

# ITALMOBILIARE

---

## INFORMATION MEMORANDUM

### **MONETARY LONG-TERM INCENTIVE PLAN, LINKED TO THE PERFORMANCE OF ITALMOBILIARE SHARES, FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL**

#### **Foreword**

The Monetary long-term incentive plan set forth in this information memorandum falls under the scope of a “significant plan” under and by operation of Art. 84-bis, Para. 2, of the Consob Regulation No. 11971/99.

#### **Definitions**

For the purposes of this information memorandum, the terms and expressions listed below shall have the following meaning.

“Recipients”: directors and key management personnel;

“Shares”: Italmobiliare S.p.A. ordinary shares;

“Cycle”: each three-year period, as of 2011, into which the period of the plan (2011-2019) is broken down;

“Committee”: the Remuneration Committee of the Company;

“Board”: the Board of Directors of the Company;

“Allotment date”: the date whereon the admission of Recipients to the plan is formally resolved upon;

“Date of settlement”: the date, in any case subsequent to the end of performance monitoring period and to the beginning of the period of availability, whereon the Company pays out the rights accrued to Recipients;

“Rights”: the Rights, the number whereof is equal to the MBO payout divided by the fair value of shares at the allotment date and later proportioned to the weight of position, that enable recipients thereof to obtain, during the period of availability, a cash bonus the amount whereof is equal to the number of rights multiplied by the value of shares on the date of settlement;

“Financial years of reference”: financial years in which, during each of the Cycles included in the Plan, the achievement of the MBO payout is pursued;

“Letter of admission to the Plan”: the letter that must be exchanged between the Company and each Recipient attesting, when duly signed by the latter, their agreement with the Plan;

“MBO payout”: the total amount received on a three-year basis as the sum of the amounts received as yearly MBO by each Recipient in the financial years of reference, according to the MBO system applied within the Group, upon achievement of individual performance targets;

“Period of availability”: the period starting on a date to be defined by the Board in the financial year subsequent to the closing date of the last financial year of reference of each three-month cycle, whereon Recipient will receive any amount actually accrued;

“Performance monitoring period”: the period that includes the financial years of reference during which Recipients pursue the achievement of MBO payout, which the actual accrual of rights is dependent on;

“Plan”: the Plan under this Regulation;

“Regulation”: this Regulation governing the Plan;

“Company”: Italmobiliare S.p.A., with registered office in Milan, via Borgonuovo 20;

“Fair value of shares on the allotment date”: the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in the thirty calendar days preceding the allotment date;

“Value of shares on the date of settlement”: the value of shares of the Company as resulting from the arithmetic mean of official listings of same on the market managed by Borsa Italiana in

# ITALMOBILIARE

---

the months of October, November and December of the last year of each cycle (for the first cycle, the period is 1 October 2013 to 31 December 2013).

## **1. Receivers**

### **1.1 Names of receivers who are members of the Board of Directors or of the Management Board of issuers of financial instruments, of companies controlling the issuer and of companies directly or indirectly controlled by the latter**

- Chief executive officer of Italmobiliare s.p.a.;
- Mr. Carlo Pesenti - Chief operating officer of Italmobiliare s.p.a.

### **1.2 Categories of employees or assistants of the issuer of financial instruments and of the Companies controlling or controlled by any such issuer**

Currently these are: Mr. Carlo Pesenti - Chief operating officer, and Mr. Giorgio Moroni - Co-chief operating officer and manager in charge of preparing the company's financial reports. Other key management personnel may be included in the future.

### **1.3. Names of those who benefit from the Plan belonging to the following groups**

#### **a) those in charge of management functions as defined in Art. 152-sexies, Para. 1, (c)-(c.2) in the issuer**

- Chief executive officer of Italmobiliare s.p.a.;
- Mr. Carlo Pesenti - Chief operating officer of Italmobiliare s.p.a.

#### **b) those in charge of management functions in a company controlled, directly or indirectly, by an issuer, if the book value of the share in any such controlled company is more than fifty percent of balance sheet assets of issuer, as resulting from the last financial statements approved, as indicated in Art. 152-sexies, Para. 1, (c)-(c.3)**

This case is not envisaged here.

#### **c) individuals controlling the issuer, who are employees or assistants of the issuer**

This case is not provided hereunder.

### **1.4. Description and number, broken down by category**

#### **a) all managers having regular access to privileged information and have the authority to make management decisions that may have an impact on the evolution and future prospectives of the issuer, set forth in Art. 152-sexies, Para. 1 (c)-(c.2)**

- Mr. Carlo Pesenti - Chief operating officer;
- Mr. Giorgio Moroni - Co-Chief operating officer.

#### **b) all managers having regular access to privileged information and have the authority to make management decisions that may have an impact on the evolution and future prospectives in a Company controlled, directly or indirectly, by an issuer, if the book value of the equity interest in any such controlled company is more than fifty percent of balance sheet assets of issuer, as resulting from the last financial statements approved, indicated in Art. 152-sexies, Para. 1, (c)-(c.3)**

This case is not provided hereunder.

#### **c) any other category of employees or assistants for which different characteristics of the Plan have been provided for (for example, managers, middle managers, clerks etc.)**

This case is not provided hereunder.

#### **d) whenever, with reference to stock options, for those individuals set forth under Points a) and b) above, different strike prices are provided for individuals belonging to the two categories, any such individuals must be separately indicated at Points a) and/or b), indicating their names**

# ITALMOBILIARE

---

This case is not provided hereunder.

## **2. Reasons underlying the adoption of the Plan**

### **2.1 Targets**

The purposes of the Plan can be summarised as follows:

- link the aggregate remuneration of Recipients to the medium/long-term performance of the company and to the value creation for shareholders;
- reward the results achieved by each Recipient, creating the conditions necessary to assure a greater involvement of the top management in the future of the Company and strengthening the sense of belonging of Recipients, incentivising their stay with the company.

### **2.2 Key variables, also in the form of performance indicators considered for the purpose of assigning plans based on financial instruments**

Accrual of rights granted to the receivers of the plan and provided thereunder is subject to the achievement of targets linked to economic-financial and operational results and of other individual targets specifically assigned to each recipient.

### **2.3 Basic elements in determining the amount of remuneration based on financial instruments, or criteria applicable to calculation thereof**

The Board shall define, as part of the Plan, upon proposal of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, the amounts that can be received by each recipient as an incentive based on an overall assessment which, considering the general company performance as an essential condition of the Plan, and the strategic position of each Recipient's role for the purpose of pursuing long-term objectives of the Company, will be related to:

- i) the weight of Recipient's position within the organisation;
- ii) the consistency with the "total rewarding" principles from which the remuneration policy of the Company is based upon;
- iii) the aggregate yearly MBO plans' payout in the period concerned with the Plan.

### **2.4 Basic reasons underlying the decision to assign remuneration plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or parent companies or companies unrelated to the group; whenever the above instruments are not traded on regulated markets, information on the criteria adopted in determining the value assignable thereto**

This case is not provided in this Plan .

### **2.5 Considerations on significant tax and accounting implications that influenced the definition of plans**

This case is not provided hereunder.

### **2.6 Any support to the plan by the Special Fund incentivising the participation of workers in businesses, under Art. 4, Para. 112, of Law No. 350 dated 24 December 2003**

This case is not provided hereunder.

## **3. Approval procedure and instrument assignment timing**

### **3.1 Scope of powers and functions granted to the Board of Directors by the shareholders' meeting for Plan implementation purposes**

The corporate body in charge of making any decisions related to the Plan is the Board, with the support of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, and with the technical support of the Human Resource and Organizational Development Manager.

In particular, the Board shall be in charge of:

# ITALMOBILIARE

---

- i) identifying individual Recipients for each Cycle;
- ii) determining any obtainable amounts;
- iii) ascertaining the percentage of achievement of the MBO payout by each Recipient for each Cycle;
- iv) determining the commencement date of the Period of availability.

The Board shall periodically report to Shareholders the performance of the Plan during the annual Shareholders' Meeting convened to approve the financial statements.

### **3.2 Indication of the individuals in charge of managing the Plan, their functions and competence**

The Human Resource and Organizational Development Department is in charge of managing the Plan, in compliance with the provisions of Regulation.

### **3.3 Any procedures in place regarding review of plans also with respect to any variation in basic targets**

The appropriateness to proceed with the review of the plans is committed to the prudent consideration of the Board, with the consent of the Committee.

### **3.4 Description of the method whereby the availability and assignment of financial instruments whereon plans are based should be determined (for example: free assignment of Shares, capital increase with the exclusion of option rights, purchase and sale of treasury shares)**

The Plan provides for the assignment to Recipients of a number of Rights, determined by dividing the MBO payout by the Fair value of shares on the allotment date and by later proportioning the value resulting therefrom to the weight of each position which, multiplied by the Value of shares on the date of settlement, will enable Recipients to obtain the payment of an incentive.

### **3.5. Role played by each director in determining the characteristics of the aforementioned plans; existence of any conflict of interest on the part of directors concerned**

This case is not provided hereunder.

### **3.6. For the purposes of the requirements of Art. 84-bis, Para. 1, the date of the decision adopted by the competent corporate body to propose the approval of plans to the meeting and any proposals made by the Committee, if any**

Committee meeting of March 22<sup>nd</sup> 2011 and Board of Directors meeting of March 30<sup>th</sup> 2011.

### **3.7. For the purposes of the requirements of Art. 84-bis, Para. 5 (a), the date of the decision adopted by the competent corporate body on assignment of instruments and of any proposal to the aforementioned body made by the Committee, if any**

Information currently unavailable.

### **3.8. Market price, registered on the above dates, of financial instruments whereon plans are based, if traded on regulated markets**

Information currently unavailable.

### **3.9. In case of plans based on financial instruments traded on regulated markets, the terms whereon and the manners in which issuer takes into account, in determining the timing for assignment of instruments as part of implementation of plans, any temporal concurrence of:**

- i) the aforementioned assignment or any decisions made in that respect by the Committee, and
- ii) the disclosure of any information relevant for the purposes of Art. 114, Para. 1; for example, whenever this information:
  - a. is not publicly known and suited to favourably influence stock market quotations, or
  - b. is already publicly known and suited to unfavourably affect stock market quotations.

# ITALMOBILIARE

---

Assignment of financial instruments upon proposal of the Committee will be defined by the Board meeting subsequent to the Meeting convened to approve the Plan.

## **4. Characteristics of assigned instruments**

### **4.1 Description of how remuneration plans based on financial instruments are organised; for example, indicate whether the Plan is based on the assignment of: financial instruments (the so-called assignment of restricted stock); the value appreciation of any such instruments (the so-called phantom stock); option grants allowing the repurchase of financial instruments at a later time (the so-called option grant) requiring physical delivery (the so-called stock option) or in cash on the basis of a variance (the so-called stock appreciation right)**

Rights assigned to Recipients, when accrued on the terms, in the manners and on the conditions of Regulation, enable Recipients to receive the outpayment of the incentive agreed upon.

### **4.2 Indication of the period of actual implementation of plan also with reference to any anticipated cycles**

The term of the Plan is 3 (three) three-annual Cycles in the period from 2011 through 2019. The term of the first Cycle is the 2011-2013 three-year period.

### **4.3 Expiry of Plan**

The Plan expiry date is set at the end of the ninth year as of the one in which the Rights were assigned first (2011).

### **4.4 Maximum number of financial instruments, including options, assigned in each fiscal year with respect to individuals identified by name or to the categories indicated**

A maximum of 100,000 Rights for the 2011-2013 Cycle.

### **4.5 Plan procedure and implementation provisions, indicating whether the actual assignment of instruments is subject to certain conditions to be met or to certain results also related to performance to be achieved; description of any such conditions and results**

Incentive accrual depends on achieving the MBO payout in the Performance monitoring period.

The Board shall, based on the opinion of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, with the support of the Human Resource and Organizational Development Department, check and assess the extent to which the MBO payout has been achieved in the Performance Monitoring Period, and therefore determine the number of rights actually accrued to each Recipient.

### **4.6 Indication of any availability restrictions incumbent on instruments assigned or on instruments resulting from the exercise of options, in particular the terms within which any later transfer to the Company itself or to third parties is allowed or prohibited**

Rights accruing under the Plan are registered and non-transferable, save for the provisions of this Regulation in case of death of Recipient.

### **4.7 Description of any termination conditions related to the assignment of Plans whenever receivers perform hedging transactions that enable the nullification of any prohibition to sell the financial instruments assigned, including options, or the financial instruments resulting from the exercise of any such options**

This case is not provided in this Plan.

### **4.8 Description of the effects caused by termination of employment**

#### For Directors

Without prejudice to the right of the Board to resolve otherwise, the participation to the Plan is intrinsically and functionally connected to and subject to the holding of the office, by each

Recipient, at the time of assignment and for the entire period of Cycle.

Safe for any exceptions in particular cases as the Board may determine based on the opinion of the Committee and, where necessary, with the favourable opinion of the Committee for transactions with related parties, the following provisions shall be applied to the instances listed below:

- a) in case of termination or amendment to the role held during the period of Cycle, the Board may, at its own discretion, with the consent of the Committee and having considered the reasons for any such termination or amendment, consider in equity the payment of a fixed compensatory bonus, proportional to the period elapsed and to the partial transitory percentage of achievement of the MBO payout;
- b) in case of death of Recipient during the Cycle, the foregoing shall apply; if death occurs after the MBO payout has been obtained, then the right to payout of any premium accrued shall pass on to Recipient's heirs.

#### For Key management personnel

Except for the specific cases envisaged below in this article, and without prejudice to the right of the Board to resolve otherwise, the Rights resulting for Recipients with respect to any Rights accrued under this Regulation are intrinsically and functionally connected to and subject to the existence, at the beginning of the period of availability, of the employment contract between Recipient and the Company.

Safe for any exceptions in particular cases as the Board may determine, the following provisions shall be applied to the following cases:

- a) in case of termination of the employment contract for dismissal or resignation, occurring after termination of the Performance monitoring period but before commencement of the Period of availability, the general principle shall apply and therefore Recipient will definitively and automatically lose entitlement to incentive;
- b) in case of mutually agreed termination of the employment contract or dismissal for retirement or following supervened disability, however occurring after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, then Recipient shall be still entitled to the incentive if, after the employment termination date, Rights actually accrue;
- c) in case of death of Recipient after the end of the Performance monitoring period, or whenever Recipient has otherwise achieved the MBO payout, any Rights accruing to the latter under this Plan shall be assigned to the heirs of Recipient subject to production by any such heirs, of the documentation suited to supply evidence of their condition as heirs.

Lapse of Rights, where provided, shall occur automatically, with no need for any notification or other formalities as of the actual termination of the employment contract.

Where, during the Performance monitoring period, the employment agreement of Recipient is transferred by and between the Company and its subsidiaries, regardless of any manners in which any such transfer takes place, or the position of Recipient within the organisation has changed and so have the responsibilities of the latter, then the MBO payout of reference will be reviewed accordingly.

The Board may under all circumstances determine in equity the amount to be paid out to Recipient depending on the activity carried out by the latter.

The above provisions can be amended by the Board to assure that Recipients receive a treatment equivalent to that initially offered.

#### **4.9 Indication of any other reasons for cancellation of plans**

The Board, with the consent of the Committee, may temporarily suspend the effects resulting from the accrual of rights to recipients should specific and particular needs so require, such as, for example, changes in law and regulatory provisions, except for tax rules and regulations, applicable to any legal relationships arising from the Plan.

The effects of accrual of Rights to Recipients will also be suspended on the occurrence of

# ITALMOBILIARE

---

events such as, for example, corporate merger and demerger transactions affecting the share capital of the Company, share capital increase and decrease, amendments to the bylaws regarding Shares, that might affect the conditions regulating the application of Plan, and even alter its economic-financial prerequisites and prejudice the purposes thereof as defined at above Art. 3.

At all events, any suspension shall with no delay be notified to Recipients.

The Board may, under all of the above circumstances and with the consent of the Committee, implement any amendments and supplements to the Plan, to the Cycle and to this Regulation, and order termination of the latter should it prove to be no longer consistent with the Company circumstances, without prejudice of any Rights acquired in the meantime as a consequence of lapse of the three-year period of reference and of meeting the other requirements and conditions set forth in this Regulation.

**4.10 Reasons for providing for any “redemption”, by the Company, of financial instruments covered by the plans, pursuant to Arts. 2357 et seq. of the Civil Code; the beneficiaries of any such redemption if the latter is intended for special categories of employees only; the effects of employment termination on the above redemption**

This case is not provided in this Plan.

**4.11 Any loans or other facilities to be possibly granted for the purchase of Shares under Art. 2358, Para. 3 of the Civil Code**

This case is not provided in this Plan.

**4.12 Considerations on the expected charge for the Company on the assignment date, as inferable from terms and conditions already defined, by total amount and with respect to each instrument covered by the Plan**

The expected total charge for the Company shall be equal to the sum of the value of share on the settlement date multiplied by the number of rights actually accrued to Recipients.

**4.13 Indication of any dilution effects on capital caused by remuneration plans**

This case is not provided in this Plan.

**4.16. Number of financial instruments underlying each option**

Rights assigned to Recipients, when accrued on the terms, in the manners and on the conditions of Regulation, enable them to obtain the payment of incentive at a 1:1 ratio.

**4.17. Option expiry**

This case is not provided in this Plan at because the latter does not provide for any assignment of options.

**4.18. Procedure (American/European), timing (for ex. eligible periods during the year) and exercise conditions (for example knock-in and knock-out clauses)**

This case is not provided in the Plan because the latter does not provide for any assignment of options.

**4.19. Option strike price or method and criteria for definition thereof, in particular with reference to:**

- a) the calculation formula of the strike price regarding a given market price (the so-called fair market value), and
- b) the method for determining the strike price taken as the benchmark for determining the strike price

This case is not provided in this Plan because the latter does not provide for any assignment of options.

**4.20. Where the strike price is not equal to the market price determined as indicated at Point 4.19.b (fair market value), statement of the reasons for any such difference**

# ITALMOBILIARE

---

This case is not provided in this Plan because the latter does not provide for any assignment of options.

**4.21. Criteria on the basis of which different strike prices are provided for different parties or different categories of Receivers**

This case is not provided in this Plan because the latter does not provide for any assignment of options.

**4.22. Where the financial instruments underlying the options are not traded on regulated market, indication of the value assignable to underlying instruments or the criteria adopted to determine any such value**

This case is not provided in the Plan because the latter does not provide for any assignment of options.

**4.23 Criteria adopted to make the necessary adjustments resulting from extraordinary operations on capital and other transactions involving changes in the number of underlying instruments (capital increase, extraordinary dividends, underlying stock grouping and split, merger and demerger, conversion into other categories of Shares etc.)**

Should the Company merge with or demerge from another company, any Rights accrued shall result in entitlement to a bonus, proportional to the value of shares of the Company arising out of merger or demerger, proportionally to the exchange rate adopted.

Should the Company be delisted, the term within which the achievement of the MBO payout which the accrual of Rights is dependent on will be assessed, will be brought forward accordingly, to enable the completion of any such accrual and therefore the commencement of the Period of availability well in advance as compared to the stipulated share trading termination date on the regulated market.

Should the ownership of the Company change, or a tender or swap offer be made concerning the Shares, then the Rights accrued shall be maintained according to the provisions of this Regulation.