
Report on the Remuneration Policy adopted by Italmobiliare S.p.A.

Dear Shareholders,

This report, in compliance with the provisions currently in force, is meant to disclose the principles adopted by Italmobiliare S.p.A. in determining the remuneration of its executive directors vested with special powers and Key management personnel, namely the Chief executive officer, the Chief operating officer and the Co-Chief operating officer/Manager in charge of preparing the company's financial reports, respectively. The remuneration policy has been reviewed and approved by the meeting of the Remuneration Committee held on March 22nd 2011, and is submitted to the advisory vote of the ordinary shareholders' meeting.

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The Company believes that the remuneration policy is a primary tool aimed at:

- attracting, retaining and motivating managers with high professional skills;
- aligning the interests of management with those of shareholders;
- promoting the creation of value for shareholders over the medium-long period.

The analysis of the composition and positioning of remuneration is made with the support of independent companies specialized in Top Management remuneration surveys'.

The remuneration policy provides for a fixed annual remuneration payable to Directors, the amount whereof is in line with the Italian practice regarding members of the Board of Directors of comparable companies; the amount of the above remuneration is increased for Directors vested with special powers or who are members of Committees established within the Board itself. For Executive Directors and Key Management personnel only, the Board of Directors, upon proposal of the Remuneration Committee based on the opinion of the Board of Statutory Auditors, is also required to determine:

- i) A fixed annual component, per se sufficient to compensate for the services provided should the variable component not be paid due to failure to achieve the targets; also, Directors are entitled to an insurance policy, in line with existing practice, covering third party liability, in compliance with the rules and regulations applicable to appointments, except for wilful misconducts and gross negligence;
- ii) A variable component, on a yearly basis, linked to the achievement of targets assigned. These targets are predetermined, measurable and connected with the creation of value for the Company and its shareholders. The short-term variable component is also determined considering the practice of European multinational companies, and in general shall not be in excess of 100% of the fixed component;
- iii) A "Severance pay" for the benefit of the Chief Executive Officer, accruing at the end of each individual mandate, for an amount not exceeding 3-year remuneration; the latter shall not be paid should termination of mandate be due to the achievement of objectively insufficient targets.

The Board of Directors may also, exceptionally, define special bonuses, in case of significant, specific and unexpected events, should the sum of other elements of remuneration be considered objectively inadequate with respect to the services provided, however within the limits of the aggregate maximum limits established;

- iv) A long-term incentive plan, cash based and linked to the value of Company shares (phantom shares), which replaces any prior stock option schemes, consistent with the outcome of the analyses carried out on behalf of the Company by independent advisors, of proven
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experience and international standing. The new plan provides for three-year cycles based on medium-long period performance of the Company and/or the Group. Outpayment of the bonus connected with the long-term cash incentive plan linked to the share value is subject to the achievement of the targets assigned each year by the Board of Directors. The task of assessing the achievement of these objectives is entrusted with the Remuneration Committee.

Should the relationship with the Company be terminated other than for just cause, it is considered advisable to seek out-of-court solutions in equity, within the limits of good practice for similar professional profiles, without prejudice to the provisions of any applicable rules and regulations and agreements in place. No specific agreements for special indemnities in case of appointment's termination are in force.

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Remuneration plans based on financial instruments for the benefit of members of the Board of Directors and employees of the Company as defined in Art. 114-bis of Consolidate Law on Finance, are reported in summary in the "Report on corporate governance and ownership" and published in full version on the website of the Company: www.italmobiliare.it.

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Dear Shareholders,

You are invited to resolve upon the following resolution:

"The Shareholders' meeting of Italmobiliare S.p.A. held on May _____ 2011,

- having acknowledged the report prepared by Directors,

resolves

to agree / to disagree

with the report describing the Remuneration Policy adopted by the Company.

Milan, March 30th 2011

For the Board of Directors
Chairman
(Giampiero Pesenti)
