**

[1] Restated for the adoption of IFRS 10

Juan,
living with restless
legs syndrome

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

UCB SA/NV (UCB or the Company) and its subsidiaries (together the Group) is a global biopharmaceutical company focused on severe diseases in two therapeutic areas namely Neurology and Immunology.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA and UCB S.R.O, both wholly owned subsidiaries, have branches in the U.K and Slovakia, respectively, that are integrated into their accounts.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium.

The registered office is at 60, Allée de la Recherche, B-1070 Brussels, Belgium. UCB SA is listed on the Euronext Brussels Stock Exchange.

The Board of Directors approved these consolidated financial statements and the statutory financial statements of UCB SA for issue on 26 February 2015. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on 30 April 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 | BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted for use by the European Union. All IFRS's issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these consolidated financial statements have been adopted for use in the European Union through the endorsement procedure established by the European Commission.

The consolidated financial statements have been prepared using the historical cost convention, except that certain items including available for sale financial assets, derivative financial instruments and liabilities for cash-settled share based payment arrangements are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Where necessary, the comparatives have been reclassified in order to enhance inter-period comparability of information presented in current and prior years.

2.2 | CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following new standards, amendments to existing standard or new accounting policies have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- IFRS 10 *Consolidated Financial Statements* identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. As a result of the adoption of IFRS 10 in 2014, the Group has consolidated two additional structured entities that manage clinical trials for the Company: Edev S.à r.l. ("Edev") and Phase 3 Development Company S.à r.l. ("P3D"). The Group's rights to Edev and P3D arise via contractual arrangements as it does not own any equity securities or have any voting rights in either entity. Considering the design and purpose of the entities; the power to direct the relevant activities; the contractual sharing of risk; the entities' limited power to affect their returns; and the restrictions over the allowed activities of the entities, these entities were deemed to be controlled under IFRS 10. Tables 2.2.1 and 2.2.2 below show the effect on the statement of financial position and the income statement.
- IFRS 12 *Disclosure of Interests in Other Entities* introduces new disclosure requirements for users to assess the nature of, and risks and financial effects associated with, the Group's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard resulted in additional disclosures but did not have a financial impact on the Group.
- There are no other IFRCs or IFRICs that are effective for the first time for this accounting period which had a material impact on the Group.

2.2.1 | IMPACT ON STATEMENT OF FINANCIAL POSITION

	INCREASE/DECREASE (-)	
€ million	**31 DECEMBER 2013**	1 JANUARY 2013
ASSETS	-149	-101
Non-current assets		
Intangible assets	-150	-102
Total non-current assets	**-150**	**-102**
Current assets		
Trade and other receivables	-8	-7
Cash and cash equivalents	9	8
Total current assets	**1**	**1**
EQUITY AND LIABILITIES	-149	-101
Equity		
Capital and reserves attributable to UCB shareholders	-150	-102
Non-controlling interests	-131	-128
Total equity	**-281**	**-230**
Non-current liabilities		
Other financial liabilities (including derivative financial instruments)	123	125
Total non-current liabilities	**123**	**125**
Current liabilities		
Trade and other liabilities	9	4
Total current liabilities	**9**	**4**
Total liabilities	**132**	**129**

2.2.2 | IMPACT ON STATEMENT OF COMPREHENSIVE INCOME

The table below summarizes the impact on the statement of comprehensive income for 2013 of the implementation of IFRS 10 and the reclassification of the results of Kremers Urban Pharmaceuticals Inc. as discontinued operations (see Note 7).

31 December 2013 € million	AS ORIGINALLY PRESENTED	IMPACT OF IFRS 10	AS RESTATED FOR IFRS 10	RECLASSIFICATION FOR DISCONTINUED OPERATIONS	AS RESTATED
Net sales	3 049	0	3 049	-254	2 795
Royalty income and fees	172	0	172	-1	171
Other revenue	190	0	190	-23	167
Revenue	**3 411**	**0**	**3 411**	**-278**	**3 133**
Cost of sales	-1 114	11	-1 103	138	-965
Gross profit	**2 297**	**11**	**2 308**	**-140**	**2 168**
Marketing and selling expenses	-802	0	-802	9	-793
Research and development expenses	-856	-44	-900	14	-886
General and administrative expenses	-205	0	-205	2	-203
Other operating income/expenses (-)	7	0	7	4	11
Operating profit before impairment, restructuring and other income and expenses	**441**	**-33**	**408**	**-111**	**297**
Impairment of non-financial assets	-29	0	-29	0	-29
Restructuring expenses	-32	0	-32	0	-32
Other income/expenses (-)	23	0	23	4	27
Operating profit	**403**	**-33**	**370**	**-107**	**263**
Financial income	51	0	51	0	51
Financial costs	-172	-21	-192	0	-192
Profit/loss (-) before income taxes	**282**	**-54**	**228**	**-107**	**121**
Income tax expense (-)/credit	-87	0	-87	33	-54
Profit/loss (-) from continuing operations	**195**	**-55**	**141**	**-74**	**67**
Discontinued operations	5	0	5	74	78
Profit	**200**	**-55**	**145**	**0**	**175**
Attributable to UCB shareholders	207	-46	160	0	160
Attributable to non-controlling interests	-7	-8	-15	0	-15

2.3 | NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, amendments to existing standards, and interpretations have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted.

- IFRS 9 *Financial Instruments* (effective from 1 January 2018) addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. It introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The Group is yet to assess IFRS 9's full impact.
- IFRS 15 *Revenue from Contracts with Customers* (effective from 1 January 2017) provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods and services. Specifically, the standard introduces a 5-step approach to revenue recognition:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract;
5. Recognise revenue when (or as) the entity satisfies a performance obligation *i.e.* when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is performing a detailed review of the impact of this standard. At present, it is not practicable to provide a reasonable estimate of its effect.

- IFRIC 21 *Levies* (effective from 1 January 2015) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. The adoption of this standard will not have a material impact on the annual income statement.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.4 | CONSOLIDATION

2.4.1 | SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.2 | CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4.3 | DISPOSAL OF SUBSIDIARIES

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4.4 | ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20%-50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee at the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are classified to profit or loss where appropriate.

The Group share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is

recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.4.5 | INTERESTS IN JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties, or joint operators that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When conducting activities under joint operations, the Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liability incurred jointly;
- its revenue from the sale of its share of the output arising from the share operations;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

2.5 | SEGMENT REPORTING

The Group's activities are in one segment, Biopharmaceuticals. There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis; therefore UCB operates as one segment.

2.6 | FOREIGN CURRENCY TRANSLATION

The following important exchange rates were used in preparing the consolidated financial statements:

	CLOSING RATE		AVERAGE RATE	
	2014	2013	**2014**	2013
USD	1.210	1.379	1.326	1.328
JPY	145.010	145.140	140.298	129.381
GBP	0.777	0.832	0.806	0.849
CHF	1.203	1.225	1.214	1.231

The closing rates represent spot rates as at 31 December 2014 and 31 December 2013.

2.6.1 | FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (€), which is the functional currency of the Company, and the presentation currency of the Group.

2.6.2 | TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available for sale reserve in other comprehensive income.

2.6.3 | GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income (referred to as "cumulative translation adjustments').

On consolidation, exchange difference arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or wholly disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 | REVENUE

Revenue is recognized when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Revenue represents the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group activities. Revenue is shown net of value added tax, returns, rebates, trade discounts, and cash discounts related to Medicaid and Medicare in the U.S. and similar programs in other countries.

2.7.1 | NET SALES

Revenue from the sale of goods is recognized when:

- the significant risks and rewards of the ownership of goods are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Estimates of expected sales returns, charge-backs granted to government agencies, wholesalers, managed care and other customers are deducted from revenue at the time the related revenue is recorded or when the incentives are offered.

Such estimates are calculated on the basis of historical experience and the specific terms in the individual agreements.

2.7.2 | ROYALTY INCOME

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.7.3 | OTHER REVENUE

Other revenue comprises revenue generated through out-licensing and profit-sharing agreements as well as contract manufacturing agreements. Other revenue is recognized as it is earned or as the related service is performed.

The Group receives from third parties upfront, milestone and other similar payments related to the sale or out-licensing of products. Revenue associated with performance milestones is recognized based upon the achievement of the milestone event if the event is substantive, objectively determinable and represents an important point in the development life cycle of the pharmaceutical product. Upfront payments and license fees for which there are subsequent deliverables are initially reported as deferred income and are recognized as revenue when earned over the period of the development collaboration or the manufacturing obligation.

2.7.4 | INTEREST INCOME

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

2.7.5 | DIVIDEND INCOME

Dividends are recognized when the shareholder's right to receive the payment is established.

2.8 | COST OF SALES

Cost of sales includes primarily the direct production costs, related production overheads and the amortization of the related intangible assets as well as services rendered. Start-up costs are expensed as incurred. Royalty expenses directly linked to goods sold are included in "cost of goods sold".

2.9 | RESEARCH AND DEVELOPMENT

2.9.1 | INTERNALLY-GENERATED INTANGIBLE ASSETS, RESEARCH AND DEVELOPMENT EXPENDITURE

All internal research costs are expensed as incurred. Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 *Intangible Assets*. Due to long development periods and significant uncertainties related to the development of new products (such as the risks related to the outcome of clinical trials as well as the likelihood of regulatory approval), internal development costs generally do not qualify for capitalization as intangible assets. At 31 December 2014, no internal development expenditures have met the recognition criteria.

2.9.2 | ACQUIRED INTANGIBLE ASSETS

Payments for acquired in-process research and development projects obtained through in-licensing arrangements, business combinations or separate asset purchases are capitalized as intangible assets provided that they are separately identifiable, controlled by the Group and expected to provide future economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets and the amount of the payments is determinable, upfront and milestone payments to third parties for pharmaceutical products or compounds for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives from the date on which regulatory approval is obtained.

2.10 | IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its intangible assets, goodwill and property, plant and equipment to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Irrespective of whether there is an indication of impairment, an impairment assessment of the intangibles not yet available for use and goodwill is carried out annually. These assets are not amortized. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or the CGU, using the same methods as those used in the initial measurement of the asset or the CGU on the basis of the medium-term plans of each business activity. Estimated cash flows are discounted using an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized directly in the income statement under the "impairment of non-financial assets" caption. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The reversal of the impairment is recognized in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are never reversed.

Intangible assets are assessed for impairment either on a compound by compound basis or by indication where applicable.

2.11 | RESTRUCTURING EXPENSES, OTHER INCOME AND EXPENSES

The expenses made by the Group in order to be better positioned to face the economic environment in which it operates are presented in the income statement as "restructuring expenses".

The gains and losses arising upon the sale of intangible assets other than development stage assets or property, plant and equipment as well as increases or reversals of provisions for litigations, other than tax litigations or litigations related to discontinued operations, are presented in the income statement as "other income and expenses".

2.12 | INCOME TAXES

The tax expense for the period comprises current and deferred income taxes. Tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the case of items recognized in other comprehensive income or in equity, the tax is also recognized in other comprehensive income or directly in equity, respectively. In respect of R&D tax credits these amounts are recognized in the research and development expenses line.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized. Deferred income tax is not accounted for if it arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.13 | INTANGIBLE ASSETS

2.13.1 | PATENTS, LICENSES, TRADEMARKS AND OTHER INTANGIBLE ASSETS

Patents, licenses, trademarks and other intangible assets (collectively referred to as "intangible assets") are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Intangible assets (except for goodwill) are amortized over their useful lives on a straight-line basis as from the moment they are available for use (*i.e.* when regulatory approval has been obtained). Estimated useful life is based on the lower of the contract life or the economic useful life (generally between 5 to 20 years). Intangible assets (except for goodwill) are considered to have a finite economic useful life; therefore no intangible assets with an indefinite life have been identified.

2.13.2 | COMPUTER SOFTWARE

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years) on a straight-line basis.

2.14 | GOODWILL

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is initially recognized as an asset at cost and is subsequently carried at cost less accumulated impairment losses. Goodwill related to the acquisition of subsidiaries is presented separately on the face of the balance sheet, whereas goodwill arising upon acquisition of associated companies is included in the investment in associated companies.

UCB operates as one segment and has one cash generating unit for the purpose of impairment testing.

As goodwill is considered to have an indefinite life, it is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed.

On disposal of a subsidiary or a joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the entity.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognized directly in profit or loss.

2.15 | PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction, which is carried at cost less accumulated impairment losses.

Cost includes all directly attributable costs of bringing the asset to its working condition for its intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets, other than land and properties under construction, to their residual values over their estimated useful lives. Depreciation commences when the asset is ready to be used. Land is not depreciated.

The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is(are) accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following useful lives are applicable to the main property, plant and equipment categories:

► Buildings	20-33 years
► Machinery	7-15 years
► Laboratory equipment	7 years
► Prototype equipment	3 years
► Furniture and fixtures	7 years
► Vehicles	5-7 years
► Computer equipment	3 years
► Asset held under finance lease	shorter of asset's useful life and leasing term

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount and are recognized under "other income and expenses" in the income statement.

Investment property is indicative of land and buildings held to earn rentals. Such assets are initially carried at cost and depreciated on a straight-line basis over their estimated useful lives. The underlying useful lives correspond to those of self-used tangible assets. Given the insignificant amount of investment property, it is not separately presented in the balance sheet.

2.16 | LEASES

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.16.1 | FINANCE LEASES

Assets held under finance leases are recognized as assets of the Group at the lower of their fair value and the present value of the minimum lease payments less cumulative depreciation and impairment losses. The

corresponding liability to the lessor is included in the balance sheet as obligations under finance leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the Group adopts for depreciable assets that are owned.

If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

2.16.2 | OPERATING LEASES

Lease payments under an operating lease are recognized in the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.17 | FINANCIAL ASSETS

2.17.1 | CLASSIFICATION

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition.

2.17.2 | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group financial market risk management policy. Derivative financial instruments are also categorized as held for trading unless they are designated as hedges.

2.17.3 | LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

2.17.4 | AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2.17.5 | RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and the transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less any impairment losses.

The fair value of listed investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognized in the income statement in the period in which they arise while gains or losses arising from changes

In the fair value of available for sale financial assets are recognized directly in other comprehensive income. On disposal/impairment of available-for-sale financial assets, any cumulative gains or losses that have been deferred in equity are recycled to the income statement.

2.18 | IMPAIRMENT OF FINANCIAL ASSETS

2.18.1 | ASSETS CARRIED AT AMORTIZED COST

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows.

The Group first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.18.2 | ASSETS CLASSIFIED AS AVAILABLE FOR SALE

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to above. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.19 | DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions.

Derivative financial instruments are initially recorded at fair value and attributable transaction costs are recognized in the income statement when incurred. Derivative financial instruments are subsequently re-measured at their fair value.

The Group includes the credit and the non-performance risks into its valuation techniques leading to non-material impact on derivative valuation resulting from credit or debit margin adjustments made on counterparts with who financial market transactions are contracted.

The method of recognising the resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates derivative financial instruments as either cash flow hedges, fair value hedges or net investment hedges.

The Group documents at inception of the transaction the relationship between the hedging instrument and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, as to whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative financial instrument is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Embedded derivative financial instruments are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative financial instrument are not closely related, a separate instrument with the same terms as the embedded derivative financial

instrument would meet the definition of a derivative financial instrument, and the combined instrument is not measured at fair value through profit or loss.

2.19.1 | CASH FLOW HEDGES

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "financial income".

If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative financial instrument that had previously been recognized in equity are included in the initial measurement of the asset or liability. If the cash flow hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

A cash flow hedge relationship is discontinued prospectively if the hedge fails the effectiveness test, the hedging instrument is sold, terminated or exercised, management revokes the designation or the forecasted transactions is no longer highly probable. Where a forecasted transaction is no longer highly probable but still expected to occur, hedging gains and losses previously deferred in equity remain in equity until the transaction affects profit or loss.

Once the forecasted transaction is no longer expected to occur, any gain or loss is released immediately to the income statement.

2.19.2 | FAIR VALUE HEDGES

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2.19.3 | NET INVESTMENT HEDGES

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the income statement within "financial income". Gains and losses accumulated in equity are recycled to the income statement when the foreign operation is partially disposed of or sold.

2.19.4 | DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "financial income".

2.20 | INVENTORIES

Raw materials, consumables and goods purchased for resale are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of work in progress and finished goods comprises all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (including depreciation charges).

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.21 | TRADE RECEIVABLES

Trade receivables are recognized initially at fair value, and are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

2.22 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.23 | NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of the company that either has been disposed of, or that is classified as held for sale. It must either: represent a major separate line of business or geographical area of operations; be part of a single coordinated disposal plan; or be a subsidiary acquired exclusively with a view to resale.

Non-current assets or a disposal group are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and

a sale is considered highly probable. Non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Impairment losses upon initial classification as held for sale are recognized in the income statement. Non-current assets classified as held for sale are neither depreciated nor amortized.

2.24 | SHARE CAPITAL

2.24.1 | ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company did not issue any preference or mandatory redeemable preference shares.

2.24.2 | TREASURY SHARES

When any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including attributable direct costs (net of income taxes) is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.24.3 | HYBRID CAPITAL

If the bond conditions of the hybrid capital issued satisfy the criteria as stipulated under IAS 32, Financial Instruments: presentation, such instruments are accounted for as an equity instrument of the Group.

If the hybrid capital is classified as equity, the interest is reflected as a "dividend" to shareholders in the statement of changes in equity.

2.25 | BONDS AND BORROWINGS

Bonds, borrowings and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group accounting policy.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.26 | COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Group comprise convertible bonds that can be converted into ordinary shares at the option of the Issuer. The number of shares to be issued does not vary with changes in their fair value. In the past, due to the existence of the option by the Issuer to redeem in cash, such convertible bonds were separated into a debt and a derivative component.

Upon initial recognition of the bond, the fair value of the debt component was determined based on the present value of the contractually determined stream of cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option.

Subsequent to initial recognition, the debt component is measured based on its amortized cost, using the effective interest method.

The remainder of the proceeds was allocated to the conversion option and recognized within "other derivatives". Subsequent to initial recognition, the derivative component was measured at fair value, with all gains and losses upon re-measurement being recognized in the income statement.

As a result of the Board's decision in 2010 to revoke UCB's rights related to the cash settlement option, the derivative component was reclassified to equity based on its fair value at the date of revocation. The equity component was reclassified to share premium upon the conversion of the remaining convertible bonds in 2014.

Transaction costs that are directly attributable to the bond offering and incremental, are included in the calculation of the amortized cost, using the effective interest method, and are amortized through the income statement over the life of the instrument.

2.27 | TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

2.28 | EMPLOYEE BENEFITS

2.28.1 | PENSION OBLIGATIONS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions in the event

that the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit Method. A full actuarial valuation based on updated personnel information is performed at least every three years. Additionally, if the net fluctuation recognized on the balance sheet is more than 10% from one year to the next due to plan circumstances (significant membership changes, modification to plan, *etc.*), a full actuarial valuation is also required. For years where a full actuarial valuation is not required, projections (known as "roll-forwards") from the previous year with updated assumptions (discount rate, salary increase, turnover) is used. For these "roll-forward" valuations, the individual employee data from the last full valuation date are used taking into account assumptions for salary increases and possibly turnover. All valuations measure liabilities at the applicable balance sheet date and the market value of retirement plan assets are also reported at this date regardless of whether a full or a "roll-forward" valuation is performed.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields on high quality corporate bonds that have maturity dates approximating the terms of the related Group obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service cost is recognized in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in the line item "employee benefits expense" in its consolidated income statement (by nature of expenses aggregation). Curtailments gains and losses are accounted for as past-service cost. Remeasurements are recorded in other comprehensive income.

2.28.2 | OTHER POST-RETIREMENT EMPLOYEE BENEFITS

Some Group companies provide post-retirement healthcare benefits to their retirees. The Group's net obligation is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The expected costs of these benefits are accrued over the period of employment using the same methodology used for defined benefit plans.

2.28.3 | TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.28.4 | PROFIT-SHARING AND BONUS PLANS

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

2.28.5 | SHARE-BASED PAYMENTS

The Group operates several equity-settled and cash-settled share-based compensation plans.

The fair value of the employee services received in exchange for the grant of stock options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock

options granted, excluding the impact of any non-market service and performance vesting conditions (for example profitability, remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model which takes into account the expected life and cancellation rate of the options. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each balance sheet date and at settlement date.

Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

2.29 | PROVISIONS

Provisions are recognized in the balance sheet when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

A restructuring provision is recognized when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

3. Critical judgements and accounting estimates

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 | CRITICAL JUDGEMENTS IN APPLYING THE GROUP ACCOUNTING POLICIES

REVENUE RECOGNITION

The nature of the Group business is such that many sales transactions do not have a simple structure.

Sales agreements may consist of multiple arrangements occurring at the same or at different times. The Group is also party to out-licensing agreements, which can involve upfront and milestone payments that may occur over several years and involve certain future obligations. Revenue is only recognized when the significant risks and rewards of ownership have been transferred and when the Group does not retain continuing managerial involvement or effective control over the goods sold or when the obligations are fulfilled. This might result in cash receipts being initially recognized as deferred income and then released to income in subsequent accounting periods based on the different conditions specified in the agreement.

3.2 | CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management bases its estimates on historical experience and various other assumptions that are reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results will by definition not equal those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary.

3.2.1 | SALES ALLOWANCES

The Group has accruals for expected sales returns, chargebacks and other rebates, including the U.S. Medicaid Drug Rebate program and the U.S. Federal Medicare program, and similar rebates in other countries. Such estimates are based on analyses of existing contractual obligations or legislation, historical trends and the Group experience. After assessment of the Management, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations. As these deductions are based on management estimates, the actual deductions might differ from these estimates. Such differences could impact the accruals recognized in the balance sheet in future periods and consequently the level of sales recognized in the income statement in future period, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales allowances. In general, the discounts, rebates and other deductions shown on the invoice are accounted for as an immediate deduction from gross sales in the income statement. The sales returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the balance sheet in the appropriate accrual account and deducted from sales.

3.2.2. | INTANGIBLE ASSETS AND GOODWILL

The Group has intangible assets with a carrying amount of € 1 219 million (Note 18) and goodwill with a carrying amount of € 4 882 million (Note 19). Intangible assets are amortized over their useful lives on a straight-line basis as from the moment they are available for use (*i.e.* when regulatory approval has been obtained).

Management estimates that the useful life for acquired in-progress R&D compounds equates to the period these compounds benefit from patent protection or data exclusivity. For the intangible assets acquired through a business combination and which comprises compounds that are marketed but for which no patent protection or data exclusivity exists, management estimates that the useful life equates to the period in which these compounds will realize substantially all the cash contributions.

These intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. The intangible assets that are not yet available for use and goodwill are subject to at least annual impairment testing.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows.

Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

The Group applied the following key assumptions for the "value in use" calculations required for the impairment testing of intangible assets and goodwill at year-end:

- growth rate for terminal value 3.0%
- discount rate in respect of goodwill and Intangibles related to marketed products 8.2%
- discount rate in respect of Intangibles related to pipeline products 13.0%

Since the cash flows also take into account tax expenses, a post-tax discount rate is used in the impairment testing.

Management estimates that the use of the post-tax discount rate approximates the results of using a pre-tax rate applied to pre-tax cash flows.

3.2.3 | ENVIRONMENTAL PROVISIONS

The Group has provisions for environmental remediation costs, which are disclosed in Note 32. The most significant elements of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat contamination at certain other sites, mainly related to the discontinued chemical and films activities of the Group.

Future remediation expenses are affected by a number of uncertainties that include, amongst others, the detection of previously unknown contaminated sites, the method and extent of remediation, the percentage of waste attributable to the Group, and the financial capabilities of the other potentially responsible parties. Given the inherent difficulties in estimating the liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts currently accrued. The effect of resolution of environmental matters on results of operations cannot be predicted due to uncertainty concerning both the amount and timing of future expenditures and the results of future operations. Such changes that arise could impact the provisions recognized in the balance sheet in the future.

3.2.4 | EMPLOYEE BENEFITS

The Group currently has many defined benefit plans, which are disclosed in Note 31. The calculation of the assets or liabilities related to these plans is based upon statistical and actuarial assumptions. This is in particular the case for the present value of the defined benefit obligation which is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits.

Furthermore, the Group uses statistically-based assumptions covering areas such as future withdrawals of participants from the plans and estimates of life expectancy. The actuarial assumptions used might differ materially from actual results due to changes in market and economic conditions, higher or lower employee turnover, longer or shorter life spans of participants, and other changes in the factors being assessed.

These differences could impact the assets or liabilities recognized in the balance sheet in future periods.

3.2.5 | TAX POSITIONS

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is accepted that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. The Group assesses these positions individually on a regular basis using all the information available and a provision is recorded for each item that is not probable of being sustained on examination by the tax authorities. The provision is calculated by the Group as the single best estimate of the current tax it expects to pay using the Group's best judgement of the most likely outcome of such examinations.

The Group has recognised net deferred tax assets of € 620 million (Note 30). The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses, the availability of the losses to offset against forecast taxable profits is also considered.

Significant items on which management has exercised judgement include recognition on the balance sheet of losses in jurisdictions where losses have been made in prior periods but where profits now arise and are forecast to do so for the foreseeable future. Management has used its best estimate of the correct value of asset to recognize in such cases, which includes a judgement on the length of the future time period to use in such assessments.

Differences in forecasted taxable profits and actual profitability or a downgrade in future forecasted taxable profits could impact the deferred tax assets recognized in future periods

4. Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities.

These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

This note presents information about the Group exposure to the above-mentioned risks, the Group policies and processes for managing these risks and Group management of capital. Risk management is carried out by the Group Treasury department under policies approved by the Financial Risk Management Committee (FRMC).

The FRMC has been established and includes the Chief Financial Officer, Chief Accounting Officer and the heads of the Financial Control department, Internal Audit department, Tax department and Treasury and Risk department. The FRMC is responsible for:

- reviewing the results of UCB risk assessment;
- approval of the recommended risk management strategies;
- monitoring compliance with the financial market risk management policy;
- approval of policy changes; and
- reporting to the Audit Committee.

The Group financial risk management policies established by the FRMC need to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed by the FRMC on a semi-annual basis to reflect changes in market conditions and the Group's activities.

4.1 | MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group income statement or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities in order to manage market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility in the income statement. It is the Group policy and practice not to enter into derivative transactions for speculative purposes.

4.1.1 | FOREIGN EXCHANGE RISK

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in euro. The Group actively monitors its currency exposures, and when appropriate, enters into transactions with the aim of preserving the value of assets and anticipated transactions. The Group uses forward contracts, foreign exchange options and cross-currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

The instruments purchased to hedge transaction exposure are primarily denominated in U.S. dollar, GB pound, Japanese yen and Swiss franc, the currencies where the Group has its most important exposures. The Group's financial risk management policy is to hedge for a period of minimum 6 and maximum 26 months of anticipated cash flows primarily derived from sales, royalties or out-licensing revenues provided that no natural hedges exist.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The effect of translation exposure arising from the consolidation of the foreign currency denominated financial statements of the Group foreign subsidiaries as well as from assimilated net foreign investment positions is shown as a cumulative translation adjustment in the Group consolidated statement of changes in equity.

4.1.2 | EFFECT OF CURRENCY FLUCTUATIONS

At 31 December 2014, if the euro had strengthened or weakened by 10% against the following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year, based on the outstanding currency balances and hedge instruments at that date, would have been as follows:

€ million	CHANGE IN RATE. STRENGHTENING/ WEAKENING (-) EUR	IMPACT ON EQUITY: LOSS (-)/GAIN	IMPACT ON INCOME STATEMENT: LOSS (-)/GAIN
At 31 December 2014			
USD	**+10%**	**-121**	**0**
	-10%	132	9
GBP	**+10%**	**-27**	**0**
	-10%	33	1
CHF	**+10%**	**-49**	**-2**
	-10%	60	2

€ million	CHANGE IN RATE. STRENGHTENING/ WEAKENING (-) EUR	IMPACT ON EQUITY: LOSS (-)/GAIN	IMPACT ON INCOME STATEMENT: LOSS (-)/GAIN
At 31 December 2013 (Restated)			
USD	**+10%**	**-113**	**3**
	-10%	138	-3
GBP	**+10%**	**-26**	**10**
	-10%	32	-12
CHF	**+10%**	**-47**	**-7**
	-10%	57	8

It is Group policy and practice not to enter into derivative transactions for speculative purposes.

4.1.3 | INTEREST RATE RISK

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets, liabilities and instruments as described in the following section on market risk of financial assets. The interest rates on the Group's major debt instruments are both fixed and floating, as described in Notes 27 and 28. The Group uses interest rate derivatives to manage its interest rate risk, as described in Note 36.

The Group designates derivative financial instruments (interest rate swaps) as hedging instruments, under fair value hedges, to fixed rate financial assets and liabilities. Both the derivative financial instrument and the hedged item are accounted for at fair value through profit or loss.

In 2014, changes in fair value resulting from interest rate derivatives designated to the euro denominated floating rate liabilities of the Group or to highly probable future cash flows from fixed rate debt instruments to be issued in 2015 have been accounted for through equity under IAS 39. All changes in fair value resulting from interest rate derivatives designated to the foreign currency denominated floating rate liabilities of the Group are accounted for through profit or loss. This is a consequence of the underlying future cash flows, which result from derivative instruments, not qualifying for accounting of changes in fair value through equity under IAS 39.

4.1.4 | EFFECT OF INTEREST RATE FLUCTUATIONS

A 100 basis points increase in interest rates at balance sheet date would have increased equity by € 7 million (2013: € 5 million); a 100 basis points decrease in interest rates would have decreased equity by € 7 million (2013: € 5 million).

A 100 basis points increase in interest rates at balance sheet date would have increased profit and loss by € 0 million (2013: € 3 million); a 100 basis points decrease in interest rates would have decreased profit and loss by € 0 million (2013: € 4 million). The changes to the profit and loss in 2013 primarilly resulted from the change in fair value of the cash flow interest rate derivatives designated to the foreign currency denominated floating rate liabilities of the Group, which did not qualify for hedge accounting, and which were no longer in place on 31 December 2014.

4.1.5 | OTHER MARKET PRICE RISK

Changes in the market value of certain financial assets and derivative financial instruments can affect the income or the financial position of the Group. Financial long-term assets, if any, are held for contractual purposes and marketable securities are held for mainly regulatory purposes. The risk of loss in value is managed by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile.

Investments in equities, bonds, debentures and other fixed income instruments are entered into on the basis of guidelines with regard to liquidity and credit rating.

Amounts subject to market price risk are rather immaterial and therefore the impact on equity or the income statement of a reasonable change of this market price risk is assumed to be negligible.

Similar to 2013, during 2014 the Group traded on treasury shares as well as American style call options providing the right to purchase shares of UCB SA, both of which were accounted for through equity.

After UCB exercised its option to redeem all outstanding convertible bonds with effect on 12 March 2014, nearly all of the bondholders exercised their conversion rights resulting in the issuance of 11 078 506 new UCB shares. The remaining convertible bonds with an aggregate nominal value of € 750 000 that were not converted by 12 March 2014 were redeemed at par together with accrued interest. Subsequently, UCB SA no longer has any convertible bonds outstanding.

4.2 | CREDIT RISK

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, on-going credit evaluation and account monitoring procedures. There are certain concentrations within trade receivables of counterparty credit risk, particularly in the U.S., due to the sales via wholesalers (Note 23). For some credit exposures in critical countries, such as certain Southern European countries, the Group has obtained credit insurance.

In the U.S. and China (since 2014), the Group entered into a trade receivable financing agreement that qualifies for derecognition. According to the terms and conditions of the agreement UCB does not retain any non-payment or further late payment risk relating to the transferred trade receivables.

The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high quality counterparties, regular reviews of credit ratings, and setting defined limits for each individual counterparty. The criteria set by Group Treasury for their investment policy are based on generally considered high quality long term credit ratings and 5 years Credit Default Swap rate.

Where appropriate to reduce exposure, netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement are signed with the respective counterparties. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements, is equal to the carrying amount of financial assets plus the positive fair value of derivative instruments.

4.3 | LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation.

The Group maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. In addition, the Group has certain unutilized revolving committed facilities at its disposal.

At the balance sheet date, the Group had the following sources of liquidity available:

- cash and cash equivalents (Note 24) € 507 million (2013: € 750 million)
- marketable non-equity securities (Note 21) € 2 million (2013: € 2 million)
- unutilized committed facilities (Note 27) € 1 000 million (2013: € 1 085 million)

The existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2020, was undrawn per end 2014.

The table below analyses the contractual maturities of the Group financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, excluding the impact of netting. The amounts mentioned below with respect to the financial derivatives are indicative of the contractual undiscounted cash flows.

€ million	NOTE	TOTAL	CONTRACTUAL CASH FLOW	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2014							
Bank Borrowings and other long term loans	27	527	527	195	0	200	132
Debentures and other short term loans	27	175	175	175	0	0	0
Finance lease liabilities	27	12	12	3	9	0	0
Retail bond maturing in 2023	28	190	257	9	9	27	212
Institutional Eurobond maturing in 2021	28	369	454	18	14	43	379
Retail bond maturing in 2020	28	257	306	9	9	28	260
EMTN notes maturing in 2019	28	75	88	3	3	82	0
Institutional Eurobond maturing in 2016	28	515	557	29	528	0	0
Trade and other liabilities	33	1 534	1 534	1 386	9	134	5
Bank overdrafts	27	0	0	0	0	0	0
Interest rate swaps		56	56	6	6	22	22
Forward exchange contracts used for hedging purposes							
Outflow		2 958	2 958	2 763	195	0	0
Inflow		2 918	2 918	2 728	190	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit or loss							
Outflow		1 604	1 604	1 604	0	0	0
Inflow		1 582	1 582	1 582	0	0	0

€ million	NOTE	TOTAL	CONTRACTUAL CASH FLOW	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2013 (Restated)							
Bank Borrowings and other long term loans	27	370	370	113	0	7	250
Debentures and other short term loans	27	14	14	14	0	0	0
Finance lease liabilities	27	15	15	3	11	1	0
Retail bond maturing in 2023	28	169	266	9	9	27	221
Institutional Eurobond maturing in 2021	28	344	454	0	18	43	393
Retail bond maturing in 2020	28	248	315	9	9	28	269
EMTN notes maturing in 2019	28	75	90	2	3	7	78
Institutional Eurobond maturing in 2016	28	516	586	29	29	528	0
Convertible bond maturing in 2015	28	406	469	19	450	0	0
Retail bond maturing in 2014	28	588	607	607	0	0	0
Trade and other liabilities	33	1 461	1 461	1 267	70	104	20
Bank overdrafts	27	5	5	5	0	0	0
Interest rate swaps		70	70	2	8	27	33
Forward exchange contracts used for hedging purposes							
Outflow		885	885	848	37	0	0
Inflow		905	905	868	37	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit or loss							
Outflow		1 627	1 627	1 627	0	0	0
Inflow		1 617	1 617	1 617	0	0	0

4.4 | CAPITAL RISK MANAGEMENT

The Group policy with respect to managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to patients and to reduce the Group external debt further, in order to obtain a capital structure that is consistent with others in the industry.

€ million	2014	2013 (RESTATED)
Total borrowings (Note 27)	714	404
Bonds (Note 28)	1 406	2 346
Less: cash and cash equivalents (Note 24), available for sale debt securities (Note 21) and cash collateral related to the financial lease obligation	-509	-752
Net debt	1 611	1 998
Total equity	4 842	4 323
Total financial capital	6 453	6 321
Gearing ratio	**25%**	**32%**

4.5 | FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as available for sale financial assets) is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using established valuation techniques such as option pricing models and estimated discounted values of cash flows. The Group uses a variety of methods and makes assumptions that are based on market conditions and the credit and the non-performance risks existing at each balance sheet date.

Quoted market prices are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of the forward exchange contract is determined using discounted value of the exchanged amounts in currencies, converted at the prevailing spot rate at the balance sheet date.

The carrying amount less impairment provision of trade receivables and trade payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments.

4.5.1 | FAIR VALUE HIERARCHY

IFRS 7 requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair value measurements disclosed are recurring.

4.5.2 | FINANCIAL ASSETS MEASURED AT FAIR VALUE

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2014				
Financial assets				
Available for sale assets (Note 21)				
Quoted equity securities	43	0	0	43
Quoted debt securities	2	0	0	2
Derivative financial assets (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	13	0	13
Forward exchange contracts – fair value through profit and loss	0	22	0	22
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	55	0	55

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2013				
Financial assets				
Available for sale assets (Note 21)				
Quoted equity securities	17	0	0	17
Quoted debt securities	2	0	0	2
Derivative financial assets (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	24	0	24
Forward exchange contracts – fair value through profit and loss	0	17	0	17
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	1	0	1

4.5.3 | FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2014				
Financial liabilities				
Derivative financial liabilities (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	40	0	40
Forward exchange contracts – fair value through profit and loss	0	36	0	36
Interest rate derivatives – cash flow hedges	0	3	0	3
Interest rate derivatives – fair value through profit and loss	0	7	0	7
Other financial liabilities excluding derivatives (Note 29)				
Warrants	0	0	183	183

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2013 (Restated)				
Financial liabilities				
Derivative financial liabilities (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	1	0	1
Forward exchange contracts – fair value through profit and loss	0	24	0	24
Interest rate derivatives – cash flow hedges	0	1	0	1
Interest rate derivatives – fair value through profit and loss	0	15	0	15
Other financial liabilities excluding derivatives (Note 29)				
Warrants	0	0	122	122

During the reporting period ending 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value measurements categorized within Level 2 of the fair value hierarchy are calculated using either the "Discounted cash flow" or the "Black-Scholes" method (for FX options only) and market data publicly available.

The fair value of the Call Option received as part of the Meizler acquisition (Note 6) is determined using a Monte Carlo Simulation Option Pricing Model. In addition to the market based volatility and Brazilian risk free interest rate, the key assumptions used in this valuation model include unobservable inputs for forecasted revenue and EBITDA amounts. The Call Option was valued at zero throughout 2014 and was terminated as part of the acquisition of the remaining 30% of the shares in Meizler UCB.

The fair value of the Warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. The value of the warrants is based on the profitability of the subsidiary and the key assumptions used in the valuation model include unobservable inputs for forecasted revenue and milestone events.

The following table presents the changes in Level 3 instruments:

€ million	CALL OPTIONS	WARRANTS	TOTAL
1 January 2013	**7**	**125**	**132**
Effect of changes in fair value recognized in profit and loss	-5	3	-2
Effect of movements in exchange rates	-2	-5	-7
31 December 2013	**0**	**123**	**123**
Cash purchase of additional warrants	0	20	20
Cash settlement of warrants	0	-14	-14
Effect of changes in fair value recognized in profit and loss	0	33	33
Effect of movements in exchange rates	0	21	21
31 December 2014	**0**	**183**	**183**

4.6 | OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

While the Group has amounts subject to an enforceable master netting arrangement or similar agreements, financial assets and financial liabilities are reported gross on the statement of financial position as the requirements are not met to report them net. The reconciliations below depict the amounts subject to an enforceable master netting arrangement or similar agreement that have not been netted on the statement of financial position.

The table below shows financial assets subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2014				
Derivatives	86	40	0	46
Other	0	0	0	0
Total	**86**	**40**	**0**	**46**

The table below shows financial liabilities subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2014				
Derivatives	90	40	0	50
Other	0	0	0	0
Total	**90**	**40**	**0**	**50**

ISDA master agreements (International Swaps and Derivatives Association) have been signed with the respective counterparties allowing offsetting of financial assets and liabilities. This is applicable to the fair value settlement in case of default, but it is not applicable at the closing date 31 December 2014.

5. Segment reporting

The Group's activities are in one segment, Biopharmaceuticals.

There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, that being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis, therefore UCB operates as one segment.

Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below.

5.1 | PRODUCT SALES INFORMATION

Net sales consist of the following:

€ million	2014	2013 (RESTATED)
Cimzia®	797	594
Keppra® (including Keppra® XR)	665	712
Vimpat®	471	411
Neupro®	200	182
Zyrtec® (including Zyrtec-D®/Cirrus®)	163	204
Xyzal®	96	114
venlaflaxine XR	58	39
Nootropil®	55	58
Other products	433	481
Total net sales	**2 938**	**2 795**

5.2 | GEOGRAPHIC INFORMATION

The table below shows sales in each geographic market in which customers are located:

€ million	2014	2013 (RESTATED)
North America	1 154	1 028
Emerging markets (BRICMT)	326	313
Japan	197	231
Germany	229	230
France	154	156
Italy	153	145
Spain	137	127
U.K. and Ireland	125	116
Belgium	32	31
Other countries	431	419
Total net sales	**2 938**	**2 795**

BRICMT: Brazil, Russia, India, China, Mexico and Turkey

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located:

€ million	2014	2013 (RESTATED)
Belgium	238	261
Switzerland	289	248
North America	28	91
U.K. and Ireland	84	80
Germany	20	21
Emerging markets (BRICMT)	17	13
Japan	9	7
Spain	0	1
Other countries	1	0
Total	**686**	**722**

BRICMT: Brazil, Russia, India, China, Mexico and Turkey

5.3 | INFORMATION ABOUT MAJOR CUSTOMERS

UCB has 1 customer which individually accounts for more than 14% of the total net sales at the end of 2014.

In the U.S., sales to 3 wholesalers accounted for approximately 87% of U.S. sales (2013: 74%).

6. Business combinations

On 30 May 2012, UCB acquired 51% of the issued and outstanding shares of Meizler Biopharma ("Meizler" and subsequently renamed "Meizler UCB"), a privately-owned Brazilian pharmaceutical company, for a cash consideration equal to US$ 80 million (€ 64 million) minus 51% of Meizler's net debt. Under the terms of the deal, the purchase price may be increased by up to US$ 30 million for certain contingent payments but no contingent liabilities have been recognized and none are expected to be paid as of 31 December 2014.

The purchase agreement grants the selling shareholders a put option and UCB a call option on the remaining shares in Meizler priced based on a multiple of the EBITDA results (respectively, the "Put Option" and the "Call Option"). The Call Option has been included in the determination of goodwill and a liability of € 29 million has been recorded against equity for the present value of the estimated obligation to purchase the minority's shares under the put option (the "Redemption Liability").

2013 Amendment to the Meizler Purchase Agreement:

During July 2013, UCB and the selling shareholders signed amendments to the original Sale and Purchase Agreement and Shareholders Agreement to (a) adjust the percentage ownership of Meizler acquired by UCB from 51% to 70%, (b) amend the terms of the Put and Call Options and (c) release US$ 2 million from the escrow account to UCB. The reduction in the non-controlling interest and changes in the Put and Call Options were recorded in other reserves. The refund from the escrow account was included in other income and expenses in the consolidated income statements.

2014 Purchase of the Remaining Shares of Meizler:

During December 2014, UCB acquired the selling shareholders' remaining 30% interest in the common shares of Meizler UCB for a nominal value of 1 Brazilian Real (BRL). UCB also acquired the selling shareholders' remaining 30% interest in the preference shares of Meizler UCB for a total consideration of approximately BRL 28 million (€ 9 million), of which BRL 12.6 million (€ 4 million) was paid in 2014 and the remainder will be paid in December 2015. The difference between the reduction in non-controlling interest and the total consideration paid was recorded in other reserves. After the completion of this transaction, the Put and Call Options are no longer outstanding.

7. Non-current assets and liabilities held for sale and discontinued operations

In November 2014, UCB's Board of Directors unanimously approved the plan to dispose of the Group's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc. ("KU"), to further enhance the Group's long term focus on its core business in neurology and immunology. The Group is actively seeking a buyer and expects to complete the sale in 2015. No impairment losses have been recognized in respect to KU.

The results of the discontinued operations included in the profit for the year include KU (detailed below) and the partial reversal of provisions related to the legacy films and chemical activities € 1 million (2013: € 4 million), including terminations of environmental claims for sites for which UCB retained liability and which were settled in the past 12 months.

The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year. The cash flows from discontinued operations have been separately disclosed on the cash flow statement.

Profit for the year from discontinued operations related to KU:

€ million	2014	2013
Net sales	313	254
Royalty income and fees	1	1
Other revenue	20	23
Revenue	**334**	**278**
Cost of sales	-160	-138
Gross profit	**174**	**140**
Marketing and selling expenses	-9	-9
Research and development expenses	-15	-14
General and administrative expenses	-3	-2
Other operating income/expenses (-)	-5	-4
Operating profit before impairment, restructuring and other income and expenses	**142**	**111**
Impairment of non-financial assets	0	0
Restructuring expenses	-10	0
Other income/expenses (-)	-6	-4
Operating profit	**126**	**107**
Financial income	0	0
Financing costs	0	0
Profit/loss (-) before income taxes	**126**	**107**
Income tax expense (-)/credit	-33	-33
Profit/loss (-) from discontinued operations (attributable to UCB shareholders)	**93**	**74**

The related assets and liabilities for KU have been reclassified as held for sale and, as the selling price is higher than the carrying amount, no impairment was recognised.

€ million	2014
Intangible assets	47
Goodwill	147
Property, plant and equipment	77
Other	31
Inventories	50
Trade and other receivables	304
Cash	0
Assets of KU classified as held for sale	**656**
Provisions	6
Other	23
Trade and other liabilities	171
Liabilities of KU associated with assets classified as held for sale	**200**
Net assets of KU classified as held for sale	**456**

As per end December 2014, there is a loss of € 6 million cumulative translation recognized in other comprehensive income relating to the disposal group classified as held for sale.

8. Other revenues

€ million	2014	2013 (RESTATED)
Revenue generated by means of profit-sharing agreements	25	34
Upfront payments, milestone payments and reimbursements	175	75
Contract manufacturing revenues	43	57
Total other revenue	**243**	**167**

The revenue generated through profit-sharing agreements relates primarily to the following items:

- revenue from the co-promotion of Provas™, Jalra® and Icandra® in Germany with Novartis. Jalra/Icandra have been withdrawn from the market. However, UCB still had a revenue stream during 2014 for the products that were still in the distribution channel;
- revenue from the co-promotion of Xyzal® in the U.S. with Sanofi.

During 2014, UCB received milestone payments and reimbursements from different parties, mainly:

- co-development funding for the development of selected UCB compounds from the European Investment Bank (EIB);
- Sanofi for collaboration and development of innovative anti-inflammatory small molecules;
- Otsuka for co-development of E Keppra® in Japan;
- Astellas for the joint development and commercialization of Cimzia® in Japan.
- Daiichi Sankyo for Vimpat® in Japan

The revenue from contract manufacturing activities is mainly linked to the toll manufacturing agreements entered into with GSK. The Shire toll manufacturing agreement and the contract manufacturing revenue earned on products related to Delsym™ ceased in 2013.

9. Operating expenses by nature

The table below illustrates certain items of expense recognized in the income statement using a classification based on their nature within the Group:

€ million	NOTE	2014	2013 (RESTATED)
Employee benefit expenses	10	1 061	977
Depreciation of property, plant and equipment	20	52	54
Amortization of intangible assets	18	168	182
Impairment of non-financial assets (net)	12	30	29
Total		**1 311**	**1 242**

10. Employee benefit expense

€ million	NOTE	2014	2013 (RESTATED)
Wages and salaries		695	634
Social security costs		98	88
Post-employment benefits – defined benefit plans	31	50	37
Post-employment benefits – defined contribution plans		22	18
Share-based payments to employees and directors	26	56	45
Insurance		43	44
Other employee benefits		97	111
Total employee benefit expense		**1 061**	**977**

The total employee benefit expense has been allocated along functional lines within the income statement, except in the case of expenses related to Kremers Urban, which are included in the profit from discontinued operations. Other employee benefits consist mainly of termination benefits, severance payments, and other long-term/short-term disability benefits.

Headcount at 31 December	2014	2013
Hourly Paid	729	717
Monthly Paid	3 576	3 724
Management	4 379	4 291
Total	**8 684**	**8 732**

Further information regarding post-employment benefits and share-based payments can be found in Notes 26 and 31.

11. Other operating income/expenses

Total other operating income/expenses (-) amounted to € -4 million (2013: € 11 million) and consists mainly of the amortization of non-production related intangible assets of € -1 million (2013: € -3 million); the reversal of provisions of € 5 million (2013: € 5 million); the impairment in respect of trade receivables and tangible fixed assets of € -2 million (2013: € -2 million); the reimbursement by third parties for development expenses incurred by the Group of € 3 million (2013: € 8 million); grants received of € 4 million (2013: € 3 million), other expenses related to Branded Prescription Drug fee in the U.S. of € -13 million (2013: € -7 million).

12. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets resulted in the recognition of impairment charges amounting to € 30 million (2013: € 29 million).

The impairment charge of € 39 million on the trademarks, patents and licences was recognized and is mainly related to the intangible asset *tozadenant* (2013: € 7 million, mainly related to CMC544, a development project in oncology out-licensed to Pfizer).

The impairment charge for Group property, plant and equipment amounted to € 22 million in 2013 related to the explosion at the bioplant in Bulle (Switzerand) of which € 9 million was reversed in 2014.

No reasonably possible change in a key assumption on which management has based its determination of the assets recoverable amounts would cause the assets carrying amount to exceed its recoverable amount.

13. Restructuring expenses

The restructuring expenses for the year ended 31 December 2014 amount to € 63 million (2013: € 32 million) and are related to reorganization in the R&D function. In 2013, the restructuring expenses were mainly related to reorganization and optimization.

14. Other income/expenses

Total other income/expense amounted to an expense of € 13 million (2013 (Restated): income of € 27 million) and comprised of the following items:

- other income for € 28 million in 2014 compared to € 47 million in 2013 and mainly related to:
  - disposal of intangible asset relating to the primary care market;
  - reversal of provision for Hatch-Waxman patent infringement against Mallinkckrodt in the U.S. on Metadate CD®.
- other expenses amounted to € 41 million (2013: € 21 million) in 2014 and mainly relate to:
  - additional charges of the U.S Branded Prescirption Drug fee, in accordance with the final regulations issued by the IRS in Q3 2014;
  - legal fees related to intellectual property;
  - partial reversal of insurance cover related to the damaged biopant in Bulle (Switzerland).

15. Financial income and financing costs

The net financing costs for the year amounted to € 162 million (2013: € 141 million).
The breakdown of the financing costs and financial income is as follows:

FINANCING COSTS

€ million	2014	2013 (RESTATED)
Interest expenses on:		
Convertible bond	-5	-30
Retail bonds	-48	-50
Institutional Eurobonds	-46	-29
Other borrowings	-45	-40
Interest expenses related to interest rate derivatives	0	-7
Financial charges on finance leases	-1	-1
Impairment of equity securities	-13	-3
Impairment of long term loans	0	-2
Net fair value losses on foreign exchange derivatives	-11	0
Net foreign exchange losses	-2	0
Net other financial income/expense (-)	-44	-30
Total financing costs	**-215**	**-192**

FINANCIAL INCOME

€ million	2014	2013 (RESTATED)
Interest income on:		
Bank deposits	43	37
Interest rate derivatives	7	0
Net gain on interest rate derivatives	3	0
Net fair value gain on foreign exchange derivatives	0	0
Net foreign exchange gains	0	14
Total financial income	**53**	**51**

In 2014, the impairment of equity securities is related mainly to the investment in Biotie (Note 21.3). In 2013, the impairment of equity securities and long term loans is related to the investment in Wilex.

The net other financial expense includes € 33 million related to the changes in fair value of the warrants (Note 4.5.3) linked to one of the structured entities referred in Note 2.2. The key assumptions used for projections underlying the determination of the fair value are consistent with the ones used for the goodwill impairment testing (Note 19).

16. Income tax expense (-)/credit

€ million	2014	2013 (RESTATED)
Current income taxes	-204	-39
Deferred income taxes	198	-15
Total income tax expense (-)/credit	**-6**	**-54**

The Group operates internationally, implying being subject to income taxes in many different tax jurisdictions, notably in the jurisdictions where the main R&D activities are undertaken.

The income tax expense on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits (losses) of the consolidated companies.

Income taxes recognized in the income statement can be detailed as follows:

€ million	2014	2013 (RESTATED)
Profit/loss (-) before tax	111	121
Income tax expense (-)/credit calculated at domestic tax rates applicable in the respective countries	**-13**	**-54**
Theoretical income tax rate	13%	45%
Reported current income tax	-204	-39
Reported deferred income tax	198	-15
Total reported tax charge (-)/credit	**-6**	**-54**
Effective income tax rate	5.6%	44.5%
Difference between theoretical and reported tax	**7**	**0**
Expenses non-deductible for tax purposes	-92	-88
Non-taxable income	9	31
Decrease in tax provisions	10	87
Effect of previously unrecognized tax losses used in the period	20	50
Tax credits	24	61
Variation in tax rates	-13	-6
Other tax rate effects	0	0
Current tax adjustments related to prior years	19	2
Deferred tax adjustments related to prior years	8	-7
Effect of unused tax credits and tax losses not recognized for deferred tax	34	-124
Withholding tax	-3	-4
Other taxes	-9	-2
Total difference income tax expense (-)/credit	**7**	**0**

The theoretical income tax rate has reduced from the prior year due to an increased proportion of losses arising in high tax jurisdictions in the current year.

In the previous year there was a significant decrease in tax provisions mainly due to the clarification from the tax authorities on the availability of a tax exemption. This year, the Group has had a favourable outcome in respect of one audit which has overall decreased tax provisions but further smaller additional provisions have been booked due to the commencement of tax audits in a number of jurisdictions

The reduction of the effective tax rate in this period relates mainly to the further recognition of previously unrecognised deferred tax assets and the reduction in the period of generated tax losses for which no credit can be booked.

17. Components of other comprehensive income

In 2014 and 2013, there were no reclassifications from other comprehensive income to the consolidated income statement.

18. Intangible assets

2014 € million	TRADEMARKS, PATENTS AND LICENCES	OTHER	TOTAL
Gross carrying amount at 1 January	**2 513**	**225**	**2 738**
Additions	22	59	81
Disposals	-19	0	-19
Transfer from one heading to another	0	20	20
Transfer to assets held for sale	-115	-5	-120
Effect of movements in exchange rates	134	2	136
Gross carrying amount at 31 December	**2 535**	**301**	**2 836**
Accumulated amortization and impairment losses at 1 January	**-1 289**	**-137**	**-1 426**
Amortization charge for the year	-141	-27	-168
Disposals	19	2	21
Impairment losses recognized in the income statement	-38	0	-38
Transfer from one heading to another	-2	2	0
Transfer to assets held for sale	70	3	73
Effect of movements in exchange rates	-78	-1	-79
Accumulated amortization and impairment losses at 31 December	**-1 459**	**-158**	**-1 617**
Net carrying amount at 31 December	**1 076**	**142**	**1 219**

2013 (Restated) € million	TRADEMARKS, PATENTS AND LICENCES	OTHER	TOTAL
Gross carrying amount at 1 January	**2 443**	**219**	**2 662**
Additions	10	108	118
Disposals	-6	-4	-10
Transfer from one heading to another	117	-93	24
Effect of movements in exchange rates	-51	-5	-56
Gross carrying amount at 31 December (Restated)	**2 513**	**225**	**2 738**
Accumulated amortization and impairment losses at 1 January	**-1 164**	**-111**	**-1 276**
Amortization charge for the year	-153	-29	-182
Disposals	6	3	9
Impairment losses recognized in the income statement	-7	0	-7
Transfer from one heading to another	0	0	0
Transfer to assets held for sale	0	0	0
Effect of movements in exchange rates	29	1	30
Accumulated amortization and impairment losses at 31 December	**-1 289**	**-137**	**-1 426**
Net carrying amount at 31 December (Restated)	**1 224**	**88**	**1 312**

The Group amortises all intangible assets once they are placed in service. The amortization of intangible assets is allocated to cost of sales for all intangible assets that are related to compounds. The amortization charges related to software are allocated to the functions that use this software.

The majority of the Group intangible assets arose from previous acquisitions. During 2014, the Group acquired intangible assets totalling € 81 million (2013: € 118 million). These additions related to in-licencing deals, software and capitalized eligible software development costs.

During the year, the Group recognized total impairment charges of € 38 million (2013: € 7 million) mainly related to *tozadenant*. The impairment charges are detailed in Note 12 and have been presented in the income statement under the caption "impairment of non-financial assets".

Other intangible assets is primarily comprised of in process development projects.These assets are not amortized until they are available for use (*i.e.* when regulatory approval has been obtained) and transferred to the licences caption. Other intangible assets also includes software and other intangibles.

19. Goodwill

€ million	2014	2013
Cost at 1 January	**4 694**	**4 808**
Acquisition	0	0
Transfer to assets held for sale	-147	0
Effect of movements in exchange rates	335	-114
Net book value at 31 December	**4 882**	**4 694**

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. For the purpose of the impairment testing, the Group operates as one segment, Biopharmaceuticals, and has one single cash generating unit (CGU), which represents the lowest level at which the goodwill is monitored.

The recoverable amount of the CGU is determined based on the value-in-use calculations and the methodology applied for performing the impairment testing has not been modified compared to 2014.

KEY ASSUMPTIONS

The calculations performed are based on the cash flow projections as derived from the financials underlying the strategic plan approved by management, covering a period of 10 years. Given the nature of the industry, the long-term projections are used to fully model the appropriate product lifecycles based on the patent expiry and therapeutic area. These long-term projections, which are based on past performance and management's expectations of market developments, are adjusted for specific risks and include:

- the revenue growth rates of newly launched products;
- the probability of reaching commercial stage for new products and or indications;
- the probability of success of future product launches and the expected dates thereof;
- the post-patent expiry erosion.

There were no significant changes to these key assumptions when comparing to 2013.

Cash flows beyond the projected forecasted period (terminal value) are extrapolated using an estimated growth rate of 3% (2013: 3%). The growth rate does not exceed the long-term average growth rate for the relevant territories in which the CGU operates.

The Group has most of its revenue and expenses in EUR and USD based countries. The following important exchange rates were used in preparing the future cash flows:

	2014	2013
USD	1.355	1.315
GBP	0.830	0.854
JPY	137	130
CHF	1.20	1.20

Starting from risk free short term LIBOR EUR 6 months and long term EU generic government bonds 10 years, the discount rates applied are determined based on the weighted average cost of capital for DCF models, including the 10 year benchmark cost of debt and equity, adjusted to reflect the specific asset and country risks associated with the CGU. Given the industry, the Group used a discount rate for marketed products of 8.2% (2013: 8.8%) and for pipeline products 13.0% (2013: 13.0%). The discount rates are reviewed at least annually.

Since after-tax cash flows are incorporated into the calculation of the value-in-use of the CGU, a post-tax discount rate is used in order to remain consistent. The use of the post-tax discount rate approximates the result of using a pre-tax rate applied to pre-tax cash flows. A tax rate of 28% was used (2013: 28%).

SENSITIVITY ANALYSIS

Based on the above, management assessed that no reasonable change in any of the key assumptions for the determination of the recoverable amount would cause the carrying value of the CGU to materially exceed its recoverable amount. For information purposes, the sensitivity analysis using a 0% perpetual growth rate combined with an overall discount rate below 15.1% would not result in an impairment of the goodwill.

ASSETS HELD FOR SALE

The transfer to assets held for sale is solely related to the disposal of the Group's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc. ("KU") (note 7).

20. Property, plant and equipment

2014 € million	LAND AND BUILDINGS	PLANT AND MACHINERY	OFFICE, COMPUTER EQUIPMENT, VEHICLES AND OTHER	ASSETS UNDER CONSTRUCTION	TOTAL
Gross carrying amount at 1 January	**521**	**640**	**136**	**303**	**1 600**
Additions	0	14	3	66	83
Disposals	-7	-8	-19	-12	-46
Transfers from one heading to another	87	178	5	-293	-23
Transfer to assets held for sale	-48	-37	-2	-22	-109
Effect of movements in exchange rates	25	22	3	7	57
Gross carrying amount at 31 December	**578**	**809**	**126**	**49**	**1 562**
Accumulated depreciation at 1 January	**-270**	**-481**	**-104**	**-23**	**-878**
Depreciation charge for the year	-19	-27	-6	0	-52
Impairment charge	-1	0	0	9	8
Disposals	6	6	18	13	43
Transfers from one heading to another	0	-1	1	0	-0
Transfer to assets held for sale	13	18	1	0	32
Effect of movements in exchange rates	-11	-14	-3	-1	-29
Accumulated depreciation at 31 December	**-282**	**-499**	**-93**	**-2**	**-876**
Net carrying amount at 31 December	**296**	**310**	**33**	**47**	**686**

2013 € million	LAND AND BUILDINGS	PLANT AND MACHINERY	OFFICE, COMPUTER EQUIPMENT, VEHICLES AND OTHER	ASSETS UNDER CONSTRUCTION	TOTAL
Gross carrying amount at 1 January	**550**	**588**	**136**	**183**	**1 457**
Additions	2	14	4	218	238
Disposals	-40	-6	-2	0	-48
Transfers from one heading to another	18	53	1	-96	-24
Effect of movements in exchange rates	-9	-9	-3	-2	-23
Gross carrying amount at 31 December	**521**	**640**	**136**	**303**	**1 600**
Accumulated depreciation at 1 January	**-286**	**-467**	**-101**	**-2**	**-855**
Depreciation charge for the year	-19	-27	-8	0	-54
Impairment charge	-1	0	0	-21	-22
Disposals	32	5	2	0	39
Transfers from one heading to another	-1	2	0	0	1
Effect of movements in exchange rates	5	6	2	0	13
Accumulated depreciation at 31 December	**-270**	**-481**	**-104**	**-23**	**-878**
Net carrying amount at 31 December	**251**	**159**	**32**	**280**	**722**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2014, the Group acquired property, plant and equipment totalling € 83 million (2013: € 238 million). These additions related mainly to investments on the construction of a biological plant in Bulle (Switzerland) supporting new products.

During the year, the Group recognized total impairment write-backs of € 9 million (2013: expense of € 22 million, mainly related to the damage of the Bioplant in Bulle after an explosion in November 2013) on its property, plant and equipment. The impairment charges are detailed in Note 12 and have been presented in the income statement under the caption "impairment of non-financial assets".

CAPITALIZED BORROWING COSTS

During the 12 months of 2014, the capitalized borrowing costs amounted to € 0 million (2013: € 6 million).

LEASED ASSETS

UCB leases buildings and office equipment under a number of finance lease agreements. The carrying value of the leased buildings is € 11 million (2013: € 15 million).

21. Financial and other assets

21.1 | NON-CURRENT FINANCIAL AND OTHER ASSETS

€ million	2014	2013
Available for sale financial assets (refer below)	45	19
Cash deposits	6	7
Derivative financial instruments (Note 36)	57	0
Loans granted to third parties	0	0
Reimbursement rights with respect to German Defined Benefit plans	23	24
Other financial assets	47	60
Non-current financial and other assets	**178**	**110**

21.2 | CURRENT FINANCIAL AND OTHER ASSETS

€ million	2014	2013
Clinical trial materials	19	24
Available for sale financial assets (refer below)	1	0
Derivative financial instruments (Note 36)	33	42
Current financial and other assets	**53**	**66**

21.3 | AVAILABLE FOR SALE FINANCIAL ASSETS

The current and non-current available for sale financial assets comprise the following:

€ million	2014	2013
Equity securities	43	17
Debt securities	2	2
Available for sale financial assets	**45**	**19**

The movement in the carrying values of the available for sale financial assets is as follows:

	2014		2013	
€ million	EQUITY SECURITIES	DEBT SECURITIES	EQUITY SECURITIES	DEBT SECURITIES
At 1 January	19	2	23	3
Additions	22	0	1	0
Disposals	0	0	0	-1
Revaluation through equity	15	0	-4	0
Gain/loss (-) reclassified from equity to the income statement	0	0	0	0
Impairment charge (Note 15)	-13	0	-3	0
At 31 December	**43**	**2**	**17**	**2**

The Group has investments in listed debt securities, mainly issued by European governments as well as by some financial institutions. These bonds have been classified as available for sale and are measured at fair value. The fair value of the listed debt securities is determined by reference to published price quotations in an active market. None of these financial assets are past due at year end.

The equity securities include investments in Wilex and Biotie Therapies that have been classified as available for sale, as UCB does not have significant influence, and are measured at fair value. The Wilex investment is fully impaired.

The increase is related to investments in Dermira Inc, Lomus Pharma Inc and Beryllium Inc.

During 2014, UCB's stake in Wilex and Biotie remained stable at 14.47% and 9.2%, respectively. The material decrease in the fair value of the investment in Biotie led to an impairment of € 12 million through profit and loss (2013: € 3 million) (Note 15).

21.4 | INVESTMENTS IN ASSOCIATES

In 2014, the Group made an investment in an associate, accounted for under the equity method as UCB has significant influence via its equity holding and Board seat. The Group's share of the investee's loss is € 0 million and there were no amounts of other comprehensive income or discontinued operations.

21.5 | JOINT OPERATIONS

In March 2014, UCB and Sanofi entered into a scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules which have the potential to treat a wide range of immune-mediated diseases in areas such as gastroenterology and arthritis. This collaboration is classified as a joint operation based upon the rights and obligations of the parties and Sanofi and UCB will share costs and profits on a 50/50 basis. UCB is entitled to initial upfront, preclinical and clinical development milestone payments from Sanofi, potentially exceeding € 100 million.

21.6 | SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The accumulated non-controlling interest as of 31 December 2014 is € -160 million and relates to Edev S.à r.l. ("Edev"). No dividends have been paid to non-controlling interests during either 2014 or 2013.

Based in Luxembourg, Edev is 100% owned by the non-controlling interests and its summarised financial information is shown in the tables below before inter-company eliminations.

Summarised statement of financial position:

€ million	2014	2013
Non-current assets	0	0
Current assets	31	12
Total assets	**31**	**12**
Non-current liabilities	143	123
Current liabilities	48	20
Total liabilities	**191**	**143**
Non-controlling interest	**-160**	**-131**

Summarised income statement:

€ million	2014	2013
Revenue	43	24
Expenses	-53	-32
Profit (loss) attributable to the non-controlling interests	**-10**	**-8**
Total comprehensive income (loss) attributable to the non-controlling interests	**-19**	**5**

Summarised cash flow statement:

€ million	2014	2013
Net cash inflow (outflow) from operating activities	2	2
Net cash inflow (outflow) from investing activities	0	0
Net cash inflow (outflow) from financing activities	0	0
Net cash inflow (outflow)	**2**	**2**

22. Inventories

€ million	2014	2013
Raw materials and consumables	90	85
Work in progress	397	403
Finished goods	56	135
Goods purchased for resale	4	4
Inventories	**547**	**627**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 633 million (2013: € 566 million). There are no inventories pledged for security, nor is there any inventory stated at net realizable value. The write-down on inventories amounted to € 19 million in 2014 (2013: € 11 million) and has been included in cost of sales. Total inventory decreased with € 80 million, mainly related to the decrease of the Cimzia® stock and reclass of the KU inventory to assets held for sale.

23. Trade and other receivables

€ million	2014	2013 (RESTATED)
Trade receivables	499	763
Less: provision for impairment	-7	-6
Trade receivables – net	492	757
VAT receivable	46	53
Interest receivables	9	8
Prepaid expenses	63	62
Accrued income	13	40
Other receivables	69	14
Royalty receivables	37	38
Trade and other receivables	**729**	**972**

The carrying amount of trade and other receivables approximates their fair values. With respect to trade receivables, the fair value is estimated to be the carrying amount less the provision for impairment and for all other receivables the carrying value approximates fair value given the short-term maturity of these amounts.

There is some concentration of credit risk with respect to trade receivables. For some credit exposures in critical countries, such as the Southern European countries, the Group obtained credit insurance. The Group co-operates with dedicated wholesalers in certain countries. The largest outstanding trade receivable in 2014 from a single customer is 15% (2013: 28%) from McKesson Corp. U.S.

The aging analysis of the Group trade receivables at year-end is as follows:

	2014		2013	
€ million	GROSS CARRYING AMOUNTS	IMPAIRMENT	GROSS CARRYING AMOUNTS	IMPAIRMENT
Not past due	460	0	705	0
Past due – less than one month	7	0	18	0
Past due more than one month and not more than three months	16	-2	18	0
Past due more than three months and not more than six months	5	0	10	-1
Past due more than six months and not more than one year	2	0	4	-2
Past due more than one year	9	-5	8	-3
Total	**499**	**-7**	**763**	**-6**

Based on historical default rates, the Group believes that no provision for impairment is necessary in respect of trade receivables not past due or past due up to one month. This concerns more than 94% (2013: 95%) of the outstanding balance at the balance sheet date.

The movement in the provision for impairment in respect of trade receivables is shown below:

€ million	2014	2013
Balance at 1 January	**-6**	**-4**
Impairment charge recognized in the income statement	-3	-2
Utilization/reversal of provision for impairment	2	0
Effects of movements in exchange rates	0	0
Balance at 31 December	**-7**	**-6**

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group trade and other receivables are denominated in the following currencies:

€ million	2014	2013 (RESTATED)
EUR	221	256
USD	241	463
JPY	48	44
GBP	65	62
Other currencies	154	147
Trade and other receivables	**729**	**972**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The Group does not hold any collateral as security.

24. Cash and cash equivalents

€ million	2014	2013 (RESTATED)
Short-term bank deposits	304	567
Cash at bank and on hand	203	183
Cash and cash equivalents (excluding bank overdrafts)	**507**	**750**

Cash and short-term deposits of € 18 million are held in countries with restrictive regulations on exporting capital from the country other than via normal dividends, such as China, India, Korea and Thailand. As Edev is 100% owned by non-controlling interests, its cash balance of € 13 million is restricted for use in settling its own obligations.

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

€ million	2014	2013 (RESTATED)
Cash and cash equivalents	507	750
Bank overdrafts (Note 27)	0	-5
Cash and cash equivalents included in assets held for sale	0	0
Bank overdrafts included in liabilities of disposal group held for sale	0	0
Cash and cash equivalents as reported in the cash flow statement	**507**	**745**

25. Capital and reserves

25.1 | SHARE CAPITAL AND SHARE PREMIUM

The issued share capital of the Company amounted to € 584 million (2013: € 550 million), and is represented by 194 505 658 shares (2013: 183 427 152 shares). The Company's shares are without par value. Pursuant to the Belgium Act of 14 December 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialed secties as from 1 January 2014. At 31 December 2014, 66 397 411 shares were registered and 128 066 873 were dematerialized shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the shareholders' meeting of the Company. There is no authorized, unissued capital.

At 31 December 2014, the share premium reserves amounted to € 2 030 million (2013: € 1 604 million) (refer to Note 28.1).

25.2 | HYBRID CAPITAL

On 8 March 2011, UCB SA completed the placement of € 300 million perpetual subordinated bonds (the "bonds") that were issued at 99.499% and offer investors a coupon of 7.75% per annum during the first five years. The bonds have no maturity date, however UCB will have a right to redeem the bonds at 101% on the 5th anniversary of their issue, on 18 March 2016 and each quarter thereafter. After the First Call Date the interest is floating at 3 months EURIBOR + 988.9 bps. The bonds are listed on the Luxembourg stock exchange.

The perpetual subordinated bonds qualify as "equity" instruments for the Group under IAS 32: Financial Instruments presentation due to:

- the bonds have a perpetual maturity;
- are subordinated;
- UCB may elect to defer interest payments if no Mandatory payment events occurred in the previous 12 months on junior securities or repurchases or redemption of parity of junior securities.

Accordingly, interest is not presented as interest expenses in the income statement but accounted for corresponding to the accounting for dividends to the shareholders, that is within the statement of Changes in equity. Any transaction costs are deducted from the hybrid capital, taking tax effects into account.

Hybrid capital amounted to € 295 million at 31 December 2014. The € 23 million dividend to shareholders of the perpetual subordinated bonds are presented in retained earnings.

25.3 | TREASURY SHARES

The Group acquired, thru UCB SA and UCB Fipar SA, 2 986 638 treasury shares for a total amount of € 185 million and disposed 3 658 209 treasury shares for a total amount of € 139 million (net disposal of 671 571 treasury shares for a net amount of € 46 million)*.

The Group retained 3 471 489 treasury shares (of which 3.1 million related to share swap deals) at 31 December 2014 (2013: 4 143 060). These treasury shares have been acquired in order to honour the exercise of share options and share awards granted to the Board of Directors and certain categories of employees. UCB Fipar or UCB SA have the right to resell these shares at a later date.

The Group exercised 130 000 call options on UCB shares leading to a decrease in equity of € 1 million.

* During 2014, the Group acquired 4 110 000 treasury shares and disposed 3 500 000 treasury shares as part of share swap transactions

25.4 | OTHER RESERVES

Other reserves amounted to € -96 million (2013: € 61 million) and consists of the following items:

- the IFRS acquisition value surplus that arose during the Shwarz Pharma business combination for € 232 million (2013: € 232 million);
- the equity component linked to the convertible bond for € 0 million (2013: € 41 million) net of taxes as a result of UCB'S decision to revoke the cash settlement option linked to the convertible bond (refer to Note 2.26); in 2014, the reserve was reclassified to share premium upon the conversion of the remaining convertible bonds;
- the remeasurement value of the defined benefit obligation for € -294 million (2013: € -178 million);
- the purchase of the remaining 25% non-controlling interest in Shwarz Pharma Zuhai Ltd for € -11 million (2013: € -11 million); and
- the purchase of the remaining 30% non-controlling interest in Meizler Biopharma € -23 million (2013: € -23 million) (refer to Note 6).

25.5 | CUMULATIVE TRANSLATION ADJUSTMENTS

The cumulative translation adjustments reserve represents the cumulative currency translation differences relating to the consolidation of Group companies that use functional currencies other than the euro.

26. Share-based payments

The Group operates several equity-based and cash-based compensation plans, including a share option plan, a share appreciation rights plan, a share award plan and a performance share plan to compensate employees for services rendered.

The share option plan, the share award plan and the performance share plan are equity-settled, whereas the share appreciation rights plan is a cash-settled plan. Besides these plans, the Group also operates employee share purchase plans in the U.K. and the U.S.

26.1 | SHARE OPTION PLAN AND SHARE APPRECIATION RIGHTS PLAN

The Remuneration Committee granted options on UCB SA shares to the Executive Committee members, the senior executives and the senior directors of the UCB Group. The exercise price of the granted options under these plans is equal to the lowest of the following two values:

- The average of the closing price of the UCB shares on Euronext Brussels, during the 30 days preceding the offer; or
- The closing price of the UCB shares on Euronext Brussels the day before the grant.

A different exercise price is determined for those eligible employees subject to legislation which requires a different exercise price in order to benefit from reduced taxation. The options become exercisable after a vesting period of three years, except for those eligible employees subject to legislation which requires a longer vesting period in order to benefit from reduced taxation. If an employee leaves the Group, his/her options usually lapse upon expiry of a period of six months. Options do not lapse in case of death or retirement and in case of involuntary termination when taxes have been paid upon grant. The Group has no obligation to repurchase or settle the options in cash.

There are no reload features, and the options are not transferable (except in case of death).

The Share Appreciation Rights (S.A.R.'s) plan has similar characteristics to the share option plan, except that it is reserved for UCB employees in the U.S. this plan is cash-settled.

26.2 | SHARE AWARD PLAN

The Remuneration Committee granted free UCB SA shares to the Executive Committee members, the senior executives and the senior and middle management of the UCB Group. The free shares have service conditions attached to them whereby beneficiaries are required to remain in service for three years post grant date share awards lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

26.3 | PERFORMANCE SHARE PLAN

The Remuneration Committee granted performance shares to the Executive Committee members and senior executives who achieved an outstanding performance. The performance shares are conditional on the beneficiary completing three years of service (the vesting period) and are also subject to the fulfilment of certain company performance conditions.

Performance Shares lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

26.4 | PHANTOM SHARE OPTION, SHARE AWARD AND PERFORMANCE SHARE PLANS

The Group also has phantom share option, phantom share award and performance phantom share plans (collectively referred to as phantom plans). These phantom plans apply to certain employees who have an employment contract with certain affiliates of the Group and are governed under similar rules to the Group share option, share award and performance share plans except for their settlement.

26.5 | EMPLOYEE SHARE PURCHASE PLANS IN THE U.S.

The plan is intended to provide employees of UCB affiliates in the U.S. with an opportunity to purchase common shares of the Group. Shares are acquired at a discount of 15% which is funded by UCB. Employees save a defined percentage of their salary through payroll deduction and shares will be purchased with after-tax employee contributions. The shares are held by an independent third party banking institution in an account in the employee's name.

The limit placed on employees' participation in the plan is as follows:

- between 1% and 10% of each participant's compensation;
- US$ 25 000 per year per participant;
- maximum of US$ 5 million total ownership by U.S. employees in all forms of share plans over a rolling period of 12 months.

As of 31 December 2014, the plan had 608 participants (2013: 563). There are no specific vesting conditions and the share-based payment expense incurred for this plan is immaterial.

26.6 | SHARE SAVINGS PLAN IN THE U.K.

The purpose of this plan is to encourage the holding of UCB shares by employees in the U.K. participants save a certain portion of their salary through payroll deductions and UCB matches every 5 shares bought by each participant with 1 free share. Shares are held in an account in the employee's name by an independent company that acts as a trustee. Employee contributions to the plan are limited to the lower of:

- 10% of each participant's compensation;
- GBP 1 500 per year per participant.

As of 31 December 2014, the plan had 84 participants (2013: 90) and the share-based payment expense incurred for this plan is immaterial.

26.7 | SHARE-BASED PAYMENT EXPENSE

The total share-based payment expense incurred for the Group amounted to € 56 million (2013: € 45 million), and has been included in the relevant functional lines within the income statement as follows:

€ million	2014	2013
Cost of sales	4	6
Marketing and selling expenses	20	14
Research and development expenses	17	12
General and administrative expenses	15	13
Other operating expenses	0	0
Total operating expense	**56**	**45**
Of which, equity-settled:		
Share option plans	14	14
Share award plans	13	5
Performance share plan	4	2
Of which, cash-settled:		
Share appreciation rights plan	19	20
Phantom share option, share award and performance share plans	6	4

26.8 | SHARE OPTION PLANS

The movements in the number of share options outstanding and their related weighted average exercise prices as at 31 December are:

	2014			2013		
	WEIGHTED AVERAGE FAIR VALUE	WEIGHTED AVERAGE EXERCISE PRICE (€)	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE FAIR VALUE	WEIGHTED AVERAGE EXERCISE PRICE (€)	NUMBER OF SHARE OPTIONS
Outstanding at 1 January	8.49	34.80	8 699 044	7.27	30.88	9 627 607
+ New options granted	9.60	58.12	532 440	12.20	48.73	1 800 735
(-) Options forfeited	9.93	39.22	315 169	6.21	27.13	474 739
(-) Options exercised	7.17	32.03	1 758 249	6.78	30.87	2 214 520
(-) Options expired	-	-	-	4.43	26.58	40 039
Outstanding at 31 December	**8.84**	**37.02**	**7 158 066**	**8.49**	**34.80**	**8 699 044**
Number of options fully vested:						
At 1 January			2 641 108			3 625 207
At 31 December			2 225 231			2 641 108

The share options outstanding as at 31 December 2014 with the following last exercise dates and exercise prices are:

LAST EXERCISE DATE	RANGE OF EXERCISE PRICES (€)	NUMBER OF SHARE OPTIONS
31 March 2014	[31.28 - 40.20]	44 300
31 March 2015	[37.33 - 37.60]	51 183
31 March 2016	[40.14 - 40.57]	200 323
31 March 2017	[43.57 - 46.54]	391 375
31 March 2018	[22.01 - 25.73]	250 310
31 March 2019	[21.38 - 22.75]	325 600
31 March 2020	31.62	542 736
31 March 2021	[25.32 - 26.80]	1 247 532
31 March 2022	32.36	1 935 600
31 March 2023	[48.69 - 49.80]	1 646 342
31 March 2024	58.12	522 765
Total outstanding		**7 158 066**

The fair value has been determined based on the Black-Scholes valuation model.

The volatility was determined primarily by reference to historically observed share prices of UCB over the last five years. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of the fair value of the share options granted in 2014 and 2013 are:

		2014	2013
Share price at grant date	€	58.19	50.00
Weighted average exercise price	€	58.12	48.73
Expected volatility	%	23.29	31.16
Expected option life	Years	5	5
Expected dividend yield	%	1.82	2.08
Risk free interest rate	%	0.52	1.47
Expected annual forfeiture rate	%	7.00	7.00

26.9 | SHARE APPRECIATION RIGHTS (S.A.R.'S) PLAN

The movements of the S.A.R.'s and the model inputs as at 31 December 2014 can be found in the table below. The fair value of the S.A.R.'s at grant date is determined using the Black-Scholes model. The fair value of the liability is remeasured at each reporting date.

		2014	2013
Outstanding rights as of 1 January		**2 572 811**	**2 414 100**
+ New rights granted		220 635	879 959
(-) Rights forfeited		278 283	149 248
(-) Rights exercised		513 200	572 000
Outstanding rights as of 31 December		**2 001 963**	**2 572 811**
The significant assumptions used in the measurement of the fair value of the share appreciation rights are:			
Share price at year end	€	63.20	54.14
Exercise price	€	58.12	49.80
Expected volatility	%	23.29	26.23
Expected option life	Years	5	5
Expected dividend yield	%	1.68	1.92
Risk free interest rate	%	0.11	1.24
Expected annual forfeiture rate	%	7	7

26.10 | SHARE AWARD PLANS

The share-based payment expense related to these share awards is spread over the vesting period of three years.

The beneficiaries are not entitled to dividends during the vesting period. The movement in the number of share awards outstanding at 31 December is as follows:

	2014		2013	
	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)
Outstanding at 1 January	**303 331**	**37.95**	**263 460**	**31.14**
+ New share awards granted	707 799	58.14	161 470	46.68
(-) Awards forfeited	25 760	55.72	23 454	35.03
(-) Awards vested and paid out	124 940	30.86	98 145	34.73
Outstanding at 31 December	**860 430**	**54.85**	**303 331**	**37.95**

26.11 | PERFORMANCE SHARE PLANS

The movement in the number of performance shares outstanding at 31 December is as follows:

	2014		2013	
	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)
Outstanding at 1 January	**272 820**	**39.27**	**225 800**	**31.21**
+ New performance shares granted	161 924	58.19	126 670	49.77
(-) Performance shares forfeited	73 085	28.42	62 486	33.41
(-) Performance shares vested	5 786	42.31	17 164	32.06
Outstanding at 31 December	**355 873**	**50.06**	**272 820**	**39.27**

26.12 | OPTIONS GRANTED BEFORE 7 NOVEMBER 2002

According to the transitional provisions included in IFRS 2, the options granted before 7 November 2002 and not yet vested at 1 January 2005 are not amortized through the income statement.

The movement in the number of options and warrants not accounted for under IFRS 2 can be described as follows:

	2014		2013	
	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)
Outstanding at 1 January	**73 724**	**40.15**	**198 424**	**39.33**
(-) Options forfeited	-	-	-	-
(-) Options exercised	44 424	40.03	119 100	38.87
(-) Options expired	-	-	5 600	38.21
Outstanding at 31 December	**29 300**	**40.34**	**73 724**	**40.15**

27. Borrowings

The carrying amounts and fair values of borrowings are as follows:

	CARRYING AMOUNT		FAIR VALUE	
€ million	**2014**	2013	**2014**	2013
Non-current				
Bank borrowings	332	250	332	250
Other long-term loans	0	7	0	7
Finance leases	9	12	9	12
Total non-current borrowings	**341**	**269**	**341**	**269**
Current				
Bank overdrafts	0	5	0	5
Current portion of bank borrowings	195	113	195	113
Debentures and other short-term loans	175	14	175	14
Finance leases	3	3	3	3
Total current borrowings	**372**	**135**	**372**	**135**
Total borrowings	**714**	**404**	**714**	**404**

27.1 | BORROWINGS

On 31 December 2014, the Groups weighted average interest rate was 3.57% (2013: 4.43%) prior to hedging. The floating interest rate payments are subject to designated cash flow hedges and fixed interest rate payments are subject to designated fair value hedges, thereby fixing the weighted average interest rate for the Group at 2.95% (2013: 3.93%) post hedging. The fees paid for the arrangement of the bonds (Note 28), and the amended facilities agreement are amortized over the life of the instruments.

Where applicable under hedge accounting, the fair value of the non-current borrowings is determined based on the present value of the payments associated with the debt instruments, using the applicable yield curve and UCB credit spread for the various different currencies.

Since the bank borrowings are at a floating interest rate that is reset every six months, the carrying amount of the bank borrowings equates to its fair value.

With respect to the current borrowings, the carrying amounts approximate their fair values as the effect of discounting is considered to be insignificant.

UCB did not draw (2013: € 0 million) on the € 1 billion syndicated revolving facility which, on the balance sheet date, expiring 9 January 2020, following an amended and extended facility agreement from 9 January 2014.

The Group has access to certain committed and non-committed bilateral credit facilities as well as the Belgian commercial paper market. In this respect, in June 2014, UCB entered into a new 7 year floating rate loan agreement with the European Investment Bank (EIB) for an amount of US$ 100 million, additional to the € 250 million loan outstanding per end 2013.

Please refer to Note 4.3 for the maturity analysis of the Group borrowings (excluding other financial liabilities).

The carrying amounts of the Group borrowings are denominated in the following currencies:

€ million	**2014**	2013
EUR	444	363
USD	83	0
Other	0	7
Total interest bearing loans by currency	**527**	**370**
Bank overdrafts – EUR	0	5
Debentures and other short term loans – EUR	135	0
Debentures and other short term loans – USD	0	0
Debentures and other short term loans – other	40	14
Finance lease liabilities – EUR	12	15
Total borrowings	**714**	**404**

27.2 | FINANCE LEASE LIABILITIES – MINIMUM LEASE PAYMENTS

€ million	2014	2013
Amounts payable under finance leases:		
1 year or less	3	3
1-2 years	9	11
2-5 years	0	1
More than 5 years	0	0
Present value of finance lease liabilities	**12**	**15**
Less: amount due for settlement within 12 months	3	3
Amount due for settlement after 12 months	**9**	**12**

Management considers that the carrying value of the Group finance lease liabilities approximate their fair value.

28. Bonds

The carrying amounts and fair values of bonds are as follows:

			CARRYING AMOUNT		FAIR VALUE	
€ million	COUPON RATE	MATURITY DATE	2014	2013	2014	2013
Non-current						
Retail Bond	5.125%	2023	190	169	213	186
Institutional Eurobond	4.125%	2021	369	344	400	360
Retail Bond	3.750%	2020	257	248	275	255
EMTN Note[1]	3.284%	2019	20	20	20	20
EMTN Note[1]	3.292%	2019	55	55	55	55
Institutional Eurobond	5.750%	2016	515	516	546	549
Convertible Bond	4.500%	2015	0	406	0	597
Total non-current bonds			**1 406**	**1 758**	**1 509**	**2 022**
Current						
Retail Bond	5.750%	2014	0	588	0	595
Total current bonds			**0**	**588**	**0**	**595**

[1] The fair value of the EMTN Notes cannot be accurately determined given the limited liquidity in secondary market trading for these notes, and is for reporting purposes replaced by the carrying value.

28.1 | CONVERTIBLE BOND

In September 2009, UCB issued senior unsecured convertible bonds amounting to € 500 million, maturing on 22 October 2015 (*i.e.* 6-year duration).

The convertible bonds were issued at 100% of their principal amount with a coupon of 4.5%, payable semi-annually in arrears. The conversion price has been set at € 38.746. Bondholders had the right to convert the Bonds into new and/or existing (at the option of the Company) shares of the Company.

In April 2012, UCB purchased € 70 million par value of the outstanding convertible bond for a total proceed of € 82 million.

UCB exercised its option to redeem all outstanding convertible bonds effective on 12 March 2014. A number of bondholders exercised their conversion rights prior to such redemption with respect to an aggregate number of 9 985 convertible bonds (of which 8 585 held by third party investors), resulting in two capital increases for an aggregate amount of € 33 million in capital and € 396 million in issuance premium, and the resulting issuance of an aggregate number of 11 078 506 new UCB shares. Fifteen convertible bonds, with an aggregate nominal value of € 750 000 were not converted but redeemed on 12 March 2014 at par together with interest accrued to that date.

As per 19 March 2014, UCB SA no longer had any convertible bonds outstanding.

The convertible bond recognized in the statement of financial position is calculated as follows:

€ million	2014	2013
Balance at 1 January	**406**	**393**
Effective interest expense (Note 15)	5	31
Nominal interest accrued for/not yet due	-3	-4
Nominal interest accrual of previous period, paid in current period	0	4
Interest paid	0	-19
Unamortized transaction costs upon initial recognition	0	1
Amortization charge for the period	0	0
Repurchase of convertible bond	-1	0
Conversion of convertible bond	-407	0
Balance at 31 December	**0**	**406**

28.2 | RETAIL BONDS

► MATURING IN 2014/2023

During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million. The 175 717 new bonds were issued in October 2013 and have been listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The outstanding 574 283 of the retail bonds matured and have been redeemed in November 2014.

► MATURING IN 2020:

In March 2013, UCB completed a public offering of € 250 million bonds, in the form of a retail public offering in Belgium under its established EMTN program. The bonds were issued at 101.875% of the nominal value. The retail bond has a coupon of 3.75% per annum and an effective interest rate of 3.444% per annum. The bonds have been listed on the regulated market of Euronext Brussels.

28.3 | INSTITUTIONAL EUROBONDS

► MATURING IN 2016:

In December 2009, UCB completed an offering of € 500 million senior unsecured bonds, due in 2016 and aimed at institutional investors. The bonds were issued at 99.635% and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 5.75% per annum while their effective interest rate is 5.8150% per annum. The bonds have been listed on the Luxembourg stock exchange.

► MATURING IN 2021:

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, due January 2021, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 4.125% per annum while their effective interest rate is 4.317% per annum. The bonds have been listed on Euronext Brussels.

28.4 | EMTN NOTES

► MATURING IN 2019:

In November 2013, UCB completed an offering of € 55 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.292% per annum while their effective interest rate is 3.384% per annum. The notes have been listed on Euronext Brussels.

► MATURING IN 2019:

In December 2013, UCB completed an offering of € 20 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.284% per annum while their effective interest rate is 3.356% per annum. The notes have been listed on Euronext Brussels.

28.5 | FAIR VALUE HEDGES

The Group designates derivative financial instruments under fair value hedges to the Retail Bonds and Institutional Eurobonds. The change in the carrying amount of the bonds is fully attributable to the change in the fair value of the hedged portion of the bonds, and is almost fully offset by a change in fair value of the corresponding derivative financial instrument.

29. Other financial liabilities

	CARRYING AMOUNT		FAIR VALUE	
€ million	**2014**	2013 (RESTATED)	**2014**	2013 (RESTATED)
Non-current				
Derivative financial instruments (Note 36)	13	13	13	13
Other financial liabilities	262	122	262	122
Total non-current other financial liabilities	**275**	**135**	**275**	**135**
Current				
Derivative financial instruments (Note 36)	73	28	73	28
Other financial liabilities	110	167	110	167
Total current other financial liabilities	**183**	**195**	**183**	**195**
Total other financial liabilities	**459**	**330**	**459**	**330**

The other financial liabilities include a share swap transaction of 3.1 million UCB shares OTC (2013: 3.7 million) amounting to € 189 million (2013: € 167 million). Refer to Note 40.4. The other financial liabilities include € 183 million warrants (2013: € 122 million) related to Edev Sarl (note 4.5.3)

30. Deferred tax assets and liabilities

30.1 | RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

€ million	2014	2013
Intangible assets	-74	-199
Property, plant and equipment	-8	-15
Inventories	181	84
Trade and other receivables	36	78
Employee benefits	98	58
Provisions	7	8
Other short-term liabilities	-330	-271
Tax losses	558	505
Unused tax credits	152	138
Total net deferred tax assets/liabilities (-)	**620**	**386**

Total deferred tax assets of € 620 million have been recognized as at 31 December 2014. Based upon the level of past taxable income and projected future taxable profits over the periods in which the deductible temporary differences are estimated to reverse, the Group believes it is probable that the benefits of the recognised deferred tax assets will be realized.

Of the total deferred tax assets, € 558 million relates to unused tax losses, an increase of € 53 million from the prior year. This period has seen further recognition of tax losses previously unrecognized as two jurisdictions which historically generated losses are demonstrating current year profitability as well evidence of generating sufficinet levels of future taxable profits to justify the recognition of these losses.

The increase in the deferred tax asset on inventories is driven by the impact of the elimination of profits on the intra-group transfer of inventories.

The reductions of the deferred tax liabilities in respect of intangible assets is due mainly to the increase of deductible temporary differences relating to research and development expenses.

30.2 | UNUSED TAX LOSSES

As of 31 December 2014, the Group has € 1 943 million (2013: € 1 683 million) of gross unused tax losses for which no deferred tax asset is recognized in the balance sheet. These tax loss carryforwards do not expire.

30.3 | TEMPORARY DIFFERENCES FOR WHICH NO DEFERRED TAX ASSET OR DEFERRED TAX LIABILITY IS RECOGNIZED

Deferred tax assets are recognized on temporary differences carried forward that represent income likely to be realized in the foreseeable future. Deferred tax assets amounting to € 405 million (2013: € 404 million) in respect of unutilized tax credits and intangible assets have not been recognized in view of the uncertain character of the recovery.

No deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries. The unrecognized deferred tax liabilities amount to approximately € 9 million (2013: € 13 million).

An additional unrecognised deferred tax liability of € 432 million (2013: € 0 million) in respect of an internal reorganisation arose in the year. The tax liability will only materialise on disposal of the relevant asset, an event which is controlled by UCB and for which there are no plans in the foreseeable future.

30.4 | DEFERRED TAX WAS DIRECTLY RECOGNIZED IN EQUITY

€ million	2014	2013
Deferred tax recognized in OCI	16	0
Effective portion of changes in fair value of cash flow hedges	0	0
Deferred tax liability on convertible bond	-4	0
Deferred tax directly recognized in equity	**12**	**0**

31. Employee benefits

Most employees are covered by retirement benefit plans sponsored by Group companies. The nature of such plans varies according to legal regulations, fiscal requirements and economic conditions of the countries in which the employees are employed. The Group operates both defined contribution plans and defined benefit plans.

31.1 | DEFINED CONTRIBUTION PLANS

Post-employment benefit plans are classified as "defined contribution" plans if the Group pays fixed contributions into a separate fund or to a third party financial institution and has no further legal or constructive obligation to pay further contributions. Therefore no assets or liabilities are recognized in the Group balance sheet in respect of such plans, apart from regular prepayments and accruals of contributions. As UCB is required by law to guarantee a minimum return on employee and employer contributions for the Belgian defined contribution plans, these plans are considered to be defined benefit plans. Where reliable estimates can be made for material plans, they are valued using the projected unit credit method under IAS 19. These plans are aggregated with the results for other defined benefit plans.

31.2 | DEFINED BENEFIT PLANS

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits, jubilee premiums and termination indemnities. The benefits are granted according to local market practice and regulations.

These plans are either unfunded or funded via outside pension funds or insurance companies. For (partially) funded plans, the assets of the plans are held separately in funds under the control of the trustees. Where a plan is unfunded, notably for the major defined benefit plans in Germany, a liability for the obligation is recorded in the Group balance sheet. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the benefit obligations. Accordingly, a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated statement of financial position. Independent actuaries assess all main plans annually.

Since 2008, the Group analyses the Value at Risk on its balance sheet and profit and loss accounts linked to its defined benefits plans. Target risk level in terms of a one-year consolidated balance sheet and profit and loss Value at Risk measures are defined annually based on UCB risk tolerance thresholds.

For UCB, the main risks linked to its defined benefit obligations are discount rate, inflation and longevity. The majority of the risks lays within the U.K., Belgium, Germany and the U.S. It should be noted that longevity is not considered as a risk for the plans in Belgium as benefits are either paid as a lump sum or externalised before being paid as an annuity.

Over the last years, UCB has performed various de-risking projects.

In the U.K., an investment decision, known as a buy-in was implemented for three of the four pension Schemes in order to secure the benefits of some of the members of the Scheme.

The pension Board of the U.K. British Pension Scheme is currently working towards a full buy-out of the Scheme.

For the U.K. Celltech Pension and Insurance Scheme, the focus, since 2012, is on de-risking progressively from a 50% growth/50% bonds allocation to a 10% growth/90% bonds allocation. Today the growth/bonds allocation is around 35%/65%.

The Belgian Pension Board is focusing on the diversification of the assets, not only in the type of assets it is investsed in but also by diversifying the investment managers.

The amount recognized in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

€ million	2014	2013
Present value of defined benefit obligation	1 086	854
Fair value of plan assets	705	608
Funded status – Deficit/surplus (-)	381	246
Effect of asset ceiling	4	4
Net liability arising from defined benefit obligation	**385**	**250**
Add: Liability with respect to cash settled share based payments (Note 26)	45	44
Total employee benefit liabilities	**430**	**294**
Of which:		
Portion recognized in non-current liabilities	430	294
Portion recognized in non-current assets	0	0

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	2014	2013
At 1 January	**854**	**781**
Current service cost	38	28
Interest expense	32	28
Remeasurement gain(-)/loss		
Effect of changes in demographic assumptions	2	0
Effect of changes in financial assumptions	153	8
Effect of experience adjustments	12	1
Past service cost and gain(-)/loss on settlements	0	-2
Effect of change in foreign exchange rates	35	-12
Benefit payments from the plan	-23	-17
Benefit payments from the employer	-6	-6
Settlement payments	0	0
Plan participants contributions	2	2
Change in scope	-9	43
Other	-4	0
At 31 December	**1 086**	**854**

Movements in the fair value of plan assets in the current year were as follows:

€ million	2014	2013
At 1 January	**608**	**528**
Interest income	24	20
Remeasurement gain/loss(-)		
Return on plan assets (excl. interest income)	38	13
Changes in asset ceiling (excl. interest income)	0	0
Effect of change in foreign exchange rates	31	-10
Plan participants contributions	2	1
Employer contributions	41	35
Benefit payments from the plan	-23	-17
Settlement payments	0	0
Expenses, taxes and premiums paid	-7	-5
Change in scope	-9	43
At 31 December	**705**	**608**

The fair value of plan assets amounts to € 705 million (2013: € 608 million), representing 65% (2013: 71%) of the defined benefit obligation. The total deficit of € 381 million (2013: € 246 million) is expected to be eliminated over the estimated remaining average service period of the current membership.

The amounts recognized in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

€ million	2014	2013
Total service cost (incl. gain (-)/loss from settlements)	38	26
Net interest cost	7	7
Remeasurement of other long term benefits	2	0
Administrative expenses and taxes	3	4
Components of defined benefit costs recorded in income statement	**50**	**37**
Remeasurements gain (-)/loss		
Effect of changes in demographic assumptions	2	1
Effect of changes in financial assumptions	151	8
Effect of experience adjustments	12	1
Return on plan assets (excluding interest income)	-38	-13
Changes in the asset ceiling (excluding interest income)	1	-3
Components of defined benefit costs recorded in OCI	**128**	**-6**
Total components of defined benefit cost	**178**	**31**

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefits expense in the consolidated income statement. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

The split of the recognized expense by functional line is as follows:

€ million	2014	2013
Cost of sales	9	7
Marketing and selling expenses	8	6
Research and development expenses	19	13
General and administrative expenses	14	10
Other income and expenses	0	1
Total	**50**	**37**

The actual return on plan assets is € 38 million (2013: € 13 million) and the actual return on reimbursement rights is € -1 million (2013: € 0 million).

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	2014	2013
Cash and cash equivalent	**8**	**17**
Equity instruments	**45**	**96**
Europe	14	76
U.S.	15	2
Rest of the World	16	18
Debt instruments	**139**	**163**
Corporate bonds	0	7
Government bonds	69	62
Other	70	94
Properties	**3**	**5**
Qualifying insurance policies	**393**	**229**
Investment funds	**112**	**95**
Other	**5**	**3**
Total	**705**	**608**

Virtually all equity and debt instruments have quoted prices in active markets. Properties can be classified as Level 3 instruments based on the definitions in IFRS 13 *Fair Value Measurement*.

The assets held in the funds do not contain any direct investment in UCB Group shares, nor any property occupied by, or other assets used by the Group, though this does not exclude UCB shares being included in mutual investment fund type investments. The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	EUROZONE		U.K.		U.S.		OTHER	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Discount rate	1.76%	3.66%	3.63%	4.42%	3.75%	4.75%	1.45%	2.20%
Inflation	2.00%	2.00%	3.20%	3.50%	n.a.	n.a.	n.a.	n.a.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 25 basis points higher (lower), the defined benefit obligation would decrease by € 41 million (increase by € 43 million) if all other assumptions were held constant.
- If the inflation rate would increase (decrease) by 25 basis points, the defined benefit obligation would increase by € 18 million (decrease by € 19 million) if all other assumptions were held constant.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

The Group's subsidiaries should fund the entitlements expected to be earned on a yearly basis. Funding usually follows local actuarial requirements and in this framework, the discount rate is set on a risk free rate. Underfunding linked to past service are met by setting up recovery plans and investment strategies based on plan's demographics, appropriate time periods for amortization of past service liability, projected salary increase and the financial capabilities of the local company.

The average duration of the benefit obligation at the end of the reporting period is 15.28 years (2013: 14.04 years). This number can be subdivided into the duration related to:

- Eurozone: 13.51 years (2013: 13.71 years);
- U.K.: 17.55 years (2013: 18.30 years);
- U.S.: 12.97 years (2013: 10.36 years);
- Other: 16.22 years (2013: 15.76 years).

The Group expects to make a contribution of € 41 million to the defined benefit plans during the next financial year.

ALM (asset-liability matching) studies are typically performed every 3 years. Within those studies, investment strategies are analysed in terms of risk-and-return profiles.

In setting up the long-term investment strategy of the scheme, the investment committee focuses on some key principles defined by the Group such as:

- maintaining a balance between the level of contributions acceptable to ucb and the level of investment risk relative to the liabilities;
- reducing the volatility through investment diversification; and
- the degree of investment risk should depend on the financial state of the schemes and liability profiles.

32. Provisions

The movements in provisions have been disclosed below:

€ million	ENVIRONMENT	RESTRUCTURING	TAX	OTHER	TOTAL
At 1 January 2014	**30**	**25**	**294**	**27**	**376**
Business combinations	0	0	0	0	0
Arising during the year	0	29	15	4	48
Unused amounts reversed	-1	-2	-28	-14	-45
Transfer from one heading to another	0	0	0	0	0
Effect of movements in exchange rates	0	1	0	0	2
Utilized during the year	0	-10	-1	-4	-15
Transfer to assets held for sale	0	0	-5	0	-12
At 31 December 2014	**29**	**43**	**275**	**13**	**361**
Non-current portion	12	23	269	4	308
Current portion	17	20	6	9	53
Total provisions	**29**	**43**	**275**	**13**	**361**

32.1 | ENVIRONMENTAL PROVISIONS

UCB has in the past retained certain environmental liabilities which were associated to the acquisition of Schwarz Pharma and the divestiture of Surface Specialties. The latter relates to the divested sites on which UCB has retained full responsibility in accordance with the contractual terms agreed upon with Cytec Industries Inc. In 2014 a part of the provisions related to the Surface Specialties business was reversed.

32.2 | RESTRUCTURING PROVISIONS

The restructuring provisions arising during 2014 are related to further optimization and reorganization, mainly in Belgium, while the utilization is mainly related to R&D and other severance costs.

32.3 | TAX PROVISIONS

Tax provisions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities. The assessment is done for each provision individually and the resulting provision is the Group's best estimate of the expected exposure in the event of a tax authority challenge.

There has been an overall reduction of provisions in 2014. This has been mainly driven by a favourable outcome of a court hearing in respect of a long standing tax audit covering a number of years.However, the commencement of tax audits in a number of jurisdictions requires the Group to book additional provisions in light of initial assessments

32.4 | OTHER PROVISIONS

Other provisions relate mainly to litigations and product liabilities (Note 14):

- provisions for litigation comprise mainly provisions where UCB or a subsidiary is or might be a defendant against claims of previous employees;
- product liability provisions pertain to the risks related to the normal course of business and for which the Group might be liable by selling these kinds of drugs.

An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

33. Trade and other liabilities

33.1 | NON-CURRENT TRADE AND OTHER LIABILITIES

€ million	2014	2013 (RESTATED)
GSK/Sumitomo (Japan)	0	1
GSK Japan (Switzerland)	11	14
Non-current liabilities on collaboration agreements	54	56
Redemption liability for non controlling interest	48	0
Other payables	35	123
Total non-current trade and other liabilities	**148**	**194**

33.2 | CURRENT TRADE AND OTHER LIABILITIES

€ million	2014	2013 (RESTATED)
Trade payables	312	297
Taxes payable, other than income tax	57	56
Payroll and social security liabilities	149	165
Other payables	90	46
Deferred income linked to collaboration agreements	120	57
Other deferred income	2	7
Royalties payables	68	52
Dividend to shareholders of perpetual subordinated bond	18	18
Rebates/discount payable	377	347
Accrued interest	32	27
Other accrued expenses	161	195
Total current trade and other liabilities	**1 386**	**1 267**

The vast majority of the trade and other liabilities are classified as current and consequently the carrying amounts of the total trade and other liabilities is assumed to be a reasonable approximation of fair value.

34. Note to the consolidated statement of cash flows

The cash flow statement identifies operating, investing and financing activities for the period.

UCB uses the indirect method for the operating cash flows. the net profit and loss is adjusted for:

- the effects of non-cash transactions such as depreciation and amortization, impairment losses, provisions, mark-to-market, *etc.*, and the variance in working capital;
- items of income or expense associated with investing or financing cash flows.

€ million	NOTE	2014	2013 (RESTATED)
Adjustment for non-cash transactions		**167**	**315**
Depreciation and amortization	9, 18, 20	220	238
Impairment/reversal (-) charges	9, 12, 15	43	34
Equity settled share based payment expense	26	19	-4
Other non-cash transactions in the income statement		-44	-29
Adjustment IAS 39	15	8	0
Unrealized exchange gain (-)/losses		-98	50
Change in provisions and employee benefits		24	29
Change in inventories and bad debt provisions		-5	-3
Adjustment for items to disclose separately under operating cash flow		**39**	**87**
Tax charge of the period from continuing operations	16	6	54
Tax charge of the period from discontinued operations		33	33
Adjustment for items to disclose under investing and financing cash flows		**74**	**100**
Gain (-)/loss on disposal of fixed assets		-20	-23
Dividend income (-)/expenses		0	0
Interest income (-)/charge		94	123
Change in working capital			
Inventories movement per consolidated BS		31	-12
Trade and other receivables and other assets movement per consolidated BS		-42	-159
Trade and other payables movement per consolidated BS		290	83
As it appears in the consolidated balance sheet and corrected by:		**279**	**-88**
Non-cash items[1]		-47	-54
Change in inventories and bad debt provisions disclosed separately under operating cash flow		9	-19
Change in interest receivable/payable disclosed separately under operating cash flow		-12	-9
Change in dividend receivable disclosed separately under investing cash flow		0	0
Change in dividend payable disclosed separately under financing cash flow		23	23
Change in net working capital disclosed under cash flow from discontinued operations		89	-
Currency translation adjustments		-8	-35
As it appears in the consolidated cash flow statement		**333**	**-182**

[1] Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to affiliate's revaluation from Fx currencies and other movements linked to entry/exit in consolidation scope or merge of entities.

35. Financial instruments by category

€ million 31 December 2014 **Assets as per balance sheet**	NOTE	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	AVAILABLE FOR SALE	TOTAL
Financial assets and other assets (excluding derivative financial instruments)	21	96	0	0	45	141
Derivative financial assets	36	0	77	13	0	90
Trade and other receivables (including prepaid expenses)	23	729	0	0	0	729
Cash and cash equivalents	24	507	0	0	0	507
Total		**1 332**	**77**	**13**	**45**	**1 467**

€ million 31 December 2014 **Liabilities as per balance sheet**	NOTE		LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL
Borrowings	27		0	0	714	714
Bonds	28		0	0	1 406	1 406
Derivative financial liabilities	36		43	43	0	86
Trade and other liabilities	33		0	0	1 534	1 534
Other financial liabilities (excluding derivatives financial instruments)	29		183	0	190	373
Total			**226**	**43**	**3 844**	**4 113**

€ million 31 December 2013 (Restated) **Assets as per balance sheet**	NOTE	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	AVAILABLE FOR SALE	TOTAL
Financial assets and other assets (excluding derivative financial instruments)	21	115	0	0	19	134
Derivative financial assets	36	0	18	24	0	42
Trade and other receivables (including prepaid expenses)	23	972	0	0	0	972
Cash and cash equivalents	24	750	0	0	0	750
Total		**1 837**	**18**	**24**	**19**	**1 898**

€ million 31 December 2013 (Restated) **Liabilities as per balance sheet**	NOTE		LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL
Borrowings	27		0	0	404	404
Bonds	28		0	0	2 346	2 346
Derivative financial liabilities	36		39	2	0	41
Trade and other liabilities	33		0	0	1 461	1 461
Other financial liabilities (excluding derivatives financial instruments)	29		122	0	167	289
Total			**161**	**2**	**4 378**	**4 541**

36. Derivative financial instruments

€ million	ASSETS		LIABILITIES	
	2014	2013	**2014**	2013
Forward foreign exchange contracts – cash flow hedges	13	24	40	1
Forward foreign exchange contracts – fair value through profit and loss	22	17	36	24
Interest rate derivatives – cash flow hedges	0	0	3	1
Interest rate derivatives – fair value through profit and loss	55	1	7	15
Total	**90**	**42**	**86**	**41**
Of which:				
Non-current – (Notes 21 and 29)	57	0	13	13
Current – (Notes 21 and 29)	33	42	73	28

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The cash flow hedges entered into by the Group were assessed to be highly effective and over 2014, a net unrealized loss of € 50 million (2013: net unrealized gain of € 25 million) after deferred taxes was included in equity in respect of these contracts. These gains/losses will be recycled to the profit or loss in the period during which the hedged forecast transactions affect the profit or loss.

The ineffective portion recognized in the profit or loss that arises from cash flow hedges amounts to € 0 million (2013: € 0 million).

36.1 | FOREIGN CURRENCY DERIVATIVES

The Group policy with respect to the use of financial derivative contracts is described in Note 4 "Financial Risk Management".

The Group entered into several forward foreign exchange contracts in order to hedge a portion of highly probable future sales and royalty income, expected to occur in 2015.

The fair values of the foreign currency derivative contracts are as follows:

€ million	ASSETS		LIABILITIES	
	2014	2013	**2014**	2013
USD	10	25	63	20
GBP	5	0	7	2
EUR	0	0	0	0
JPY	5	9	1	1
CHF	0	1	0	0
RUB	10	1	0	0
Other currencies	5	5	5	2
Total foreign currency derivatives	**35**	**41**	**76**	**25**

The foreign currency derivatives maturity analysis is noted below:

€ million	**2014**	2013
1 year or less	-40	15
1-5 years	-1	1
Beyond 5 years	0	0
Total foreign currency derivatives – net asset/net liability (-)	**-41**	**16**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at 31 December 2014:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	OTHER CURRENCIES	TOTAL
Forward contracts	518	84	615	137	13	301	1 668
Currency swaps	959	320	289	25	61	6	1 660
Option/collar	206	0	493	36	0	0	735
Total	**1 683**	**404**	**1 397**	**198**	**74**	**307**	**4 063**

36.2 | INTEREST RATE DERIVATIVES

The Group uses various interest rate derivative contracts to manage its exposure to interest rate movements on its borrowings. The re-pricing dates and amortization characteristics are aligned with those of the fixed rate bonds. The outstanding interest rate derivative contracts are as follows:

CONTRACT TYPE	NOMINAL VALUES OF CONTRACTS (MILLION)	AVERAGE RATE (- IS PAYER/+ IS RECEIVER)	PLUS MARGIN OF POINTS (- IS PAYER/+ IS RECEIVER)	FOR PERIODS FROM/TO		FLOATING INTEREST RECEIPTS
IRS	EUR 150	-0,87%		21-08-12	21-08-17	EURIBOR 3 Months
IRS	EUR 165	0,54%		06-12-12	10-12-16	-EURIBOR 3 Months
IRS	EUR 160	0,54%		06-12-12	10-12-16	-EURIBOR 3 Months
IRS	EUR 200	1,53%		04-10-13	04-01-21	-EURIBOR 3 Months
IRS	EUR 150	1,59%		04-10-13	04-01-21	-EURIBOR 3 Months
IRS	EUR 250	1,36%		27-11-13	27-03-20	-EURIBOR 3 Months
IRS	EUR 175	1,91%		27-11-13	02-10-23	-EURIBOR 3 Months
IRS	EUR 150	-1,12%		27-03-14	27-03-20	EURIBOR 3 Months
IRS	USD 100	-1,97%		20-11-14	22-11-21	USD LIBOR 3 Months
CCIRS	USD 70	-USD LIBOR 3 Months	-0,25%	11-03-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 60	-USD LIBOR 3 Months	-0,29%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 50	-USD LIBOR 3 Months	-0,31%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 250	-USD LIBOR 3 Months	-0,25%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 200	-USD LIBOR 3 Months	-0,16%	27-11-13	27-03-20	EURIBOR 3 Months
CCIRS	USD 230	-USD LIBOR 3 Months	-0,16%	27-11-13	02-10-23	EURIBOR 3 Months

36.3 | HEDGE OF NET INVESTMENT IN A FOREIGN ENTITY

In 2006, the Company entered into a loan agreement which was partly designated as a hedge of the net investment in the Group's U.S. operations. Following an internal corporate restructuring, this net investment hedge relationship was terminated in December 2007.

The unrealized cumulative foreign exchange gain of € 55 million has been reported in a separate component of equity, under "Net Investment Hedge" in 2007. This unrealized gain will remain in equity and will only be recycled to profit or loss when the Group no longer holds the underlying USD assets.

36.4 | DERIVATIVE LINKED TO CONVERTIBLE BOND

As a result of the decision of UCB to revoke the cash settlement option linked to the convertible bond in 2010, the fair value of the derivative component linked to the convertible bond had been reclassified to equity for an amount of € 41 million net of tax. Upon the conversion of the convertible bond in March 2014, the equity component linked to the convertible bond was reclassified to share capital.

37. Earnings per share

37.1 | BASIC EARNINGS PER SHARE

€	2014	2013 (RESTATED)
From continuing operations	0.60	0.45
From discontinued operations	0.50	0.43
Basic earnings per share	1.10	0.88

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

37.2 | DILUTED EARNINGS PER SHARE

€	2014	2013 (RESTATED)
From continuing operations	0.60	0.54
From discontinued operations	0.50	0.40
Diluted earning per share	**1.10**	**0.94**

Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares in 2013.

37.3 | EARNINGS

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

BASIC

€ million	2014	2013 (RESTATED)
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	115	82
Profit/loss (-) from discontinued operations	94	78
Profit attributable to shareholders of UCB SA	**209**	**160**

DILUTED

€ million	2014	2013 (RESTATED)
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	115	82
Adjusted for:		
Interest expense on convertible debt (net of tax) in 2013		22
Profit/loss (-) from continuing operations used to determine diluted EPS	115	104
Profit/loss (-) from discontinued operations	94	78
Adjusted profit attributable to shareholders of UCB SA	**209**	**182**

37.4 | NUMBER OF SHARES

In thousands of shares	2014	2013 (RESTATED)
Weighted average number of ordinary shares for basic earnings per share	190 456	182 157
Adjusted for:		
assumed conversion of convertible debt		11 098
total number of outstanding shares		
Weighted average number of ordinary shares for diluted earnings per share	**190 456**	**193 255**

The shares related to the convertible debt in 2013 have no dilutive impact.

38. Dividend per share

The gross dividends paid in 2014 and 2013 were € 202 million (€ 1.04 per share) and € 186 million (€ 1.02 per share) respectively.

A dividend in respect of the year ended 31 December 2014 of € 1.06 per share, amounting to a total dividend of € 205 million, is to be proposed at the annual general meeting of the shareholders on 30 April 2015.

In accordance with IAS 10, events after the reporting period, the proposed dividend has not been recognized as a liability at year-end.

39. Commitments and contingencies

39.1 | OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

€ million	2014	2013
Less than 1 year	33	37
Between 1 and 5 years	97	79
More than 5 years	19	34
Total	**149**	**150**

The Group has a number of non-cancellable operating leases primarily related to company cars and office spaces.

The leases cover an initial period of three to five years. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals. In 2014, € 44 million (2013: € 45 million) was recognized as an expense in the income statement in respect of operating leases.

39.2 | CAPITAL COMMITMENTS

At 31 December 2014, the Group has committed to spend € 40 million (2013: € 43 million) mainly with respect to capital expenditure on the construction of a biological plant in Bulle (Switzerland) and on IT infrastructure. In December 2010, UCB initiated a project to build an in-house biotech manufacturing capacity in Bulle (Switzerland) in order to meet the rising future demand for Cimzia®. The new manufacturing plant should be operational in 2015.

UCB has entered into long-term development agreements with various pharmaceutical enterprises, clinical trial operators and financial investors. Such collaboration agreements may include milestone payments which are dependent on successful clinical development or on meeting specified sales targets. The table below sets out the maximum that would be paid if all milestones, however unlikely, are achieved but excludes variable royalty payments based on unit sales and amounts accrued for milestones already achieved.

€ million	2014	2013 (RESTATED)
Less than one year	53	56
Between one and five years	341	177
More than five years	948	600
Total	**1 342**	**833**

The amounts are not risk-adjusted or discounted and the timing of the payments is based on the Group's current best estimate of achievement of the relevant milestones.

39.3 | GUARANTEES

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

39.4 | CONTINGENT LIABILITIES

The Group continues to be actively involved in litigations, claims and investigations. The on-going matters could result in liabilities, civil and criminal penalties, loss of product exclusivity and other costs, fines and expenses associated with findings adverse to UCB's interests.

UCB continues to be a defendant in slightly less than 4 600 Reglan® product liability cases. These cases have been largely consolidated in three different jurisdictions, San Francisco, Philadelphia and Atlantic City. Each of the litigations involve claims of injury resulting from alleged failure to warn of the risk associated with the use of the *metoclopramide* for more than 12 weeks. The vast majority of the claims involve alleged injuries sustained as a result of the use of generic *metoclopramide*. There are no cases currently scheduled for trial in 2015. It is too early to predict with certainty the outcome or potential liability arising from any case that may come to trial in the future. The Company believes it has meritorious defenses to these claims.

UCB Pharma SA (UCB) is a defendant in a litigation initiated by Desitin Arzneimittel GmbH (Desitin) pending at the district court of Hamburg (Germany). Desitin is claiming damages for the loss allegedly suffered from the enforcement of an injunction obtained by UCB against Desitin's trademark "Kepmini" which injunction was later revoked. Desitin is claiming damages in the amount of € 10 million. A court hearing was held on February 17, 2015, and the parties are currently awaiting a decision. The Company believes it has meritorious defenses against the claim.

UCB is a defendant in a litigation initiated by the Medical Research Council (MRC) which is pending in the High Court of Justice, Chancery Division in London (United Kingdom). The MRC is claiming damages (including interest) resulting from an alleged underpayment of certain royalties due under a license agreement with UCB in the amount of approximately £ 57 million. The company believes it has meritorious defenses against the claim.

In February 2015, a complaint was filed in the U.S. District Court for the Northern District of Georgia naming as defendants UCB Holdings, Inc., UCB, Inc. Defined Benefit Pension Plan, and the Administrative Committee of the UCB, Inc. Defined Benefit Pension Plan. The complaint seeks class action status and purports to assert claims for certain pension benefits on behalf of certain current and former employees of UCB, Inc. who had previously been employed by two different predecessor companies which were acquired by UCB, Inc. in the 1990s. The Company believes it has meritorious defenses to the claims asserted and intends to vigorously defend this matter.

Furthermore, the Group entered into various agreements in order to conduct its activities which provide for potential contingent liabilities such as the financial arrangements with the Walloon Region amounting to € 9 million (2013: € 41 million).

It is not anticipated that any other material liabilities will arise from the contingent liabilities other than those provided for in Note 32 (2013: no material liabilities).

40. Related party transactions

40.1 | INTRA-GROUP SALES AND SERVICES

During the financial years ended 31 December 2014 and 2013, all intra-UCB Group transactions were carried out based on assessments of mutual economic benefit to the parties involved, and the applicable conditions were established in accordance with criteria of at arm's length negotiations and fair dealing, and with a view to creating value for the entire UCB Group. Conditions governing intra-UCB Group transactions were similar to conditions governing third-party transactions.

With regard to the sale of intermediary and finished products, these criteria were accompanied by the principle of increasing each party's respective production cost by an at arm's length profit margin. With regard to intra-UCB Group services rendered, these criteria are accompanied by the principle of charging fees sufficient to cover each party's respective incurred costs and an at arm's length mark-up. Intra-Group transactions carried out within the UCB Group constitute standard transactions for a biopharmaceutical Group. These transactions include the purchase and sale of intermediary and finished medical products, deposits and loans for UCB Group affiliates as well as centralized functions and activities carried out by the UCB Group in order to optimize operations through economies of scale and scope.

40.2 | FINANCIAL TRANSACTIONS WITH RELATED PARTIES OTHER THAN UCB SA AFFILIATES

There are no financial transactions with other related parties other than affiliates of UCB SA.

40.3 | KEY MANAGEMENT COMPENSATION

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the portion of the year where they exercised their mandate.

€ million	2014	2013
Short-term employee benefits	11	10
Termination benefits	0	0
Post-employment benefits	4	3
Share-based payments	8	6
Total key management compensation	**23**	**19**

Short-term employee benefits include salaries (including social security contributions), bonuses earned during the year, car leasing and other allowances where applicable. Share-based compensation includes the amortization over the vesting period of the fair value of equity instruments granted, and comprises share options, share awards and performance shares as further explained in Note 26. The termination benefits contain all compensated amounts, including benefits in kind and deferred compensation. There have been no loans granted by the Company or a subsidiary of the Group to any Director or officer of the Group, nor any guarantees given with respect hereto.

40.4 | SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The main shareholder of UCB is Financière de Tubize SA (also referred to herein as the "Reference Shareholder"), a Belgian company listed on Euronext Brussels.

With respect to the shareholding structure of Financière de Tubize SA, according to a transparency declaration dated 13 March 2013 made pursuant to the law of 2 May 2007 on the disclosure of large shareholdings, and a notification dated 20 August 2014 made pursuant to the law of 1 April 2007 on public takeover bids relating to its shareholders structure, 52.20% of the voting rights of Financière de Tubize SA is held by a group of shareholders, acting in concert and consisting of the following members of/or companies controlled by the Janssen family:

- Eric Janssen SPRL (19.11%);
- Baron Daniel Janssen (13.19%);
- Altaï Invest SA, controlled by Countess Diego du Monceau de Bergendal, born Evelyn Janssen (11.14%);
- Barnfin SA, controlled by Mrs Jean van Rijckevorsel, born Paule Bridget Janssen (8.74%);
- Jonkheer Jean van Rijckevorsel (0.02%).

With respect to its shareholding in UCB, Financière de Tubize SA is acting in concert with Schwarz Vermögensverwaltung GmbH & Co. KG , *i.e.* they have entered into an agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to UCB and concerning the possession, acquisition or transfer of voting securities (cf. article 3, §1, 13°, a), b) and c) of the law on the disclosure of large shareholdings and article 3, §1, 5°, a) and b) of the law on public takeover bids).

Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG collectively hold 35.39% of the total number of UCB shares.

UCB and its subsidiaries also hold UCB shares (see below for an up-to-date overview of their shareholdings).

The remaining UCB shares are held by the public.

Below is an updated overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of 2 May 2007, on the disclosure of large shareholdings (situation as at 5 January 2015):

UCB CONTROLLING AND MAJOR SHAREHOLDINGS ON 5 JANUARY 2015

			NUMBER	PERCENTAGE	SITUATION AS PER*
	Share capital €		**583 516 974**		13 March 2014
	Total number of voting		**194 505 658**		13 March 2014
1	**Financière de Tubize SA ("Tubize")**				
	securities carrying voting rights (shares)		66 370 000	34.12%	13 March 2014
2	**Schwarz Vermögensverwaltung GmbH & Co. KG ("Schwarz")**				
	securities carrying voting rights (shares)		2 471 404	1.27%	13 March 2014
	Tubize + Schwarz[3]				
	securities carrying voting rights (shares)		68 841 404	35.39%	
3	**UCB SA/NV**				
	securities carrying voting rights (shares)		678 230	0.35%	5 January 2015
	assimilated financial instruments (options)[1]		3 721 040	1.91%	5 January 2015
	assimilated financial instruments (other)[1]		1 140 000	0.59%	5 January 2015
		TOTAL	**5 539 270**	**2.85%**	
4	**UCB Fipar SA**				
	securities carrying voting rights (shares)		142 219	0.07%	5 January 2015
	assimilated financial instruments (other)[1]		1 950 000	1.00%	5 January 2015
		TOTAL	2 092 219	**1.08%**	
	UCB SA/NV + UCB Fipar SA[2]		**7 631 489**	**3.92%**	
	securities carrying voting rights (shares)		820 449	0.42%	
	assimilated financial instruments (options)[1]		3 721 040	1.91%	
	assimilated financial instruments (other)[1]		3 090 000	1.59%	
	Free float[4] (securities carrying voting rights (shares))		**124 843 805**	**64.19%**	
5	**Capital Research and Management Company** (subsidiary of The Capital Group Companies Inc.)				
	securities carrying voting rights (shares)		13 905 411	7.15%	8 January 2014
6	**Vanguard Health Care Fund**				
	securities carrying voting rights (shares)		9 741 353	5.01%	28 October 2014

(all percentages are calculated on the basis of the current total number of voting rights)

[1] Assimilated financial instruments within the meaning of article 6 of the Royal Decree of 14 February 2008 on the disclosure of large shareholders, which, if exercised, grant an additional voting right: *i.e.*, securities, options, futures, swaps, interest term agreements and other derivative contracts that grant their holder the right to acquire existing securities carrying voting rights pursuant to an agreement that is binding under the applicable law and only on the holders' own initiative.

[2] UCB SA/NV indirectly controls UCB Fipar SA | article 6, §5, 2° and article 9, §3, 2° of the law on the disclosure of large shareholdings.

[3] Tubize and Schwarz have declared to be acting in concert | article 6, §4 and article 9, §3, 3° of the law on the disclosure of large shareholdings.

[4] Free float being the UCB shares not held by the Reference Shareholder (Tubize) and Schwarz, UCB SA/NV or UCB Fipar SA. Only shares held by these entities are taken into account for this calculation, to the exclusion of assimilated financial instruments.

* All information based on the notifications received pursuant to the law of 2 May 2007 on the disclosure of large shareholdings.

41. Events after the balance sheet date

- January 2015 – UCB and Neuropore enter into world-wide collaboration and agreement to develop and commercialize therapeutic products aiming at slowing the progression of Parkinson's disease and related disorders (intangible assets recognized in the 2014 accounts). This includes NPT200-11, Neuropore's novel small molecule that targets pathogenic alpha-synuclein which is currently in preclinical development and is expected to enter clinical Phase 1 in 2015.

42. UCB companies (fully consolidated)

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Australia		
UCB Australia Pty. Ltd. – Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	Celltech Group Ltd
Austria		
UCB Pharma Gesellschaft m.b.H. – Geis Elbergstrasse 17-19, 1110 Wien	100%	UCB Finance NV
Belgium		
UCB Fipar SA – Allée de la Recherche 60 – 1070 Brussels (BE0403.198.811)	100%	UCB Belgium SA
UCB Biopharma Sprl – Allée de la Recherche 60 – 1070 Brussels (BE0543.573.053)	100%	UCB Pharma SA
UCB Belgium SA – Allée de la Recherche 60 – 1070 Brussels (BE0402.040.254)	100%	UCB Pharma SA
UCB Pharma SA – Allée de la Recherche 60 – 1070 Brussels (BE0403.096.168)	100%	UCB SA
Sifar SA – Allée de la Recherche 60 – 1070 Brussels (BE0453.612.580)	100%	UCB Finance NV
Brazil		
UCB Farma Brasil Ltda – Alameda Araguaia 3833 (part) Tamboré – Barueri – 06455-000	100%	UCB SA
Meizler UCB – Alameda Araguaia 3833 Tamboré – Barueri- 06455-000 Sao Paulo	100%	UCB Farma Brasil Ltda
Bulgaria		
UCB Bulgaria EOOD – 15, Lyubata Str., Fl. 4 apt. 10-11, Lozenetz, Sofia 1407	100%	UCB SA
Canada		
UCB Canada Inc. – 2060 Winston Park Drive, Suite 401 – ON L6H5R7 Oakville	100%	UCB Holdings Inc.
China		
UCB Trading (Shanghai) Co Ltd – Room 317, No. 439 Fu Te Xi Yi Road, Shanghai (Waigaoqiao Free Trade Zone)	100%	UCB SA
UCB Pharma (Hong Kong) Ltd – Room 1501-08 Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon	100%	UCB Pharma GmbH
Schwarz Pharma Zuhai Company Ltd – Block A. Changsa Industrial zone Qianshan District – 519070 Zhuhai Guangdong Province	100%	UCB Pharma GmbH
Czech Republic		
UCB S.R.O. – Thámova 13 – 186 00 Praha	100%	UCB SA
Denmark		
UCB Nordic AS – Arne Jacobsen Alle 15 – 2300 Copenhagen	100%	UCB Finance NV

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Finland		
UCB Pharma Oy (Finland) – Itsehallintokuja 6 – 02600 Espoo	100%	UCB Finance NV
France		
UCB Pharma SA – 420 rue d'Etienne d'Orves – 92700 Colombes	100%	UCB SA
Germany		
UCB Pharma GmbH – Alfred Nobel Strasse, 10 – 40789 Monheim am Rhein	100%	UCB GmbH
UCB GmbH – Alfred Nobel Strasse, 10 – 40789 Monheim am Rhein	100%	UCB Finance NV
UCB BioSciences GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Sanol GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
UCB Innere Medizin GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Greece		
UCB A.E. – 63 Agiou Dimitriou Street – 17456 Alimos – Athens	100%	UCB SA
Hungary		
UCB Hungary Ltd – Obuda Gate Building Arpád Fejedelem útja 26-28 – 1023 Budapest	100%	UCB SA
India		
UCB India Private Ltd – 504 Peninsula Towers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013 Mumbai	100%	UCB SA
Uni-Mediflex Private Ltd – 504 Peninsula Towers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013 Mumbai	100%	UCB S.A
Ireland		
UCB (Pharma) Ireland Ltd – United Drug House Magna Drive, Magna Business Park, City West Road – Dublin 24	100%	UCB SA
UCB Manufacturing Ireland Ltd – Shannon Industrial Estate – Shannon County Clare	100%	UCB Pharma GmbH
Kudco Ireland Ltd – Shannon Industrial Estate – Shannon County Clare	100%	Kremers Urban Pharmaceuticals Inc.
Italy		
UCB Pharma SpA – Via Varesina 162 – 20156 Milano	100%	Celltech Group Ltd
Japan		
UCB Japan Co Ltd – Shinjuku Grand Tower, 8-17 Nishi-Shinjuku 160-0023 Shinjuku, Tokyo	100%	UCB SA
Luxembourg		
Edev S.à r.l. – Rue Eugène Ruppert, 5C – 2453 Luxembourg	0%	n/a [1]
Phase III Development Company S.à r.l. – Avenue de la Gare, 41 – 1611 Luxembourg	0%	n/a [1]
UCB lux SA – Rue Eugène Ruppert, 12 – 2453 Luxembourg	100%	UCB SA
Malaysia		
UCB Trading (Malaysia) Sdn. Bhd. – Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	100%	UCB SA
Mexico		
UCB de Mexico SA de C.V. – Homero#440, 7fl Col. Chapultepec Morales – 11570 Mexico D.F.	100%	UCB SA
Vedim SA de C.V. – Homero #440, 7fl Col. Chapultepec Morales – 11570 Mexico D.F.	100%	Sifar SA
Netherlands		
UCB Finance NV – Lage Mosten 33 – 4822 NK Breda	100%	UCB SA
UCB Pharma B.V. (Netherlands) – Lage Mosten 33 – 4822 NK Breda	100%	UCB Finance NV

[1] Companies related to the adoption of IFRS 10

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Norway		
UCB Pharma A.S. – Grini Naeringspark 8b – 1361 Osteras, Baerum	100%	UCB Finance NV
Poland		
Vedim Sp. z.o.o. – Ul. Kruczkowskiego 8 – 00-380 Warszawa	100%	Sifar SA
UCB Pharma Sp. z.o.o. – Ul. Kruczkowskiego 8 – 00-380 Warszawa	100%	UCB SA
Portugal		
UCB Pharma (Produtos Farmaceuticos) Lda – Ed. D. Amelia, piso 0 sala A2, Quinta da Fonte, 2770-229 Paço de Arcos	100%	Vedim Pharma SA
Romania		
UCB Pharma Romania S.R.L. – 40-44 Banu Antonache, 4th fl., district 1 – 011655 Bucharest	100%	UCB SA
Russia		
UCB Pharma LLC – Shturvaluaya 5 bldg 1 – 125364 Moscow	100%	UCB SA
UCB Pharma Logistics LLC – Perevedenovky pereulok 13 bldg 21 – 105082 Moscow	100%	UCB SA
Singapore		
UCB Trading (SG) Pte. Ltd. – 8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower 1, 18981 Singapore	100%	UCB SA
South Korea		
Korea UCB Co Ltd. – 5th Floor Grace tower 127 Teheran-ro 135-411 Seoul	100%	UCB SA
Spain		
Vedim Pharma SA – Paseo de la Castellana 141, Planta 15 – 28046 Madrid	100%	UCB SA
UCB Pharma SA – Paseo de la Castellana 141, Planta 15 – 28046 Madrid	100%	Vedim Pharma SA
Sweden		
UCB Pharma AB (Sweden) – Stureplan 4C 4 van – 11435 Stockholm	100%	UCB Finance NV
Switzerland		
UCB Farchim SA (A.G. – Ltd.) – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements S.A
UCB Investissements SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Finance NV
Doutors Réassurance SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
UCB-Pharma AG – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
Medeva Pharma Suisse SA – Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
UCB Medical Devices SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
Taiwan		
UCB Pharmaceuticals Ltd – 10 F., No.287, Sec.3, Nanjing E. Road, Songshan Dist. – 10595 Taipei	100%	UCB SA
Thailand		
UCB Trading Ltd – 99/19, Moo 3, Tambol Bangsaothong, Amphoe Bangsaothong – 10540 Samutprakarn	100%	UCB SA
Turkey		
UCB Pharma A.S. – Rüzgarlibahçe, Cumhuriyet Caddesi Gerçekler Sitesi, B-Blok Kat:6, Kavacik, Beykoz – 34805 Istanbul	100%	UCB Lux SA

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
U.K.		
UCB Fipar Ltd, subs. of UCB Inc. – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Inc.
Fipar U.K. Ltd, subs of UCB Fipar Ltd. – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Fipar Ltd
UCB (Investments) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Lux SA
Celltech Group Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB (Investments) Ltd
Celltech R&D Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Ireland – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Lux SA
Celltech Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Darwin Discovery Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
International Medication Systems (U.K.) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Pharma GmbH
Schwarz Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Ukraine		
UCB Ukraine LLC – 19 Grygoriya Skovorody Str., Business – center "Podil Plaza" – 4070 Kiev	100%	UCB Pharma GmbH
U.S.		
UCB Holdings Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Finance NV
Fipar U.S. Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	Fipar U.K. Ltd
UCB Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
UCB Biosciences Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
UCB Pharco Inc. – 300 Delaware Avenue 9th floor – 19801 Wilmington, Delaware	100%	UCB Inc.
Celltech U.S. LLC – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington Delaware	100%	Celltech Group Ltd
UCB Manufacturing Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
UCB Technologies Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington	100%	UCB Manufacturing Inc.
Upstate Pharma LLC – C T Corporation System, 111 Eight Avenue, NY, 10011 New York	100%	UCB Inc.
Kremers Urban Pharmaceuticals Inc. – 251 E. Ohio Street Suite 1100 – 46204 Indianapolis	100%	UCB Manufacturing Inc.

Caroline,
living with
psoriatic arthritis

V. RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of 31 December 2014, prepared in accordance with International Financial Reporting standards (IFRS), as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. Signed by Jean-Christophe Tellier (CEO) and Detlef Thielgen (CFO) on behalf of the Board of Directors.

Signed by Jean-Christophe Tellier (CEO) and Detlef Thielgen (CFO) on behalf of the Board of Directors.

Sabrina,
living with lupus

VI. REPORT OF THE STATUTORY AUDITOR

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts of the company UCB SA/NV as of and for the year ended 31 December 2014

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated income statement and the consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of UCB SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated statement of financial position amounts to EUR 10.148 million and the consolidated income statement shows a profit for the year (attributable to equity holders) of EUR 209 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements set forth on pages 67–145 give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements set forth on pages 25-65 includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 26 February 2015

The Statutory Auditor

PwC Réviseurs d'Entreprises sccrl/Bedrijfsrevisoren bcvba
Represented by

Jean Fossion
Réviseur d'Entreprises/Bedrijfsrevisor

Jesus,
living with
Parkinson's disease

VII. ABBREVIATED STATUTORY FINANCIAL STATEMENTS OF UCB SA

1. Introduction

In accordance with the Belgian Companies Code, it has been decided to present an abbreviated version of the statutory financial statements of UCB SA

The statutory financial statements of UCB SA are prepared in accordance with Belgian Generally Accepted Accounting Principles.

It should be noted that only the consolidated financial statements as presented above, present a true and fair view of the financial position and performance of the UCB Group.

The statutory auditor has issued an unqualified audit opinion and certify that the non-consolidated financial statements of UCB SA for the year ended 31 December 2014 give a true and fair view of the financial position and results of UCB SA in accordance with all legal and regulatory dispositions.

In accordance with the legislation, these separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders, as well as the auditor's report will be filed at the National Bank of Belgium within the statutory periods.

These documents are available on our website www.ucb.com or on simple request, addressed to:

UCB SA
Corporate Communication
Allée de la Recherche 60
B-1070 Brussels (Belgium)

2. Balance sheet

€ million	AT 31 DECEMBER 2014	AT 31 DECEMBER 2013
ASSETS		
Formation expenses	21	25
Intangible assets	0	0
Tangible assets	8	7
Financial assets	7 273	7 226
Fixed assets	**7 302**	**7 258**
Amounts receivable after more than one year	1 559	2 141
Amounts receivable within one year or less	37	38
Short-term investments	101	117
Cash at bank and on hand	101	4
Deferred charges and accrued income	33	23
Current assets	**1 831**	**2 323**
Total assets	**9 133**	**9 581**
LIABILITIES		
Capital	584	550
Share premium	1 999	1 604
Reserves	3 232	3 229
Profit brought forward	16	123
Equity	**5 831**	**5 506**
Provisions	50	55
Provisions and deferred taxes	**50**	**55**
Amounts payable after more than one year	1 761	2 187
Amounts payable within one year or less	1 403	1 735
Accrued charges and deferred income	88	98
Current liabilities	**3 252**	**4 020**
Total liabilities	**9 133**	**9 581**

3. Income statement

€ million	AT 31 DECEMBER 2014	AT 31 DECEMBER 2013
Operating income	53	61
Operating charges	-114	-87
Operating result	**-61**	**-26**
Financial income	305	410
Financial charges	-167	-185
Financial result	**138**	**225**
Operating result before income taxes	**78**	**199**
Exceptional income	30	1
Exceptional charges	-4	-6
Exceptional result	**26**	**-5**
Profit before income taxes	**103**	**194**
Income taxes	-2	-1
Profit for the year available for appropriation	**101**	**193**

4. Appropriation account

€ million	AT 31 DECEMBER 2014	AT 31 DECEMBER 2013
Profit for the period available for appropriation	101	193
Profit brought forward from previous year	123	132
Profit to be appropriated	**224**	**325**
To legal reserve	-3	0
To other reserves	0	0
Appropriation to capital and reserves	**-3**	**0**
Profit to be carried forward	-16	-123
Result to be carried forward	**-16**	**-123**
Dividends	-205	-202
Profit to be distributed	**-205**	**-202**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	€ 1.06	€ 1.04
If the proposed allocation of profit is approved and taking into account the tax regulations, the total net dividend off withholding tax per share will be fixed at:	€ 0.795	€ 0.780

The activities of UCB SA generated in 2014 a net profit of € 101 million after income taxes. After taking into account the profit brought forward of € 123 million, the amount available for distribution is € 224 million.

The issued share capital of UCB SA is represented by 194 505 658 shares without par value as per 31 December 2014.

Effective 12 March 2014, UCB exercised its option to redeem all outstanding convertible bonds. A number of bondholders exercised their conversion rights prior to such redemption with respect to an aggregate number of 9 985 convertible bonds (of which 8 585 held by third party investors), resulting in two capital increases for an aggregate amount of € 33 million in capital and € 396 million in issuance premium, and the resulting issuance of an aggregate number of 11 078 506 new UCB shares. Fifteen convertible bonds, with an aggregate nominal value of € 750 000 were not converted but redeemed on 12 March 2014 at par together with interest accrued to that date. As per 19 March 2014, UCB SA no longer had any convertible bonds outstanding.

Per 5 January 2015, UCB SA owns 678 230 own shares in order to honour the exercise of share options and share awards granted to the Board of Directors and certain categories of employees.

The Board of Directors proposes to pay a gross dividend of € 1.06 per share. If this dividend proposal is approved by the General Meeting on 30 April 2015, the net dividend of € 0.795 per share will be payable as of 4 May 2015 against the delivery of coupon #18. The shares held by UCB SA are not entitled to a dividend. Per 5 January 2015, 193 827 428 UCB shares are entitled to a dividend, representing a total distribution of

€ 205 million. This amount may fluctuate depending the number of UCB shares held by UCB SA on the dividend approval date. The Board of Directors will communicate at the general meeting the total number of UCB shares entitled to a dividend and will submit the aggregate amount to be distributed for approval. The annual accounts of 2014 will be adapted accordingly.

5. Summary of significant accounting principles

The Board of Directors made the following decisions in accordance with the Article 28 of the Royal Decree of 30 January 2001 on implementing the company code.

5.1 | INTANGIBLE ASSETS

Research and development costs have been capitalised as intangible assets at their purchase or at cost. These capitalised costs have been entirely depreciated in the year but the difference between the actual amount of depreciation taken in the year and the gross amount capitalised has been treated as a write-back of depreciation on the exceptional income.

A straight-line depreciation rate of 33.33% has been applied to these costs, based on a three-year life considering "pro rata temporis". The depreciation of the purchase price of patents, licenses and similar items is either in accordance with a prudent assessment of the economic life of such intangible assets or at a minimum rate equal to that of the assets required to handle the patent or process, or by a fixed period of the depreciation not lower than five years considering "pro rata temporis".

5.2 | TANGIBLE ASSETS

Tangible assets purchased from third parties have been included in the balance sheet at purchase price; assets manufactured by the company itself have been valued at cost. The purchase price or cost is depreciated on a straight-line basis considering "pro rata temporis". The depreciation rates are as follows:

- Administrative buildings 3%
- Industrial buildings 5%
- Tools 15%
- Furniture and office machinery 15%
- Vehicles 20%
- Computer equipment and office machines 33.3%
- Prototype equipment 33.3%

5.3 | FINANCIAL ASSETS

Shareholdings have been valued in accordance with the proportion held in shareholders' funds of the company concerned. Shareholdings which are not included in the scope of the consolidation have been valued at cost. A specific write-down has been made whenever the valuation made each year shows a permanent loss in value.

5.4 | RECEIVABLES AND LIABILITIES

They are shown at their book value. Receivables have been written down if their repayment, when due, is entirely or partly uncertain and doubtful.

5.5 | ASSETS AND COMMITMENTS EXPRESSED IN FOREIGN CURRENCIES

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions.

Non-monetary assets and liabilities (intangible and tangible assets, shareholdings), denominated in foreign currencies, are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate. Realised exchange differences on foreign currency transactions are recognised in the income statement, as are non-realised exchange losses, whilst non-realised exchange profits are included under accrued charges and deferred income in the balance sheet.

5.6 | PROVISIONS

All the risks born by the company have been the subject of provisions reviewed each year, in accordance with the rules of prudence, good faith and sincerity. Provisions are recorded at normal value.

Daw San Yee,
living with epilepsy

1. INTRODUCTION

The 2014 Corporate Societal Responsibility Performance Report describes the CSR vision with patients and planet at the heart and provides background to those different initiatives. In addition, the performance report provides background to important UCB human resources, talent, societal and environmental data and the detailed numbers are described in Global Reporting Initiative formatted tables.

PATIENTS AND PLANET **AT THE HEART**

UCB intends to become the preferred Biopharma leader, offering solutions to assist people living with severe chronic diseases and their families and to diminish its ecological footprint. UCB aims to offer "health" and "improving sustainability" as critical components of UCB's social, economic and environmental engagement of improving in people's lives.

In UCB's planet activities management of the planet resources, such as water, energy, waste is critical and requires an involvement of each UCB employee and UCB community.

In UCB's patient initiatives facilitate education of patients living with epilepsy, their families, their communities and their health care professionals sustainable and well integrated in the local cultural, social and health system context. UCB, given their longstanding expertise in neurology, selected to be active in this particular field and shares with local partnerships this knowledge to build an equitable and sustainable support to the underprivileged persons living with this condition.

VIII.

CORPORATE SOCIETAL RESPONSIBLITY PERFORMANCE REPORT

2. 2014 CSR ACTIVITIES **AT A GLANCE**

"Rainbow Bridge" Fujian pediatricians

Neurology training for selected pediatricians in Fuzhou

2 FEBRUARY

MARCH 3

"Epilepsy, Treat it. Defeat it." initiative in Myanmar

Myanmar Hope Epilepsy Initiative launch in Nay Pyi Taw in presence of Minister of Health, staff of the Yangon General and Medanta Referral hospitals, representative of the World Health Organization and over 450 people from the Leway township

APRIL 4

Guizhou province village doctors training

A 15-day advanced clinical training of 100 village doctors of ethnic minorities in Guiyang city

5 MAY

"Rainbow Bridge" Shaanxi pediatricians

Neurology training for selected pediatricians in Xi'an

JUNE 6

Brothers of Charity, Lubumbashi

Fabrice Enderlin's visit to Brothers of Charity "Neuropsychiatric Center Joseph Guislain, Lubumbashi, Democratic Republic of Congo (DRC)"

Green Planet Day

Greenland expedition by polar explorer Dixie Dansercour, connected with UCB colleagues and fostered several ecological footprint awareness activities at UCB sites

JULY 7

"Rainbow Bridge" and Shanghai family summer camp

Summer camp, attended by 10 UCB colleagues from Finland and China, to support children and their families to better understand their disease, treatment and importance of compliance

"Epilepsy, Treat it. Defeat it." initiative in Mozambique

Launch of the Mozambique Epilepsy Initiative in Maputo in presence of the minister of Health, senior medical staff of provinces of Niassa, Nampula, Zambezia, Sofala and Gaza and the World Health Organization

8 AUGUST

Brothers of Charity, Kigali

Dr P. Dedeken's visit to Rwanda evaluating the local epilepsy education programs with teams of the Shyira and Musanze health districts

SEPTEMBER 9

Towards zero incidents

UCB staff designed approaches to "safe behavior" attitudes enabling the "zero incident" objective

NOVEMBER 11

"Rainbow Bridge" Hubei pediatricians

Celebration of 1 000 healthcare professionals trained in nine provinces across China

10 OCTOBER

Hainan province village doctors

14-day advanced clinical training of 120 village doctors of ethnic minorities in Danzhou city

12 DECEMBER

AkzoNobel Sustainability Award in China

Akzo Nobel 2014 CSR Sustainability Award for "holding an outstanding track record and having shown effort and commitment in meeting the goals of sustainability for patients in China"

Green Planet Challenge

Employee ideas for improving UCB's ecological footprint through, *e.g.*, green patient solutions, green facilities management and green technical operations with an implementation of the most creative ones in 2015

3. MATERIALITY AND STAKEHOLDERS **DIALOGUE**

3.1 | MATERIALITY

UCB is committed to operating our business with financial, societal and environmental objectives that earn trust of and bring value to persons living with chronic diseases, healthcare professionals, governments, payers, shareholders, communities and countries in which we operate.

In order to determine what is material to UCB, several local and global external and internal materiality evaluation was performed. In December 2014, Patient Value Tables were attended by over 40 external global stakeholders with over 200 senior UCB leaders. It highlighted the focus on bringing value to patients, understanding their requirements and aspirations. An integration of the patient at the core, and not the disease, in a sustainable "drug development, health management and access to medicine" ecosystem is pivotal. Indeed, as a leading partner in the biopharmaceutical field, UCB's most material societal impact is improving access to quality care for people with severe diseases for which UCB provides and develops treatments. The trust and confidence communities and societies worldwide hold to UCB's implementation of its core values, ethical standards and product pipeline is critical.

Societal and environmental questions are prioritized to be reported either in the Annual Report printed format (mostly material and business important) or not reported (not material).

3.2 | UCB CSR GOVERNANCE

The CSR department coordinates the management and integration of the CSR priorities at different level of UCB – locally, regionally and globally and embraces an implementation of good CSR practices and reporting. A multi-disciplinary CSR Board governs the review of the most relevant societal topics and patient-added value and considers carefully UCB's fundamental business principles, core values and competencies for each topic.

Internal stakeholders are encouraged to participate in the ongoing initiatives and determine internal and external relevance as well as potential societal and environmental impact and value. Those review processes embraced lessons learned and, in rapidly evolving ecosystems, relied on tailored feedback of selected categories of patients, partners and stakeholders to translate, revise and improve the added value for our patients and our planet.

It is important to recognize that 2014 performance review of several CSR Board members are reliant of the results of the CSR initiatives.

3.3 | UCB SOCIETAL RESPONSIBILITY FUND

The "UCB Societal Responsibility Fund" management committee of the King Baudouin Foundation reviewed ongoing CSR initiatives and welcomed the reporting for the Brothers of Charity initiatives in the DRC and Rwanda and the China "Rainbow Bridge" initiative with the Project HOPE. Those two initiatives are being supported by the Fund.

3.4 | DIALOGUE WITH STAKEHOLDERS AND FUTURE DIRECTIONS

In 2014, UCB engaged actively in disease and treatment education programs for patients, facilitated modeling of access to medicines for underprivileged persons in resource-poor countries and accelerated advanced training of health care professionals (HCP) staff in remote and rural areas. These three activities were highlighted as important in the 2013 dialogue with internal and external stakeholders. UCB organized an academic platform for selected HCP in an approach to sustain training capabilities locally.

The CSR department also engaged in programs narrowing public epilepsy awareness gap and reducing the discrimination and stigma of epilepsy in remote and rural areas. Building care in the localities through networking with neurology trained social workers allows for reduction of the stigmatization and enables social and economic re-integration of patients living with epilepsy.

UCB enhanced its activities in environmental responsibility to use and preserve natural resources responsibly and further improve on green energy, water and waste control.

A white paper "CSR vision to action" was presented to senior management constructed around the questions "What value does CSR create?", "What is the long-term strategy?" and "How to deploy and measure impact?". For different initiatives end-objectives were identified, aligned in a dialogue with local partners. In the access to epilepsy care, four intertwined factors: (*i*) government involvement; (*ii*) monitoring and reporting; (*iii*) advanced capacity building; and (*iv*) strong local partnerships are deemed pivotal.

3.5 | REINFORCING INITIATIVES TO EXPAND ACCESS TO HEALTHCARE

UCB launched project "Dandelion", a medical and access to new treatment initiative to foster quality and sustainable care for people living with epilepsy. This holistic program for HCP and patients aims to provide training and other support to improve accurate diagnosis, appropriate treatment and adherence for epilepsy patients in urban as well as in rural areas with large treatment gaps.

In China, UCB worked with the China Association Against Epilepsy (CAAE) to establish a mentorship program where leading epilepsy centers support the Dandelion trained HCP. In parallel, over 1 000 HCP are taking part in the e-medical program, which provide regular updates and discussion on key topics of epilepsy care via WeChat and medical desk telephone support.

In Brazil, UCB worked with the Liga Brasileira de Epilepsia (LBE or Brazilian Epilepsy League) to launch the bespoke UCB medical platform with over 200 neurologists and neurology residents trained.

These highly-motivated Dandelion Communities are pillars of support broadening access to epilepsy care. The remote virtual medical platform will provide regular knowledge updates in selected disease areas as well as a product-related information service.

These new ways of working allow specialists and non-specialists to connect better and to accelerate epilepsy care in remote and underprivileged areas.

4. CSR PATIENT INITIATIVES

Strengthening health systems are core to the seven CSR patient initiatives, fulfilling four key strategic objectives:

- provide quality education for persons living with epilepsy and their family on access to care, diagnosis and treatment;
- improve public awareness in schools, communities and institutions enabling better acceptance and integration of persons living with epilepsy in their social and economic network;
- offer quality neurology training for health care professionals permitting proper diagnosis and treatment of persons living with epilepsy; and
- create academic neurology platform to educate a next generation of researchers and neurologists to build sustainable value to the country's health infrastructure.

BROTHERS OF CHARITY, LUBUMBASHI, DEMOCRATIC REPUBLIC OF CONGO

The Brothers of Charity operate a neuro-psychiatric hospital "Centre Neuropsychiatrique Joseph Guislain' in Lubumbashi offering access to neurology care to persons living with epilepsy in the Katanga province. An integrated care is offered, including immediate access to technical investigations in order to reduce the travel.

A mobile health clinic offers care to persons living with epilepsy around the primary care health centers Saint-Luc and M'Linzi in Likasi, Saint Charles in Kipushi and Don Bosco in Kitumaini. Bimonthly visits ensure adequate follow-up and adherence to treatment, an essential aspect for the well-being of those persons and their families.

BROTHERS OF CHARITY, KIGALI, RWANDA

The "Centre Neuropsychiatrique Caraes" in Ndera is a tertiary referral hospital for psychiatry and neurology. An epilepsy "caravan" (awareness campaign) brings care and information to persons by enhancing awareness, education and access to diagnosis and treatment. In this partnership, UCB also contributes to scientific education and medical and paramedical colleagues training and supports the development of an academic neurology platform in collaboration with the department of neurology of Ghent University (Belgium) and the department of neurology of the University of Dakar (Senegal). This will enable a future generation of researchers and neurologists to provide a sustainable value to the country's neurology health infrastructure.

WORLD HEALTH ORGANIZATION, MOZAMBIQUE

The Mozambique Epilepsy Initiative was launched on 28 July 2014 in Maputo and in a one-year pilot program members of the National Coordination Committee of five participating provinces with a population of ~10.2 million will execute training of health care providers with 14 mental health and neurology specialists trained to teach epilepsy management.

Communities are mobilized by distribution of brochures, posters and booklets describing symptoms and causes of epilepsy, actions to be taken during and after a person's seizure, key messages about epilepsy to reduce stigma and discrimination and to provide information for people with epilepsy about how to lead a productive, healthy lifestyle.

In addition, UCB created a Roch Doliveux Neurology Fellowship and a neurologist of the Hopital Central de Maputo will receive a PhD training at the London School of Hygiene and Tropical Medicine (U.K.).

WORLD HEALTH ORGANIZATION, MYANMAR

The Myanmar "Hope for Epilepsy Initiative" made significant progress towards achieving its ultimate goal of reducing the epilepsy treatment gap. On 25 March 2014, the Myanmar Hope for Epilepsy Initiative was officially launched at the Ministry of Health in Nay Pyi Taw. A total of 450 people attended the ceremony and events included an address by the Deputy Minister for Health, an exhibition of epilepsy project activities and testimonials from two persons with epilepsy.

Whereas the project started Hlegu and Hmawbi township, an additional three townships, Leway township in the Naypyitaw region, and Thanlyin and Kawhmu townships in the Yangon region, were added with a combined population coverage of approximately 750 000. In 2014, 218 health staff received training in epilepsy management, 155 voluntary health workers having been trained to recognize epilepsy and play an advocacy role in the community.

PROJECT HOPE, CHINA

The joint UCB and Project HOPE "Rainbow Bridge" program continued the advanced neurology training improving medical care for children living with epilepsy in China. The program is able to provide psychological support for their families. To date, "Rainbow Bridge" trained 1 040 pediatric neurologists in the cities of Beijing, Fuzhou, Guangzhou, Mianyang, Shanghai, Shenyang, Xi'an, Xining, Zhengzhou and Wuhan. The pediatric neurologists were challenged in their knowledge for disease management and patient support. They were offered new insights in multidisciplinary epilepsy management strategies to enhance care for children with epilepsy.

BDC-RCS, CHINA

BDC and UCB staff decided to take "Health and Hope Fund" Tongxin Boai training one step forward and completed a pre-training visit to the Guizhou province to better understand the needs and challenges of the village doctors. Their input enabled the Guiyang Medical School staff to design better and more impactful learning programs and foster a sustainable growth for the 100 village doctors attending the 14-day course. A second Tongxin Boai training was provided to 120 village doctors of the Hainan province, with the assistance of the Hainan Medical School, the Danzhou health authorities and staff of the municipal hospital.

In addition, the "Health and Hope Fund" delivered ten mobile clinics to village doctors in the cities of Kezhou, Bozhou, Tacheng and Hetian (Xinjiang Uyghur Autonomous Region), in Lhasa (Xizang Automous Region) and in Tibetan hospitals in the cities of Diqing, Yajiang, Xiahe and Haibe. Those clinics are equipped with state-of-the-art technical tools, *e.g.*, mobile electrocardiogram, radiology and telemedicine, so village doctors can consult with experts in Beijing at any moment in time.

HOPE ON WHEELS FOUNDATION, INDIA

The Hope on Wheels Foundation could not pursue the Alwar initiative in absence of an implementing partner and new partnerships are being explored to continue offering persons living with epilepsy in India.

5. CSR PLANET INITIATIVES

CSR planet activities are key stepping stones in materializing UCB's ambition to continuously improve its ecological footprint by actively engaging management, employees an stakeholders in seven areas of engagement:

- ensuring legal and regulatory compliance;
- responsibly using natural resources;
- enhancing energy efficiency while minimizing carbon footprint;
- promoting green chemistry;
- controlling emissions;
- actively managing waste streams; and
- applying greener lifecycle management principles.


© Dixie Dansercoer/Polar Circles

GREEN PLANET DAY

On 5 June 2014 UCB employees from 17 countries virtually joined polar explorer Dixie Dansercour who shared, live from Greenland, his observations on climate change" impact upon the icecap in Greenland, which he had travelled for 72 days collecting scientific data.

In addition, UCB sites organized more than 30 awareness raising initiatives including visits to UCB's waste recovery and renewable energy installations, testing of hybrid and electrical vehicles, promotion of cycling-to-work and car-pooling projects, summer cleanouts, tree planting, green energy seminars, info stands, ...

Eye-catcher was the "Happy Green" video featuring nearly all employees of UCB's plant in Bulle (Switzerland) who expressed their belief in a greener planet.

GREEN PLANET CHALLENGE

Launched on Green Planet Day, the "Green Planet Challenge" invited all UCB employees to share their ideas on how to reduce UCB's ecological footprint. The Challenge ran from 5 June until 1 November and resulted in a variety of ideas ranging from easier disposal methods for unused medicines, smarter IT solutions, greener facilities management, reuse of fiber-board drums in technical operations to the organization of veggie days,...

A jury of senior managers will select ideas which effectively could lower the company's impact on the planet and which most creatively embrace one of the seven pillars of UCB's green strategy. The selected ideas will further be elaborated and implemented in 2015.

GLOBAL FLEET POLICY

In September 2014, UCB launched a new global car policy aimed at promoting the use of hybrid and electrical cars and at systematically lowering the average CO_2 emissions of UCB's fleet vehicles.

GREEN TEAMS

Building upon the momentum generated by the Green Planet Day and Green Planet Challenge, Green Teams were created at several UCB sites. Enthusiastic colleagues volunteer to review UCB's daily activities to identify improvement opportunities which benefit the planet.

6. RECOGNITION

6.1 | ECPI SENSE IN SUSTAINABILITY

ECPI, an independent company, is dedicated to sustainability research, rating and indices. Since 1997, it is active in integrating intangible value/non-traditional risk factor research, *i.e.*, environmental, social and governance (for more details please refer to www.ecpigroup.com.) ECPI® Indices are used for benchmarks, investment and risk management tools.

For the third year, UCB is present in two ECPI indices:

First, the **ECPI Emu Ethical Equity index**, an adjusted capitalization-weighted index comprised of 150 listed companies within the economic and monetary union market, chosen for their good practices on social, environmental and ethical matters.

Second, the **ECPI Euro Ethical Equity index**, an index selecting 150 top capitalized companies in the European market which are eligible investments according to ECPI Social Responsible Investment (SRI) screening methodology.

For the first year, UCB is present in two new indices:

First, the **ECPI Global Megatrend Equity**, is an equally-weighted index which focus on investment themes that cut across traditional industry definitions and geographic boundaries, such as emerging markets, population dynamics, shortage of resources and climate change.

Second, the **ECPI Global Science for Life Equity**, is an index offering investors exposure to companies whose business activities are coherent with the core values of Fondazione Umberto Veronesi and are thus active in the fields of oncology, neuroscience, cardiology, science and education, healthy nutrition and longevity.

6.2 | CORPORATE KNIGHTS AND GLOBAL 100

For the third year, UCB is ranked in the "Global 100 list of world's most sustainable companies" by Corporate Knights, a specialized media and financial information products company based in Toronto (Canada). The selection process comprises of an evaluation on selected key environmental, social and governance performance indicators.

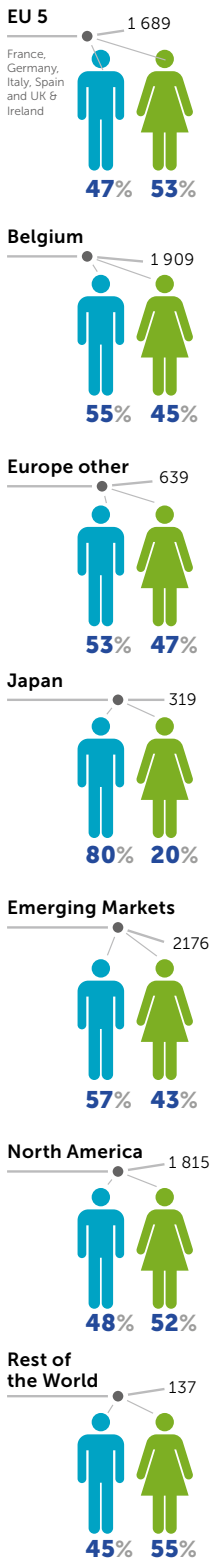
UCB ranked 63th (compared to 18th in 2014 and 76th in 2013).

6.3 | AKZONOBEL 2014 SUSTAINABILITY AWARD

The AkzoNobel 2014 Sustainability Award is a recognition for the different CSR initiatives in China. The award for "holding an outstanding track record and having shown effort and commitment in meeting goals of sustainability for patients living with epilepsy in China" was presented by BenCham.

7. HUMAN TALENTS AND SOCIETY

WORKFORCE
GENDER & REGION DISTRIBUTION 2014



7.1 | INTRODUCTION

During the review of the different indicators of the human resources, talents, societal and environmental parameters UCB also elected to represent the 2014 data using the Global Reporting Initiative (GRI 3+) indicators.

7.2 | LABOR PRACTICES

7.2.1 | OUR TALENTS

UCB's ability to create a significant difference to the lives of people living with severe diseases depends on the talent and commitment of our people.

PEOPLE

At the end of 2014, UCB employed 8 684 people world-wide, composed of 67 nationalities and an almost equity between men and women, with respectively 53% and 47%. In 2014, 1 268 new colleagues joined, whereas 1 282 colleagues left the company.

UCB is present in 36 countries. A total of 49% of UCB colleagues are located in Europe, 21 % in North America, 22% in Asia, Pacific and Australia and 8% in the rest of the world.

UCB fosters diversity of their talents. It is pivotal for UCB to engage dedicated staff to execute rigorously on strategies in a highly connected, collaborative, innovative and learning way as to successfully implement UCB's engagements and to deliver superior and sustainable value for patients.

UCB's "Patient Driven" strategy will require a comprehensive ability to think and embrace "the outside in" and therefore to accurately translate customer expectations, meaning all different stakeholders involved in the value creation of the business (*i.e.*, patients, payors, health care providers, and broader external and internal stakeholders).

This is why in 2014, UCB is focusing its attention to re-enforce and build on three strategies: (*i*) organizational capabilities; (*ii*) future leadership capabilities; and (*iii*) organization culture. These strategies are embedded in guidelines provided to all people related activities (Management, Human Resources (HR), Communication, Operational Excellence, CSR...).

ORGANIZATIONAL CAPABILITIES

In 2014, UCB strengthened the "Patient solutions organization" based on the following five key principles:

- inspired by patients, with constant learning from all customers;
- consolidate dedicated and empowered Patient Solutions teams;
- invigorate ability to share knowledgeable practices and talents;
- be accountable to deliver globally while understanding local needs in health care and health care access; and
- accelerate quality decision making and deepen agility in resource allocation.

These five principles were the basis of UCB's new business model. Decisions are made in ways that are rigorously consistent with and representative of our patient-centric vision, our values, our culture and our seven corporate strategies.

In 2014, UCB further strengthened the organization around the four operating units while maintaining a clear focus on clusters of medicines and alternative integrated solutions for patients.

Reliant on the critical insights of patients' needs through an in-depth outside-in strategy and an building integrated and innovative solutions staff within the four operating units NewMedicines, Biopharma Development Solutions, Established Brands and Patient Solutions Teams maintained their focus on their deliverables creating a true differentiation and added value for patients.

The staff in the operating unites created leading world class functional capabilities in core competencies enabling robust development platforms and critical drivers for short, medium and long-term growth of UCB.

7.2.2 | KNOWLEDGE, TRAINING AND EDUCATION

Initiatives of knowledge gathering and improvement of skills are pivotal in the development of our UCB colleagues.

Every year, the UCB training community creates training programs that target personal and technical development to ensure UCB has the essential skills to move forward in our journey to be the patient-centric global biopharmaceutical leader transforming lives of people living with severe diseases. Training and development is the basis of continuous improvement for our people to engage in the rapidly changing environment and to ensure UCB's sustainable growth.

At UCB, a blended approach to training is adopted. While much of our training consists of interactive on-line training, UCB appreciates instructor-led training and on-the-job coaching. The primary objective of any of our training is to build continuous improvement in performance and, of course, to ensure compliance with the multitude of regulations and policies that are a part of the global biopharmaceutical business.

In 2014, UCB invested € 12.6 milion in training and developing our colleagues offering 7 049 different training modules. The majority of the trainings have now been designed be on-line. The average number of training hours per participating employee was 20h, representing a total of 171 656 hours. The training hours are well distributed between men and women, respectively 51% and 49%.

In addition, UCB encourages everyone to complete the mandatory corporate trainings to guarantee colleagues share the same base and that patients are at the heart of all we do. UCB requires all colleagues to take the Code of Conduct, IT Security and Drug Safety trainings. Compliance rate for these trainings is calculated as a percentage of active internal UCB employees who completed the training.

A total of 92% of UCB employees completed the Code of Conduct training, 93% of UCB employees completed the IT Security and Drug Safety training.

EXAMPLES OF TRAININGS INITIATIVES IN 2014

LEADERSHIP DEVELOPMENT PROGRAMS

In 2014, UCB continued the "leadership pipeline" training programs. These programs prepare UCB's emerging leaders for successful performance in future roles by teaching skills and behaviors that will be required as they transition into new positions and providing a place to practice those skills and obtain feedback. This way individuals acquire correct skills and expectations before and after a transition occurs.

The "Accelerate" course provides insight on a transition from an individual contributor to manager of others and 110 colleagues started this course in 2014.

The "Navigate" course expands on a transition from manager of others to manager of managers and 64 colleagues were enrolled in the course.

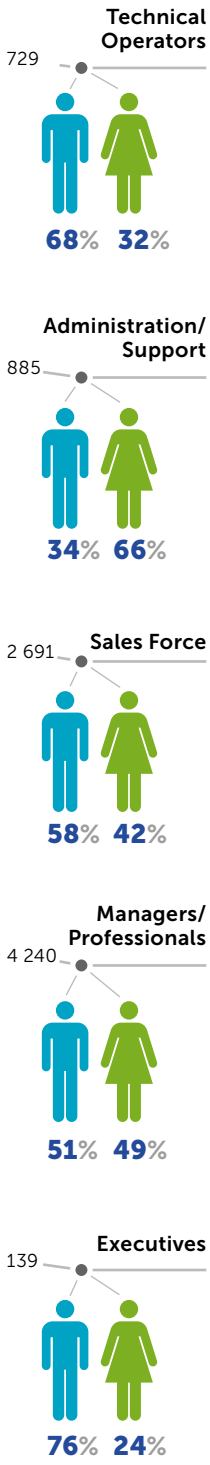
In 2014 no "Orchestrate" two-year course was initiated.

DRUG DISCOVERY AND DEVELOPMENT TRAINING PROGRAM

First implemented in 2011, the program accelerated the learning platform to broaden the knowledge of UCB's drug discovery and development processes and to facilitate cross-functional and cross-departmental understanding and collaboration.

Since its launch a total 108 sessions have been held with 1 294 attendees.

WORKFORCE
GENDER & FUNCTION DISTRIBUTION 2014



7.2.3 | DIVERSITY – SHARED UCB

At UCB, employee engagement and work culture is vital.

In 2014, employee engagement continued to build on what brings people together – UCB's dedication to patients – while leveraging the broad diversity of UCB people across the world. Work culture demands active sharing and collecting insights from patients and other stakeholders and dictates creative sharing of knowledge and expertise in key partnerships. It demands an inspired sharing among each other in order to connect, to collaborate and to co-create a different future.

UCB's ability to understand colleagues' way of working across nations and education, our commitment to live values without boundaries build the company that unites us. Shared UCB is built on the belief that being generous and helpful to each other will create the conditions by which patients will ultimately benefit from better solutions.

UCB extended the leverage differences of employees, particularly women, in order to transcend the personal best and to actively and constructively contribute to organizational objectives are cornerstones of the Women in Leadership (WiL) group with the Diversity and Inclusion initiative in several countries world-wide. WiL strives to maximize leadership potential of all UCB colleagues through professional activities designed to foster new competencies and create and engage in a broad and dynamic network of colleagues.

7.2.4 | TALENT AND ORGANIZATION

The talent and organization review is designed to identify key talents based on organizational needs. UCB assesses talents based on their sustained performances and their growth potential. A key outcome is the design and implementation of specific development action plans. It also helps to identify and prepare successors for our most business critical positions.

In 2014, UCB reviewed 6 791 of the employee population and identified 2 131 of them as talents for the future (346 of which were identified as Top Talents).

UCB is also driven by a performance culture with an annual cycle of SMART objective setting, mid-year objective review and year-end final appraisals with on-going measurable performance feedback throughout the year. By February 2015, a total of 7 663 employees (82% of total employees) of UCB participated and completed the 2014 performance review cycle.

Employees are rewarded and acknowledged for individual contributions to the company success.

7.2.5 | WELL-BEING AT WORK

A major priority at UCB is to create a positive environment where both company and individual objectives are met and people express their talents.

At UCB, several generations are working together and experience the use of novel social media communication technology, redesigned offices, keen to adapt new ways of working; UCB completed the flexible work arrangements to stimulate innovation and collaboration by blending open spaces for individuals and spaces for collaborative teams.

Well-being in the professional context encompasses several areas of attention, *e.g.* safety at work, employee health, psycho-social stress, hygiene, ergonomics; beautification of the workplace and environmental management.

About 1 000 employees responded to a pilot survey organized at the Braine-l'Alleud site (Belgium), providing important feed-back on well-being themes such as their specific work situation (job demands, task challenges and team dynamics) and health promotion at the site. This information is currently being analyzed and will provide valuable insights for the further development of well-being programs and action plans at UCB.

7.2.6 | HEALTH AND SAFETY

The Lost Time Incident Rate (LTIR) for 2014 was calculated at 2.22 incidents with more than one day of absence per million hours worked. The Lost Time Severity Rate (LTSR) was calculated at 0.03 day lost per 1 000 hours worked.

During 2014, UCB continued managing key risk areas identified during health and safety reviews: the three-year roadmap for strengthening the industrial hygiene program, which was launched in 2012, was fully implemented and global minimum requirements for contractor management and chemical process safety were defined.

The peer review program aimed at identifying and leveraging best practices, spotting areas for improvement as well as raising health and safety awareness at production and research sites, as launched in 2013, was continued and the operations in Zhuhai (China) and Saitama (Japan) were reviewed in detail.

Specific attention was also given to the health and safety programs implemented by the affiliates. HS&E risks got special attention during the annual affiliate risk reviews. In addition, quarterly global conference calls, aimed at sharing knowledge, were organized for and attended by a growing number of affiliates.

In preparation of 2015, UCB staff brainstormed on how to reach the "zero incident" objective through consistent safe behavior. In addition to the design of installations and equipment which are intrinsically safe by design and the implementation of sound management systems, safe behavior will become an ever more important third pillar of UCB's health and safety strategy.

7.2.7 | ORGANIZATION CULTURE AND EMPLOYEES VOICE

SHARED UCB CULTURE

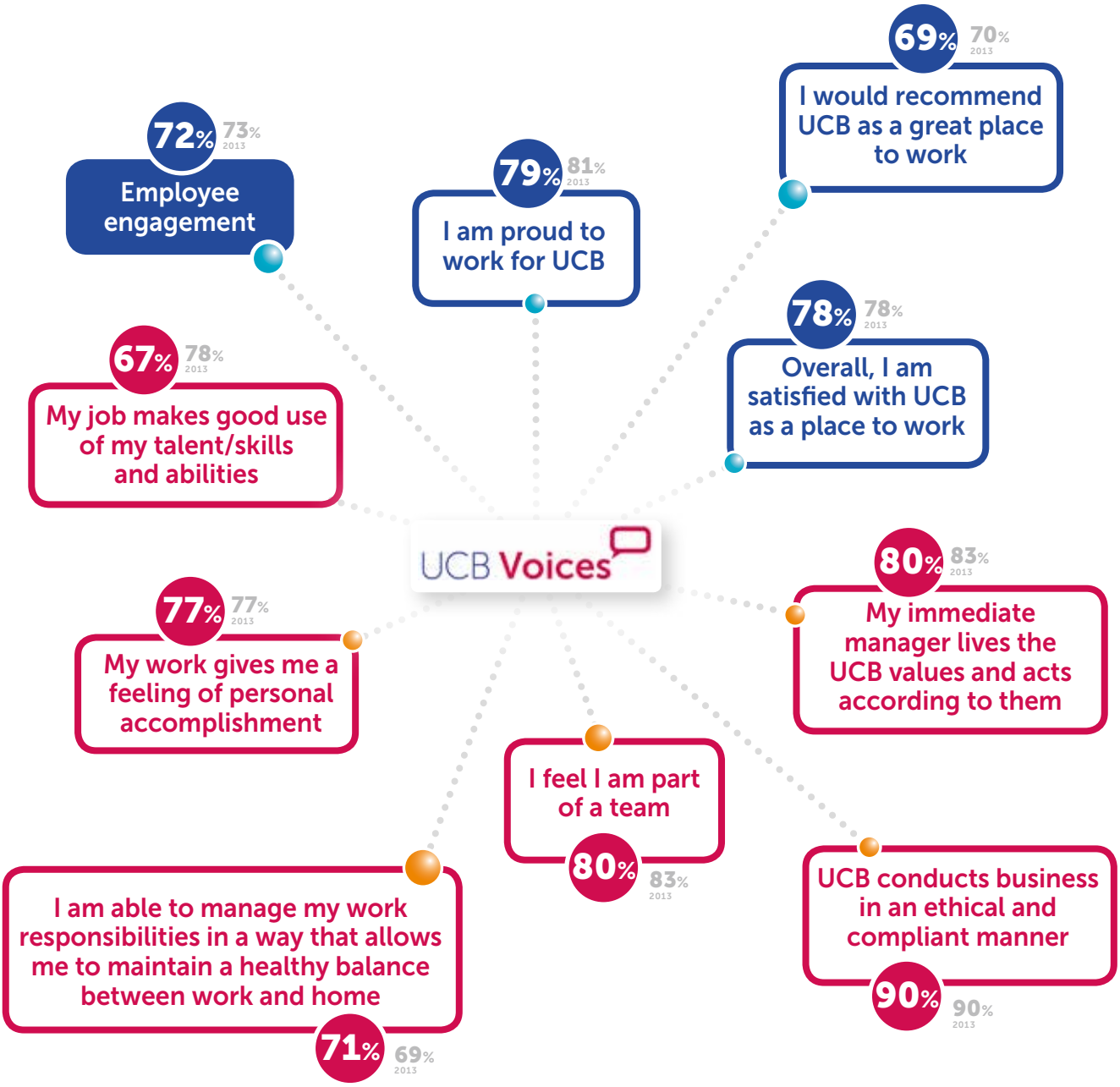
The cultural initiative "Shared UCB" strives to enable people to live the strategies and facilitating connectivity, co-creation and collaboration between colleagues and teams. It is connecting UCB's sense of purpose "Patient centricity". This long-term and pivotal initiative is supporting our ability to anticipate and react with agility throughout the departments to changes. It is based on the principles of open-mindedness and customer insights.

Helpfulness and generosity are two key enablers to succeed in the evolution of the cultural agenda, both focused towards the benefit of the patient.

COMMUNICATION AND UCB VOICES

Employees' engagement is continuously measured. "UCB Voices", the global employee engagement survey, was organized for the fourth time. In 2014, the results were stable after an important increase in 2012. It places UCB above the external benchmark.

With an engagement rate of 72% the 2014 "UCB Voices" demonstrated that our colleagues recognise the importance and the value in participating in this survey. The feedback is provided by Executive Committee members and this interaction stimulates the call for actions that are taking place at every management level.



7.3 | SOCIETY

7.3.1 | HUMAN RIGHTS AND ANTI-CORRUPTION

The United Nations Global Compact (UNGC) principles on human rights, labor, environment and anti-corruption are embedded in the Code of Conduct. The Code of Conduct is one of the three mandatory trainings, available in 14 different languages applicable within UCB affiliates world-wide. The training is required to be completed by every colleague.

The Code of Conduct calls for "Performance with Integrity" outlining general principles of business conduct and ethical behavior that are expected from every UCB colleague and third parties acting on behalf of UCB. The objectives of the Code of Conduct are to provide (*i*) guidance on the spirit and direction of UCB's business practices; (*ii*) guidance on what UCB expects of its colleagues and third parties acting for or on UCB's behalf; and (*iii*) a set of ethical principles in decision making processes. The Code of Conduct can be found on UCB's external website under the section "Governance".

The Code of Conduct is also added as a link to our contracts with external parties to ensure our partners work in the same framework of reference described in our Code of Conduct.

7.3.2 | ANIMAL WELFARE

A. ASSOCIATION FOR ASSESSMENT AND ACCREDITATION OF LABORATORY ANIMAL CARE INTERNATIONAL (AAALAC)

In 2014, UCB obtained for the first time the AAALAC accreditation for the Braine-l'Alleud (Belgium) research site.

This private non-profit association promotes a responsible treatment of laboratory animals through voluntary accreditation and assessment programs. This accreditation represents a label of quality and of high professionalism in terms of animal care and use. It also helps continuously improving scientific excellence in animal experimentation and research.

B. ANIMAL WELFARE PRINCIPLES AND 3RS INTO ACTION

UCB is using animals responsibly and appropriately and is complying with all applicable laws and industry standards.

UCB also adheres to the standards of the U.K. National Centre for Replacement, Refinement and Reduction of Animals in Research (NC3Rs) http://www.nc3rs.org.uk. Animal welfare based on the principles of "replacing" when work without animals is possible; "reducing" when animal experimentation cannot be avoided, use the least possible; and "refining" the use of animals with utmost respect for the animals.

UCB is involved in working groups of the NC3Rs, such as the mammalian models of epilepsy.

Of the animals that UCB researchers and contractors use in experiments 97% are rodents and rabbits, non-human primates and zebrafish account for 1% each.

7.3.3 | RELATIONS WITH PUBLIC AUTHORITIES

Countries in which UCB does business have laws regulating activities of corporations in the political process. Some of these laws set strict limits on contributions by corporations to political parties and candidates, whereas some laws prohibit them altogether. Also, in many countries the act of "lobbying" (presenting the company's position or advocating the company's interests to any government employee or agency) is regulated or requires public disclosure. As described in UCB's Code of Conduct all UCB employees must comply with such laws.

Although UCB is not reporting significant issues or formal policy positions in 2014, UCB is actively connected with public policy makers, regulators and other stakeholders. UCB is member of local trade associations and generally, when it is appropriate, the General Manager is board member in the countries where it operates around the world.

UCB is member of International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and several UCB colleagues actively participate to various taskforces dealing with current sector issues.

7.4 | PRODUCT RESPONSIBILITY

7.4.1 | PRODUCTS COMMUNICATIONS AND UNSOLICITED REQUESTS

Promotion and sales of pharmaceutical products are highly regulated. UCB is strongly committed to comply with all applicable laws, regulations and industry codes, such as the European Directive on the Community Code relating to medicinal products for human use, IFPMA, among others. UCB fully respects the position of trust of healthcare professionals, which have to select the best treatment option for their patients. Always, UCB promotes its products based on the approved labeling.

UCB's interactions with healthcare professionals focus on providing and exchanging scientific information with the ultimate objective of enabling healthcare professionals to select the most appropriate treatment for their patients. These interactions are based on standards of ethics, integrity and fair market value.

All promotional, press and scientific communication relating to our compounds and products are submitted to our global and local promotional scientific review committees.

In 2014, a total of 1 227 global communications have been reviewed.

UCB continues to receive unsolicited requests from patients, healthcare professionals, institutions, medical representatives, among others. Such requests may include questions about our products and various demands for support and donations (investigator-initiated study, medical education program, patient groups, charities). UCB has well-established internal processes for deciding how to respond to each and every request.

UCB receives an average of 3 250 questions per month on our products (21% Cimzia®, 13% Vimpat®, 14% Neupro® and 52% other products).

7.4.2 | DRUG SAFETY

Patient health and safety continue to be of utmost importance as patients are at the heart of everything we do.

One key obligation of UCB and its colleagues is the monitoring and reporting of adverse events. Like other biopharmaceutical companies, every year UCB receives thousands of adverse event reports from various people (*e.g.*, patients, physicians, pharmacists, *etc.*) concerning our investigational and marketed medicines. These reports along with other internal and external data (*e.g.*, literature, external databases, *etc.*) are reviewed and analyzed by our safety teams in order to identify potential safety signals which may be associated with our medicines.

The goal of these reviews is to help ensure the benefit-risk profile of our medicines remains favorable and to ensure the right actions are taken throughout a product's lifecycle. To better characterize important risks or missing information and implement appropriate risk minimization and mitigation activities, product-specific Risk Management Plans (RMP) are developed and reviewed at the Benefit Risk Board at regular intervals.

In addition to RMPs and in accordance with legislation, UCB also provides information about individual adverse event reports, periodic summary reports and Benefit-Risk Assessments to the Health Authorities.

7.5 | ENVIRONMENT

In 2014, the scope of the environmental performance reporting changed significantly. First, the production sites in Rochester (U.S.) and Vapi (India) are no longer included in the scope of this report. Second, production capacity increased in the sites of Seymour (U.S.) and Shannon (Ireland). Third, the new pilot bio-plant in Braine-l'Alleud (Belgium) became fully operational and the construction of the new bio-plant in Bulle (Switzerland) was completed.

7.5.1 | ENERGY

This year, the overall energy consumption decreased by 12%; usage of gas, fuel and electricity were reduced by 13%, 34% and 10% respectively. The changes in energy consumption are linked to the above stated changes in reporting scope, to UCB's production volumes in general, to variations in climatological conditions (with an impact on the need for cooling and/or heating), to the replacement of fuel by gas for heating purposes and to energy saving programs implemented at various UCB sites.

These energy saving initiatives led in 2014 to a recurrent energy saving of 30 841 GigaJoules, which is ~3% of UCB's scope 1 and scope 2 energy usages. Key contributors were a site gas usage conservation program operating during weekends at the Shannon site (Ireland), application of a heat recovery technology for gas-driven steam boilers in Bulle (Switzerland) and an optimization of the HVAC systems in Brussels (Belgium).

In 2014, over 59% of the electricity consumed by UCB originated from renewable sources with four UCB sites fully relied on green electricity, *i.e.*, Bulle (Switzerland), Monheim (Germany), Braine-l'Alleud and Brussels (Belgium). UCB also inaugurated its second solar panel park, located on top of the new bio-plant in Bulle. These new solar panels produced 504 GigaJoules in 2014.

The lower energy consumption resulted in a reduction of 17% (or 13 670 tons of scope 1 and scope 2) CO_2 emissions. Although this is the equivalent of the CO_2 emissions at the production sites in Rochester (U.S.) and Vapi (India) which are no longer included in the scope of this report, improved energy efficiency allowed to compensate for CO_2 emissions caused by the increased production capacity in other UCB sites.

7.5.2 | WATER

In 2014, the water consumption at the UCB facilities decreased by 3.4% (or 27 948m^3). Factors which influenced water consumption are similar to those mentioned in the energy subsection, *i.e.*, change in reporting scope, UCB's production volumes in general, variations in climatological conditions (with an impact on the need for cooling) and water saving programs implemented at various UCB sites.

Nevertheless, UCB's transformation to a leading biopharma company may impact future water consumption as these production processes tend to be more water demanding.

7.5.3 | WASTE

In 2014, waste generated at different UCB's facilities decreased by almost 9%, building upon a 10% reduction achieved in 2013.

In addition, UCB globally managed to recover 94% of its waste, predominantly through recovery of waste as a fuel to generate energy and the recovery and regeneration of solvents. This percentage of recovered waste increased with another 3% when compared to 2012.

Waste avoidance and improved waste recovery by an active management of various waste streams remains a key in further lowering UCB's ecological footprint.

8. GLOBAL REPORTING **INITIATIVE DISCLOSURE**

The table summarises the performance indicators on the economic, environmental and social performance of UCB in 2014. The indicators are reported in line with the GRI Guidelines: 17 fully and 4 partially reported.

Legend: ● indicators fully reported and compliant with the GRI indicators definition

◐ indicators partially reported and partially compliant with the GRI indicators definition

		REPORTED	PAGE
GENERAL			
1.	**Strategy and analysis**		
1.1	Statement of CEO		Letter to our stakeholders, p 10-23
2.	**Organisational profile**		
2.1 - 2.2	Name, products/services	●	p 6-8
2.3 - 2.7	Structure, geographical presence, markets served	●	p 9; Operating and financial review p 58-65
2.8	Scale	●	Letter to our stakeholders, p 10-23; Corporate Governance, p 26-53
2.9	Significant changes in size, structure or ownership	●	Letter to our stakeholders, p 10-23; Corporate Governance, p 26-53; Business Perf. Review, p 54-57
2.10	Awards received in 2014	●	CSR Performance report, p 161
3.	**Report parameters**		
3.1 - 3.4	Report profile, contacts points	●	Back cover
3.5 - 3.13	Report scope and assurance	●	CSR Performance report, p 174-175
4.	**Governance, commitments, and engagement**		
4.1 - 4.13	Structure and governance	●	Corporate Governance, p 26-53; CSR Performance report, p 156
4.14 - 4.17	Stakeholder engagement	●	Letter to our stakeholders, p 10-23; CSR Performance report, p 157
ECONOMIC			
Economic performance			
EC1 (ß)	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments (Core)	●	Letter to our stakeholders, p 10-23; Business Perf. Review, p 54-57; Financial Statements, p 68-73
EC3 (ß)	Coverage of the organisation's defined benefit plan obligations. (Core)	●	Financial Statements, p 104; p 125-128
ENVIRONMENTAL			
Energy			
EN3 (ß)	Direct energy consumption by primary energy source (Core)	●	CSR Perf. report, p 169; p 173
EN4 (ß)	Indirect energy consumption by primary source (Core)	●	CSR Perf. report, p 169; p 173
EN5 (ß)	Energy saved due to conservation and efficiency improvements (Additional)	●	CSR Perf. report, p 169; p 173
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (Additional)	◐	CSR Perf. report, p 169; p 173
WATER			
EN8 (ß)	Total water withdrawal by source (Core)	●	CSR Perf. report, p 169; p 173

Emissions, effluents, and waste			
EN16 (ß)	Total direct and indirect greenhouse gas emissions by weight (Core)	●	CSR Performance report, p 169
EN22 (ß)	Total weight of waste by type and disposal method (Core)	●	CSR Perf. report, p 169; 173
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally (Additional)	◐	CSR Performance report, p 173
SOCIAL PERFORMANCE: LABOR PRACTICES AND DECENT WORK			
Employment			
LA1 (ß)	Total workforce by employment type, employment contract, and region (Core)	●	CSR Performance report, p 162; p 172
LA2 (ß)	Total number and rate of employee turnover by age group, gender, and region (Core)	●	CSR Performance report, p 162; p 172
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region (Core)	◐	CSR Performance report, p 165; p 172
Training and education			
LA10 (ß)	Average hours of training per year per employee by employee category (Core)	●	CSR Performance report, p 163; p 173
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional)	◐	CSR Performance report, p 163 CSR Performance report, p 164
LA12 (ß)	Percentage of employees receiving regular performance and career development reviews (Additional)	●	
Diversity and equal opportunity			
LA13 (ß)	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	●	Corporate Governance, p 26-53; CSR Performance report, p 163; p 172
SOCIAL PERFORMANCE: HUMAN RIGHTS			
Investment and procurement practices			
HR3 (ß)	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained (Additional)	●	CSR Performance report, p 163; p 173
SOCIAL PERFORMANCE: SOCIETY			
Corruption			
SO3 (ß)	Percentage of employees trained in organization's anti-corruption policies and procedures (Core)	●	CSR Performance report, p 163; p 173
Public policy			
SO5 (ß)	Public policy positions and participation in public policy development and lobbying (Core)	●	CSR Performance report, p 166
SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY			
Marketing communications			
PR6 (ß)	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship (Core)	●	CSR Performance report, p 168

(ß) have been reviewed by KPMG. Their assurance statement, detailing the work they have performed as well as their comments and conclusions, appears on page 175 of this CSR report.

9. HUMAN RESOURCES AND ENVIRONMENTAL DATA

HUMAN RESOURCES DATA

GRI INDICATOR		DEFINITION	UNIT OF MEASURE	2012	2013	2014
LA 1 (ß)	Total workforce	Workforce as of 31 December	Total number of employees	9 048	8 732	8 684
	Workforce by gender	Female and male employees	- Number women	4 297	4 104	4 072
			%	47%	47%	47%
			- Number men	4 751	4 628	4 612
			%	53%	53%	53%
	Workforce by gender and age	Female and male employees by age group full-time and part-time	%			
			- Female/male ≤ 34 year	49/51	47/53	46/54
			- Female/male 35-50 year	48/52	48/52	48/52
			- Female/male ≥ 51 year	42/58	43/57	43/57
	Workforce by gender and function	Female/male technical operators/ administrative support/sales force/ managers/executives employees	%			
			- Technical operators	32/68	31/69	32/68
			- Administrative support	67/33	65/35	66/34
			- Sales force	45/55	43/57	42/58
			- Managers	49/51	49/51	49/51
			- Executives	22/78	23/77	24/76
	Workforce by area	Europe-5/Belgium/Other Europe/ Japan/Emerging markets (BRICMT)/ North America/Rest of the World	Number			
			- EU-5	1 859	1 768	1 689
			- Belgium	1 950	1 930	1 909
			- Europe other	750	749	639
			- Japan	322	335	319
			- North America	2 036	1 818	1 815
			- Rest of the World	130	123	137
			- Emerging market (BRICMT)	2 001	2 009	2 176
	Workforce by organization	Administrative support/ marketingandsales/ R&D/manufacturing employees	Number			
			- Administrative support	872	764	774
			- Marketing sales	4 491	4 492	4 281
			- R&D	1 252	1 234	1 233
			- Manufacturing	2 433	2 242	2 396
	Workforce by FTE and PTE	Full Time Employees (FTE) and Part Time Employees (PTE) Group	- Number FTE	8 535	8 224	8 181
			%	94%	94%	94%
			- Number PTE	513	508	503
			%	6%	6%	6%
LA 2 (ß)	Recruitment by area	Employees hired in Europe-5/ Belgium/Other Europe/Japan/ North America/Emerging markets (BRICMT)/Rest of the World	Number	1 637	1 190	1 268
			- EU-5	206	101	82
			- Belgium	176	110	106
			- Europe other	82	126	55
			- Japan		36	23
			- North America	335	248	256
			- Emerging market (BRICMT)		542	702
			- Rest of the World [1]	838	27	44
	Recruitment by age group	Female/male employees by age group	%			
			- Female/male ≤ 34 year	44/56	41/59	44/56
			- Female/male 35-50 year	51/49	49/51	53/47
			- Female/male ≥ 51 year	35/65	39/61	48/52
	Departure by area	Employees left in Europe-5/ Belgium/Other Europe/Japan/ North America/Emerging markets (BRICMT)/Rest of the World	Number	1 066	1 433	1 282
			- EU-5	177	158	155
			- Belgium	112	109	114
			- Europe other	106	107	155
			- Japan		22	40
			- North America	196	467	260
			- Emerging market (BRICMT)		537	525
			- Rest of the World [1]	475	33	33
	Departure by age group	Female/male employees by age group	%			
			- Female/male ≤34year	49/51	43/57	44/56
			- Female/male 35-50year	44/56	52/48	53/47
			- Female/male ≥51year	46/54	38/62	41/59
	Turnover	Number of employees leaving (voluntary/non-voluntary) on the total annual workforce	%	12	16	15

[1] The 2012 breakdown of recruitments/departures for Japan and emerging markets was not specified and numbers were included in Rest of the World

GRI INDICATOR		DEFINITION	UNIT OF MEASURE	2012	2013	2014
LA 7	LTIR	Lost Time Incident Rate	Number of incidents resulting in lost time of one day or more within a 12-month period, per million hours worked	2.26	2.31	2.22
	LTSR	Lost Time Severity Rate	Number of lost days resulting from a lost time incident within a 12-month period, per thousand hours worked	0.06	0.03	0.03
LA 10 (ß)	Training	Training hours per technical operators/ administrative support/ sales force/managers/ executives employees	Number - Technical operators - Administrative support - Sales force - Managers - Executives	 48 29 16 27 11	 42 20 14 27 10	 40 21 14 20 6

ENVIRONMENTAL DATA

GRI INDICATOR		DEFINITION	UNIT OF MEASURE	2012	2013	2014
EN 3 (ß)	Total	Total gas, fuel oil and vehicle fuel consumption	GigaJoules	754 415	711 780	613 395
	Gas	Gas consumption		726 111	684 867	595 674
	Fuel oil	Fuel oil consumption		28 017	26 634	17 529
	Fuel vehicle	Utility vehicle fuel consumption		287	278	192
EN 4 (ß)	Electricity	Electricity consumption	GigaJoules	531 093	531 565	476 344
EN 5 (ß)	Energy saved	Energy saved due to conservation and efficiency improvements	GigaJoules	35 492	26 300	30 841
EN 8 (ß)	Water	Total water	m^3	860 924	810 579	782 631
		Main water		646 067	655 991	584 997
		Ground and surface water		214 857	154 588	197 634
EN 16 (ß)	Direct and indirect CO_2 emissions – Scope 1 and 2	Electricity	Tons CO_2	43 306	39 350	31 367
		Gas		40 703	38 421	33 417
		Fuel		1 949	1 999	1 316
EN 22 (ß)	Waste disposal	Total waste	Tons	11 789	10 576	9 655
		Total waste not recovered		1 049	640	539
		Total waste recovered		10 746	9 936	9 116
		Subtotal waste recovered as energy, fuel or solvent Incinerated with energy recovery Re-used as secondary liquid fuel Solvent recycled by 3rd party EU waste recovery code R1 EU waste recovery code R2		9 119 3 091 2 503 3 525 - -	6 900 1 749 2 088 3 063 - -	6 168 - - - 3 116 3 052
		Subtotal packaging recycled by 3rd party (EU waste recovery code R3)		954	966	1 013
		Subtotal waste recovered by other methods (EU waste recovery codes R4 R5 R6 R9)		667	2 069	1 934
EN 24	Hazardous waste	Hazardous waste products as defined by locally applicable regulations	Tons	8 730	7 750	7 292
	Non-hazardous waste	Other solid waste (excluding emissions and effluents)		3 059	2 826	2 362

10. SCOPE AND REPORTING PRINCIPLES

Scope

Data regarding people are consolidated for all UCB companies worldwide that are globally integrated into our financial consolidation, regardless of their activity (research or industrial sites, sales affiliates, headquarters).

A corporate tool "*UCB learning*" allowed consolidation of trainings organized by UCB and followed by UCB employees. The population not covered by this tool represents less than 3% of the total population.

Mandatory trainings, *i.e.*, Code of Conduct, Drug Safety and IT Security, however, are followed and consolidated for all UCB employees.

Alongside with Belgium and Japan the regional split is as following:

- EU-5: France, Germany, Italy, Spain, United Kingdom & Ireland;
- Europe – other: Austria, Bulgaria, Czech Republic, Denmark, Finland, Greece, Hungary, Luxemburg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Sweden, Switzerland;
- Emerging markets (BRICMT): Brazil, Russia, India, China, Mexico, Turkey;
- North America: United States and Canada;
- Rest of the World (RoW): Australia, Hong Kong, Kazakhstan, South Korea, Ukraine.

Occupational, Health and Safety data relate to the whole UCB population, excluding affiliates with less than 10 employees.

Planet data are consolidated for:

- all manufacturing sites and research sites (the manufacturing sites Rochester (U.S.) and Vapi (India) are no longer included in the scope of this report)
- sales affiliates from China, India, Italy, Japan, Germany, Mexico and U.S.
- headquarters in Belgium.

This scope covers 85% of UCB's workforce (same as previous year).

For each of these elements we state whether UCB's level of reporting covers the requirements fully or partially. Observations made during the data validation and consolidation:

1. In Atlanta and Monheim, there are rented facilities to third parties and there are no separate meters installed yet. As a consequence, utilities consumptions are overestimated but the impact of this overestimation cannot be reliably measured.
2. In Braine, diesel for utility vehicles is reported within fuel consumption as it is stored in the same tank and because it is difficult to estimate precisely the consumption related to utility vehicles.
3. The calculation of 2013 and 2014 direct CO_2-emissions for natural gas consumption is taking into account the high or low heating value and is using conversion factors published in the Intergovernmental Panel on Climate Change 2006 Guidelines for National Greenhouse Gas Inventories and the U.K. Department of Environment, Food and Rural Affairs 2013 Government GHG Conversion Factors.
   Emissions for gas reported in 2012 have not been updated in accordance with this new method.
4. Taking into account the growing percentage of electricity generated from renewable sources, CO_2-emissions resulting from electricity consumption was calculated on specific CO_2 equivalents of the electricity mix consumed as reported by the UCB sites. When for a given site a specific ratio was not available, the International Energy Agency (IEA) ratios were applied by default.
5. 94% of waste generated by UCB is recovered. The methods by which waste is recovered are classified in 2014 according to Annex B to EU directive 2008/98/EU.

Reporting Principles

In order to ensure uniformity and reliability of indicators used for all entities, UCB Group implemented the Global Reporting Initiative's G3.1. Sustainability Reporting Guidelines covering social factors, safety and environmental impact of a company's performance. UCB assessed themselves as a C+ reporter according to GRI-defined application levels.

These GRI G3.1 guidelines specify the indicator reporting methodologies to be used for UCB.

ACCURACY

The UCB Corporate Health, Safety and Environment and Corporate Societal Responsibility departments are responsible for ensuring that all data are consolidated on the basis of information provided by the manufacturing and research sites as well as sales affiliates and administrative sites throughout the world.

HS&E coordinators perform an initial validation of safety and environmental data prior to their consolidation. Corporate HS&E and CSR also verify data consistency during consolidation. These validations include data comparisons from previous years as well as careful analysis of any significant discrepancies.

Social data regarding the workforce are extracted from global IT HR systems used as management control database for UCB worldwide.

RELIABILITY

In order to obtain an external review of the reliability and thoroughness of our data and reporting procedures, KPMG is asked to perform specific verification of selected social and HS&E indicators, appearing in tables pages 170-173. Their assurance statement, describing the work performed as well as their comments and conclusions, appears on page 175.

In UCB, we will continue to enhance the reliability of data collection and further strengthen reporting processes.

11. ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE UCB CORPORATE SOCIETAL RESPONSIBILITY PERFORMANCE REPORT 2014

To the Board of directors of UCB SA

We were engaged by the Board of directors of UCB SA ("the Company" or "UCB") to provide limited assurance on selected indicators for the year 2014 in UCB's Corporate Societal Responsibility Performance Report 2014 (the "CSR Report").

UCB'S RESPONSIBILITIES

The Board of directors of UCB SA (the "Company") is responsible for the preparation and presentation, of the selected indicators for the year 2014 marked with a Greek small letter beta (ß) (the "Subject Matter Information") in the CSR Report in accordance with the Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative supported by internally developed reporting principles, definitions and units of measure as set out on pages 170 to 174 of the CSR Report (the "Reporting Criteria") and for the determination of the GRI Application Level.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter Information free from material misstatement, whether due to fraud or error. It also includes selecting and developing the Reporting Criteria, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate processes and records in relation to the Subject Matter Information.

OUR RESPONSIBILITIES

Our responsibility is to examine the Subject Matter Information prepared by UCB and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. That standard requires that we comply with ethical requirements, including independence requirements, and that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter Information is prepared and presented in all material respects in accordance with the Reporting Criteria, as the basis for our limited assurance conclusion.

The procedures selected depend on our understanding of the Subject Matter Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

Our engagement also included assessing the appropriateness of the Subject Matter Information, the suitability of the Reporting Criteria used by the Company in preparing the Subject Matter Information in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures used and the reasonableness of the estimates made by UCB.

In addition, we were asked to verify whether UCB's GRI Application Level as disclosed on page 174 of the CSR Report is consistent with the GRI criteria for the disclosed Application Level (the "Application Level Criteria").

Limited assurance is less than reasonable assurance. Evidence-gathering procedures for a limited assurance engagement are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We do not provide any assurance on the achievability of the objectives, targets and expectations of UCB.

Our engagement procedures performed included:

- interviews with relevant staff and management at corporate and local level;
- site visits in Belgium and Ireland to review the source data and the design and implementation of internal controls at the level of these two sites which have been selected by us on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- inspecting internal and external documentation as appropriate; and
- analytical review procedures on the data submitted for consolidation at group level.

With respect to our work on the disclosed GRI Application Level, our procedures were limited to verifying whether the GRI Content Index is consistent with the criteria for the disclosed Application Level and that the relevant information is publicly reported.

REPORTING CRITERIA

UCB applies the Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative supported by internally developed reporting principles, definitions and units of measure as set out on pages 170 to 174 of the CSR Report. It is important to view the performance data in the context of these criteria.

CONCLUSION

Based on the procedures performed, as described in this report, nothing has come to our attention that causes us to believe that the selected indicators for the year 2014 marked with a Greek small letter beta (ß) in UCB's CSR Report 2014, have not been prepared, in all material respects, in accordance with the Reporting Criteria.

REPORT ON GRI APPLICATION LEVEL

Based on the procedures performed we conclude that the Application Level C+ as disclosed on page 174 and based on the GRI Content Index as disclosed on pages 170 to 171 in UCB's CSR Report 2014 is consistent with the Application Level Criteria.

Kontich, 26 February 2015

KPMG Bedrijfsrevisoren Burg. CVBA
Represented by

Mike Boonen
Registered Auditor

IX. GLOSSARY OF TERMS

AS Ankylosing spondylitis

AxSpA Axial spondyloarthritis

CD Crohn's disease

CER Constant exchange rates

CORE EPS/CORE EARNINGS PER SHARE
Net profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, divided by the number of shares outstanding

CORE PRODUCTS
The "core products" are UCB's newly launched medicines Cimzia®, Vimpat® and Neupro®. UCB's priority is the continued launch and growth of these three products

EBIT/EARNINGS BEFORE INTEREST AND TAXES
Operating profit as mentioned in the consolidated financial statements

EMA/EUROPEAN MEDICINES AGENCY
Agency responsible for the evaluation of medicinal products designed to protect and promote human and animal health. www.emea.europa.eu

EPS Earnings per share

FDA/U.S. FOOD AND DRUG ADMINISTRATION
Agency within the U.S. Department of Health and Human Services is responsible for protecting and promoting the nation's health. www.fda.gov

IA Idiopathic arthritis

NBE New biological entity

NCE New chemical entity

NET FINANCIAL DEBT
Non-current and current borrowings and bank overdrafts less debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents

PREVALENCE
The total number of cases of a disease in a given population at a specific time. The prevalences mentioned in this report are based on the populations of the seven countries (France, Germany, Italy, Japan, Spain, the U.K. and U.S.) which make up the majority of the global pharmaceutical market (sources: Decision Resources)

PMO Post-menopausal osteoporosis

POS Partial onset seizure

PsA Psoriatic arthritis

RA Rheumatoid arthritis

RECURRING EBIT (REBIT)
Operating profit adjusted for impairment charges, restructuring expenses, and other exceptional income and expenses

RECURRING EBITDA (REBITDA/Recurring Earnings Before Interest, Taxes, Depreciation and Amortization charges)
Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other exceptional income and expenses

SLE Systemic lupus erythematosus

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES
Number of ordinary shares outstanding at the beginning of a given period, adjusted by the number of shares bought back or issued during the period, multiplied by a time-weighting factor

WORKING CAPITAL
Includes inventories, trade and other receivables and trade and other payables, both due within and after 12 months

Financial calendar 2015

30 April	Annual general meeting
30 April	Interim report
30 July	2015 half-year financial results
28 October	Interim report

Forward-looking statements

This Annual Report contains forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", and "continue" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which might cause the actual results, financial condition, performance or achievements of UCB, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Annual Report. UCB expressly disclaims any obligation to update any such forward-looking statements in this Annual Report to reflect any change in its expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

Official report language

Pursuant to Belgian law, UCB is required to prepare its Annual Report in French and Dutch. UCB has also made this report available in English. In the event of any differences in translations or interpretations, the French version shall prevail.

Availability of the Annual Report

The Annual Report is as such available on the website of UCB (www.ucb.com). Other information on the website of UCB or on any other website, does not form part of this Annual Report.

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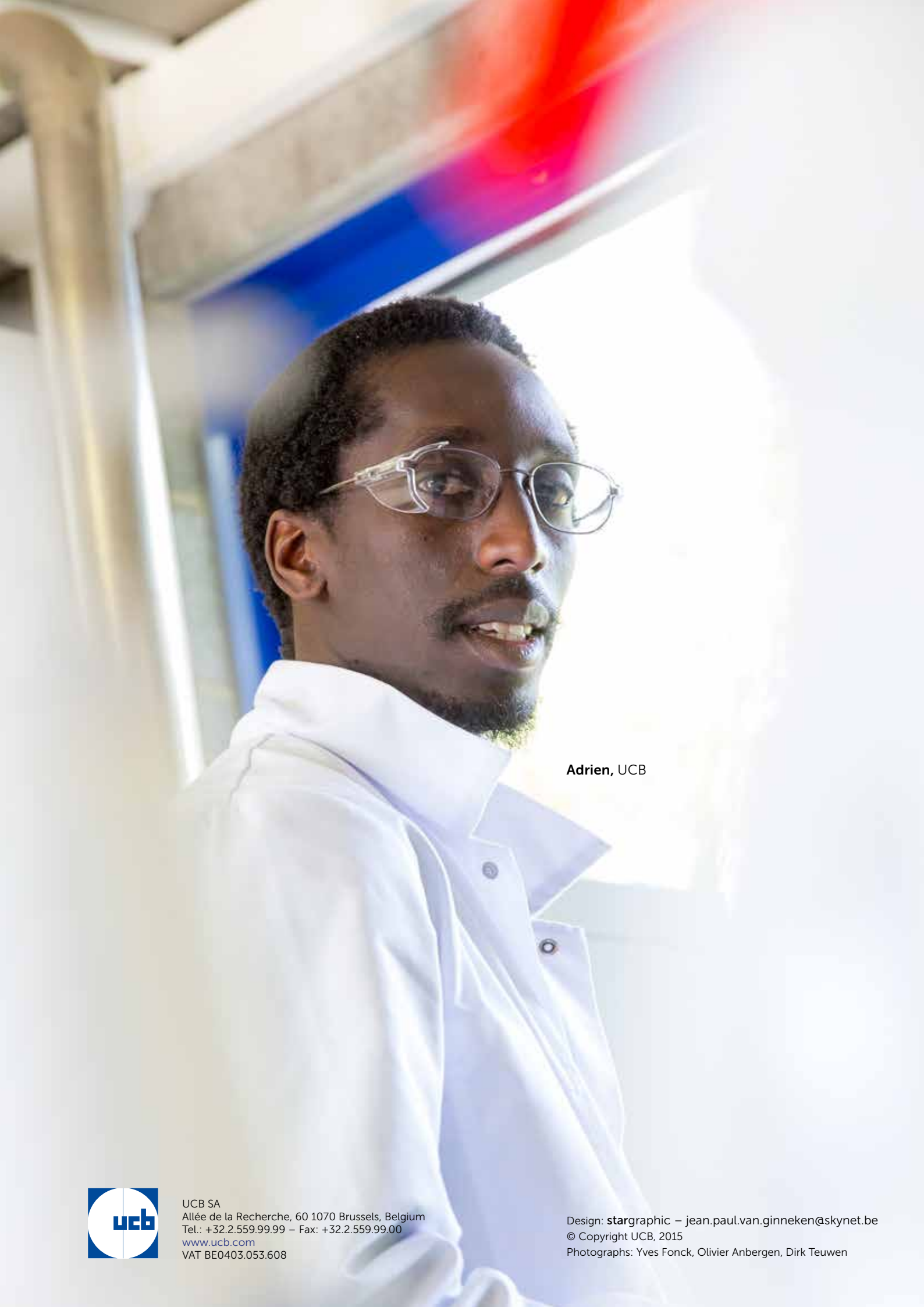

Adrien, UCB

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