

ITALMOBILIARE

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**2017-2019 FINANCIAL INCENTIVE PLAN LINKED TO THE PERFORMANCE OF
THE SHARES OF ITALMOBILIARE S.P.A. AND SUBJECT TO APPROVAL OF
THE SHAREHOLDERS' MEETING ON 19 APRIL 2017**

(pursuant to Article 84-bis of the Regulation adopted by CONSOB with resolution no. 11071 of 14 May 1999 and its subsequent amendments and supplements)

INTRODUCTION

This informational report (the “**Informational Report**”) drafted in accordance with Article 84-bis and Form 7 of Attachment 3A of the regulation adopted by CONSOB by means of resolution no. 11971 of 14 May 1999 and its subsequent amendments and supplements (the “**Issuers’ Regulation**”) concerns the “*2017-2019 Financial Incentive Plan linked to the Performance of the Shares of Italmobiliare S.p.A.*” (the “**Plan**”) approved by the Board of Directors of Italmobiliare S.p.A. (the “**Company**” or “**Italmobiliare**”) on 2 March 2017 with the favorable opinion of the Remuneration Committee on 1 March 2017; this plan provides for the assignment – to executive directors, Key management personnel and other employees of the Company as well as of the latter’s subsidiaries, and in the case of attainment of specific performance objectives (“**Performance Objectives**”) – of a financial incentive whose amount is linked to the stock exchange performance of the ordinary shares of Italmobiliare.

Approval of the Plan, in accordance with Article 114-bis of Legislative Decree no. 58 of 24 February 1998 and its subsequent amendments and supplements (the “TUF”, Consolidated Law on Finance), will be deliberated during the meeting convened on 19 April 2017.

As a result:

- (i) this Informational Report is exclusively drafted on the basis of the contents of the proposal for adoption of the Plan approved by the Board of Directors of the Company on 2 March 2017;
- (ii) any reference to the Plan contained in this Informational Report must be considered to be referring to the Plan subject to approval by the shareholders’ meeting.

It should be noted that the Plan is considered to be of “specific relevance”, in accordance with Article 114-bis, paragraph 3, of the TUF as well as Article 84-bis, paragraph 2, of the Issuers’ Regulation given that it is directed towards directors with proxies as well as Key management personnel within the Company and of the latter’s subsidiaries, in accordance with Article 93 of the TUF.

1. DEFINITIONS

Executive Directors	Refers to the directors of the Company or of Subsidiaries who are classified as executive on the basis of the Corporate Governance Code as well as directors entrusted with specific positions
Shares	Refers to the ordinary shares of Italmobiliare S.p.A. that are traded within the MTA (Italian electronic equity market).
Beneficiaries	Refers to Executive Directors, Key management personnel and other employees of the Company and, potentially, Subsidiaries which are beneficiaries of the Plan pursuant to this Informational Report.
Change of Control	Refers to an event in which a shareholder of Italmobiliare - retaining, on the date of approval of this Informational Report, a majority of the Shares – is no longer able to appoint a majority of the members of the Board of Directors.
CAGR	Refers to the " <i>Compounded Average Growth Rate</i> ", i.e. the average growth rate during the course of a specific time period.
Plan Cycle	Refer to each three-year period, as of 2017, and which ends on the Liquidation Date.
Committee or Remuneration Committee	Refers to the Remuneration Committee of the Company.
Board or Board of Directors	Refers to the Board of Directors of the Company.
Admission Date	Refers to the date in which the admission of the Beneficiaries to the Plan is formally deliberated.
Liquidation Date	Refers to the date – in any case, following the expiration of the

	Performance Monitoring Period – in which the Company proceeds with liquidating the Financial Incentive.
Key management personnel	Refers to executives who retain the power and responsibility, both directly or indirectly, for planning, management and control of Company activities or for individual areas of corporate activities.
Company financial years	Refers to the financial years of the Company.
Group	Refers to Italmobiliare and its Subsidiaries.
Financial Incentive	Refers to the financial incentive which may be disbursed to the Beneficiaries on the Liquidation Date and which may be increased or decreased in proportion to the difference between the Fair Value of Shares on the Admissions Date and the Fair Value of Shares at the End of the Monitoring Period.
Admissions Letter	Refers to the letter sent to each Beneficiary communicating his/her inclusion within the Plan.
MBO	Refers to the annual variable component of the remuneration for Beneficiaries that is disbursed in connection with the attainment of pre-defined company objectives, as illustrated in the relative plan and relative regulations approved by the Company and which is separate from the Plan pursuant to this Informational Report.
MTA	Refers to the “Mercato Telematico Azionario” (Italian electronic equity market) which is organised and managed by Borsa Italiana S.p.A.
NAV	Refers to the Net Asset Value per Share net of any dividends that are potentially distributed and whose growth rate is determined through the CAGR and whose calculation method is the same as the one adopted by the Company for the drafting of the annual financial report published by Italmobiliare.

NAV Target	Refers to the NAV Target established by the Board of Directors in relation to the Performance Monitoring Period; at the time of its attainment and/or if it is exceeded, the Financial Incentive will be liquidated, in accordance with the proportions specified in the Regulation and in this Informational Report.
Minimum NAV Target	Refers to the minimum level of NAV set by the Board of Directors in relation to the Performance Monitoring Period; at the time of its attainment and/or if it is exceeded, the minimum percentage of the Financial Incentive will be liquidated, in accordance with the proportions specified in the Regulation.
NAV Target Overperformance 1	Refers to the minimum level of NAV that is greater than the NAV Target and set by the Board of Directors in relation to the Performance Monitoring Period; at the time of its attainment and/or if it is exceeded, a Financial Incentive will be liquidated that is greater than that liquidated in the case of attainment of the NAV Target.
NAV Target Overperformance 2	Refers to the minimum level of NAV that is greater than both the NAV Target and the NAV Target <i>Overperformance 1</i> and set by the Board of Directors in relation to the Performance Monitoring Period; at the time of its attainment and/or if it is exceeded, a Financial Incentive will be liquidated that is greater than that liquidated in the case of attainment of the NAV Target <i>Overperformance 1</i> .
Overperformance Objectives	Refers to NAV Target <i>Overperformance 1</i> and NAV Target <i>Overperformance 2</i> levels.
Performance Objectives	Refers to the objectives whose attainment is the necessary condition for liquidation of the Financial Incentive.
Performance Monitoring Period	Refers to the 2017 – 2019 period in which the Performance Objectives are monitored; it includes the first day of the Company Financial Year when the Admissions Letter is sent and the last day of the Company Financial Year preceding the one of the Liquidation Date.

MBO Payout	Refers to the overall amount that is received in relation to the Plan Cycle as the sum of amounts received for the annual MBO on the part of each Beneficiary during Company Financial Years, in accordance with the MBO methodology applied by the Company following the attainment of its performance objectives and according to regulations that are separate from this Regulation and approved by the Board of Directors.
GAR Payout	Refers to the overall amount that is received in relation to the Plan Cycle as the sum of amounts received as gross annual remuneration (GAR) by each Beneficiary during Company Financial Years, in accordance with the provisions of the relative Employment Relationships.
Pay Mix	Refers to the component items of the remuneration of Beneficiaries, differentiated by the category/departments of the Company to which they belong, and composed of the amount received by Beneficiaries for (i) GAR, (ii) MBO, and (iii) the Financial Incentive pursuant to the Plan.
Plan	Refers to the Plan pursuant to this Informational Report.
Points	Refers to the points which – following the attainment of the Performance Objectives – allow for the determination of the exact amount of the Financial Incentive to liquidate to Beneficiaries.
GAR	Refers to the Gross Annual Remuneration that is specified in the employment contracts of the Beneficiaries.
Employment Relationship	Refers to the administration and/or employment relationship in force between the Beneficiaries and the Company or one of the Subsidiaries.
Regulation	Refers to the Regulation which regulates the Plan.
Company	Refers to Italmobiliare S.p.A., with its registered office in Milan, via

	Borgonuovo 20.
Subsidiaries	The companies which are part of the Group and controlled by Italmobiliare.
Value of shares	Refers to the official trading price of the Shares within the MTA and as published by Bloomberg.
Fair Value of Shares on the Admissions Date	Refers to the Value of Shares calculated as the arithmetic average of the official quotations of the share prices within the market managed by Borsa Italian in the thirty calendar days preceding the Admissions Date.
Fair Value of Shares at the End of the Monitoring Period	Refers to the Value of Shares calculated as the arithmetic average of the official quotations of the share prices within the market managed by Borsa Italian in the three months of the last year of the Performance Monitoring Period.

1. BENEFICIARIES

1.1. Names of beneficiaries who are members of the Board of Directors of the entity issuing the financial instruments as well as of parent companies of the latter and companies which it directly or indirectly controls

The Plan targets Executive Directors and/or Key management personnel and/or employees of Italmobiliare and its Subsidiaries who hold strategically significant positions or roles which are, in any case, capable of offering a significant contribution from the perspective of attaining the strategic objectives of the Company; the latter are identified by the Board of Directors following a consultation with the Remuneration Committee.

In order to be identified as a Beneficiary, the following prerequisites must be applicable:

- 1) be in an Employment Relationship with Italmobiliare or with one of the Subsidiaries;
- 2) must not have communicated an intention to withdraw from - or terminate, depending on the circumstances – the Employment Relationship;
- 3) must not have received a notice for dismissal or withdrawal from the Company or one

of the Subsidiaries or a revocation of the Employment Relationship;

- 4) must not have reached a mutual agreement for cancellation of the Employment Relationship;
- 5) the party in question must not be subject to disciplinary provisions based on the provisions of the Code of Ethics and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 which were adopted by the Company.

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders' Meeting; as a result, it is not possible to provide the names of the Beneficiaries.

1.2. Categories of employees or collaborators of the entity issuing the financial instruments as well as the parent companies and subsidiaries of this issuer

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders' Meeting; as a result, it is not possible to provide information relative to the categories of employees and collaborators that will be classified as Beneficiaries.

Identification of Beneficiaries who are Executive Directors and/or Key management personnel and/or other employees, as well as the determination of their Pay Mix, will be implemented by the Board of Directors, with any directors potentially included amongst the Beneficiaries abstaining; this will be implemented after consulting with the Remuneration Committee and after having considered the significance of the relative position held in the Company or in the Subsidiaries and in relation to the value added to the Company and the Group.

When identifying the Beneficiaries, the Board of Directors or the Chairman will utilize the technical/administrative support of the Human Resources and Organisation Department.

1.3. Specification of names of parties benefiting from the plan and belonging to the following groups:

- a) *general managers of the entity issuing the financial instruments;*

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders' Meeting; as a result, it is not possible to provide the names of the Beneficiaries.

- b) *other key management personnel within the entity issuing the financial instruments -*

and which is not of “minor size”, in accordance with Article 3, paragraph 1, letter f) of Regulations No. 17221 of 12 March 2010 – and in the case that they have received, during the course of the year, overall compensation (obtained by adding financial compensation with that based on financial instruments) which is greater than the overall highest compensation assigned to members of the Board of Directors or of the management Board or to general directors of the issuing entity;

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders’ Meeting; as a result, it is not possible to provide the names of the Beneficiaries.

c) natural persons controlling the entity issuing the shares and which are employees or independent contractors of the issuer

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders’ Meeting; as a result, it is not possible to provide the names of the Beneficiaries.

1.4. Description and numerical specification, separated by categories:

a) key management personnel that are different from those specified in letter b) of paragraph 1.3;

As of the date of this Informational Report, the Plan has not yet been approved by the Shareholders’ Meeting; as a result, it is not possible to provide the names of the Beneficiaries.

b) in the case of companies of “minor size pursuant to Article 3, paragraph 1, letter f) of Regulations No. 17221 of 12 March 2010, aggregate reporting of all key management personnel within the entity issuing the financial instruments;

Not applicable given that Italmobiliare is not classified as a company of “minor size” on the basis of Article 3, paragraph 1, letter f) of the Regulation adopted by Consob by means of resolution No. 17221 of 12 March 2010.

c) other potential categories of employees or collaborators for which differentiated categories of the plan have been provided for (for e.g. executives, mid-level managers, office employees, etc..)

There are no categories of employees or collaborators for which differentiated characteristics of the Plan have been provided for.

2. REASONS FOR ADOPTING THE PLAN

2.1. The objectives of application of the Plan

The Company, in accordance with the best practices that are adopted by listed companies at the national and international level, believes that the compensation plans linked to trends in stock prices are an effective instrument for creating incentives as well as loyalty amongst persons holding key positions in addition to promoting elevated and improved performance amongst employees, thereby contributing to the growth and success of the companies.

The adoption of remuneration plans linked to the performance of company shares is also in line with the recommendations of the Corporate Governance Code; Article 6 of the latter recognizes that these typologies of plans are a suitable instrument for aligning the interests of executive directors and Key management personnel of list companies with those of shareholders, thereby allowing for the pursuit of the primary objective of value creation in the medium to long term.

In particular, Italmobiliare aims to promote and pursue the following objectives by means of the Plan:

- link overall remuneration, and in particular the incentive system of key officers and executives of the Group, with the effective performance of the Company and the creation of new value for the Italmobiliare Group, as also illustrated in the Corporate Governance Code for listed companies;
- link the overall remuneration of Beneficiaries with the medium to long-term performance of the Company and to “value creation” for shareholders;
- further develop retention policies which aim to create loyalty amongst key human resources and incentivize their continued employment within the Company or the Group;
- reward the results attained by each Beneficiary by creating the conditions for ensuring greater involvement of top company executives in the results of the Company and increasing the sense of ownership of the Beneficiaries by incentivizing their continued stay in the company.

2.1.1 Additional information

The reasons and criteria through which the Company establishes the Pay Mix and, as a result, the overall remuneration of the Beneficiaries, are based, on the one hand, on the need to generate incentive and loyalty-building goals for persons holding key positions – thereby maintaining elevated and improving performance in order to contribute to the Company’s growth and success – and, on the other hand, on the need to recognize overall benefits to the affected parties which are in line with the best practices of the market adopted by listed company at a national and international level, as also highlighted by the Corporate Governance Code itself and in compliance with the preceding paragraph 2.1.

The Plan extends across a time period which is deemed suitable for attaining the incentive and loyalty-building objectives and which corresponds to the Plan Cycle.

In any case, the Pay Mix of the Beneficiaries – in the case that the Performance Objectives are 100% realised and, as a result, the liquidation percentage of the Financial Incentive corresponds to 300 points (as illustrated in more detail below) – will be determined within the following minimum and maximum limits of proportions and in accordance with combinations that will be determined by the Company bodies and communicated to the Beneficiaries by means of the Admissions Letters:

<u>Pay Mix Components</u>					
GAR		MBO		Financial Incentive	
Min.	33%	Min.	15%	Min.	15%
Max.	70%	Max.	33%	Max.	33%

2.2. Key variables, even in the form of performance indicators considered for the purposes of assigning plans based/linked to financial instruments

Each Beneficiary may receive the liquidation of the Financial Incentive if the Performance Objectives applicable to the Cycle of the Plan are attained.

The Performance and Overperformance Objectives which are applicable to each Cycle of the Plan are defined by the Board of Directors prior to the transmission of the Admissions Letters to the Beneficiaries and are expressed by the values of the NAV Target. In the case of attainment – on the part of the Company, and at the end of the Performance Monitoring Period – of a NAV that is less than the Minimum NAV Target or greater than the NAV

Target, the amount of the Financial Incentive will be consequently zeroed out or increased, in accordance with that reported in the subsequent paragraph of this Informational Report.

In addition, the amount of the Financial Incentive – determined in accordance with the aforementioned criteria – will be increased or decreased in proportion to the difference between the Fair Value of Shares on the Admissions Date and the Fair Value of Shares at the End of the Monitoring Period.

2.2.1 Additional information

Each Beneficiary may receive the liquidation of the Financial Incentive if the Performance Objectives applicable to the Cycle of the Plan are attained, in accordance with that reported in the following table.

Liquidation of the Financial Incentive on the basis of the level of attainment of the NAV

Target

% of Attainment of the NAV Target (NAV=x)	% liquidation of the Financial Incentive (y)
x < Minimum NAV Target	y=0
Minimum NAV Target $\leq x \leq 100\%$ of the NAV Target	y=between <u>200</u> and <u>299</u> Points
x=100% of the NAV Target	y=100% = <u>300</u> Points
100% of the NAV Target $\leq x \leq$ NAV Target <i>Overperformance 1</i>	Max <u>400</u> Points
100% of the NAV Target $\leq x \leq$ NAV Target <i>Overperformance 2</i>	Max <u>500</u> Points
x > NAV Target <i>Overperformance 2</i>	<u>500</u> Points

The attainment of a NAV level:

- i) that is below the Minimum NAV Target will not result in the liquidation of any Financial Incentive to the Beneficiaries;
- ii) between the Minimum NAV Target and 100% of the NAV Target will result in the liquidation of a Financial Incentive to the Beneficiaries of 200 points, and which will increase linearly;

- iii) equal to the NAV Target will result in the liquidation of a Financial Incentive to the **Beneficiaries equal to 100% and equivalent to 300 Points**;
- iv) between the NAV Target and the NAV Target Overperformance 1 will result in the liquidation of a Financial Incentive to the **Beneficiaries of up to 400 Points, and which will increase linearly**;
- v) between the NAV Target and the NAV Target Overperformance 2 will result in the liquidation of a Financial Incentive to the **Beneficiaries of up to 500 Points, and which will increase linearly**;
- vi) beyond the NAV Target Overperformance 2 will result will result in the liquidation of a Financial Incentive to the **Beneficiaries equal to the limit of 500 Points**.

The amount of the Financial Incentive determined above will be increased or decreased in proportion to the difference between the Fair Value of the Shares on the Admissions Date and the Fair Value of the Shares at the End of the Monitoring Period.

Regardless of the difference between the Fair Value of the Shares on the Admissions Date and the Fair Value of the Shares at the End of the Monitoring Period, the increase in the Financial Incentive may not exceed a maximum amount that is equal to three times the sum of the GAR Payout and the MBO Payout for each individual Beneficiary.

2.3. Elements used to determine the amount of the compensation based on financial instruments, i.e. the criteria for its determination

On the Admissions Date, the competent body will determine – for each Beneficiary, and following consultations with the Remuneration Committee – the following items after having assessed the strategic importance of each Beneficiary in terms of the potential for new value creation:

- the exact composition of the Pay Mix;
- the number of Points ascribable to the Pay Mix;
- the Performance Objectives and Overperformance objectives at whose date of attainment the Financial Incentive will be liquidated;

These elements must be considered the foundational elements to determine the amount of compensation to assign to the Beneficiaries within the context of the Plan.

2.3.1 Additional information

The Pay Mix of each Beneficiary is defined by evaluating the strategic importance of each

Beneficiary in relation to the creation of new value and by considering the following elements:

- Organisational relevance of the position.
- *Performance track record of the party holding the position.*
- Critical requirement for retention
- *Organisational fit and trust.*
- Talent and potential
- Size of the directly managed business
- Strategic contribution of the role and critical level of know-how

2.4. Reasons underlying a potential decision to assign compensation plans based on financial instruments not issued by the issuer, such as financial instruments issued by subsidiaries or parent companies or third party companies external to the Group of belonging; in the case that the aforementioned instruments are not traded within regulated markets, information on the criteria utilized to determine the value ascribable to them

Not applicable given that the Plan does not provide for the assignment of a Financial Incentive linked to the Shares of Italmobiliare.

2.5. Evaluations pertaining to significant fiscal and accounting factors that influenced the definition of the plans

There were no significant fiscal and accounting factors that influenced the definition of the Plan.

2.6. Potential support of the Plan on the part of the special fund for creating incentives for worker participation in companies, in accordance with Article 4, paragraph 112, of Law no. 350 of 24 December 2003

The Plan will not receive any support from the special fund for creating incentives for worker participation in companies, in accordance with Article 4, paragraph 112, of Law no. 350 of 24 December 2003.

3. PROCESS FOR APPROVAL AND TIME SCHEDULE FOR ASSIGNMENT OF THE SHARES

This paragraph supplies information pertaining to the Plan although the latter does not involve the assignment of Shares but rather the assignment of a Financial Incentive whose amount may vary on the basis of the stock market performance of the Shares.

3.1. Range of powers and functions delegated from the shareholders' meeting to the Board of Directors in order to implement the plan

On 2 March 2017, the Board of Directors of the Company – following a favorable opinion of the Remuneration Committee on 1 March 2017– deliberated to present the Plan for approval to the ordinary Shareholders' Meeting.

The Shareholders' Meeting will be called upon to resolve upon not only the approval of the Plan but also the conferral – to the Board of Directors – of all necessary or opportune powers required to fully and completely implement the Plan, in particular (including but not limited to) any power to approve the Regulation or modify and/or supplement it as well as identify the Beneficiaries, determine the Pay Mix of Beneficiaries and specify the details of the Performance Objectives in addition to providing for the drafting/and or finalization of any document that is necessary and/or opportune in relation to the Plan and implementing any deed, fulfillment, formality and communication that is necessary or opportune for the purposes of the management and/or implementation of the Plan itself, while retaining the right to delegate its powers, tasks and responsibilities pertaining to the execution and application of the Plan to the CEO of Italmobiliare, without prejudice to the fact that any decision pertaining to the identification of Beneficiaries who are Executive Directors and/or Key management personnel and/or parties directly reporting to the CEO, as well as the determination of their Pay Mix, will be taken by the Board of Directors with any directors potentially included amongst the Beneficiaries abstaining.

The identification of other Beneficiaries who are not Executive Directors and/or Key management personnel and/or which report directly to the CEO, as well as the determination of their Pay Mix, will be implemented by the CEO after consulting with the Remuneration Committee.

3.2. Identification of the parties entrusted with administration of the plan and their functions and powers

The power to execute the Plan is assigned to the Board of Directors which is entrusted by the Shareholders' Meeting with managing and implementing the Plan while availing itself of the preliminary and advisory support of the Remuneration Committee as well as the support of the Human Resources and Organisation Department.

Operational management of the Plan will be delegated to the CEO who will operate in compliance with the provisions of the Plan regulation. In the case of a conflict of interest, the operational management of the Plan will be delegated to the Board of Directors after consulting with the Remuneration Committee.

3.3. Potential procedures for the revision of plans, even in relation to potential changes in basic objectives

Without prejudice to the competence of the Shareholders' Meeting for those cases required by law, the Board of Directors is the competent body to apply modifications to the Plan following a consultation with the Remuneration Committee.

3.4. Description of the modalities through which to determine the availability and assignment of financial instruments on which the plans are based (for e.g.: the free assignment of shares, share capital increases with the exclusion of option rights, purchase and sale of own shares)

The Plan involves the assignment of a Financial Incentive to beneficiaries – in the case of attainment of the Performance Objectives – whose amount is linked to the stock market performance of the ordinary shares of Italmobiliare. The Plan, as a result, does not provide for the assignment of financial instruments.

3.5. Role of each director in determining the characteristics of the cited plans; potential occurrence of situations of conflict of interest for affected directors

The characteristics of the Plan – which must be presented for approval to the shareholders' meeting, in accordance with and by effect of Article 114-bis of the TUF – were determined in a collegial manner by the Board of Directors who approved to present the shareholders' meeting with a proposal to adopt the Plan following approval from the Remuneration Committee.

3.6. For the purposes of the requirements of Article 84-bis, paragraph 1, the date of the decision taken by the competent body for proposing approval of the plans to the

shareholders' meeting and of a potential proposal for a potential remuneration committee

On 2 March 2017, the Board of Directors of the Company approved the proposal to present the Shareholder's Meeting with the Plan following authorization from the Remuneration Committee which met on 1 March 2017.

3.7. For the purposes of the requirements of Article 84-bis, paragraph 5, letter a), the date of the decision taken by the competent body in relation to the assignment of the instruments and the potential proposal to the aforementioned body formulated by the potential remuneration committee

Not applicable given that – on the date of this Informational Report – the Report had not yet been approved by the Shareholders' Meeting.

3.8. Market price recorded in the aforementioned dates of the financial instruments on which the plans are based, if traded in regulated markets

Not applicable given that – on the date of this Informational Report – the Report had not yet been approved by the Shareholders' Meeting.

3.9. In the case of plans based on financial instruments traded within regulated markets, the terms and modalities which are taken into account by the issuer when identifying the timing for assigning financial instruments used to implement the plans and with regard to the potential temporal concurrence between: (i) this assignment or potential decisions taken by the Remuneration Committee, and (ii) the diffusion of potential information relevant on the basis of Article 114, paragraph 1; for e.g., in the case that this information is: a. not already public and capable of positively influencing market prices, or b. already public and capable of negatively influencing market prices

The Plan involves the assignment of a Financial Incentive to Beneficiaries – in the case of attainment of the Performance Objectives – whose amount is linked to the stock market performance of the ordinary shares of Italmobiliare. The Plan, as a result, does not provide for the assignment of financial instruments.

The structure of the Plan, as well as its conditions and the modalities for determining increases or decreases in the amount of the Financial Incentive with respect to the Value of the Shares, may be influenced by the potential diffusion of relevant information pursuant to

Article 114, paragraph 1, of the TUF. In any case, and in order to reduce this influence, the determination of increases or decreases in the Financial Incentive will be calculated on the basis of the difference between the Fair Value of Shares on the Admissions Date and the Fair Value of Shares at the End of the Monitoring Period by utilizing the arithmetic average of valuation periods of the Shares, in accordance with market practices. This methodology is considered sufficiently extensive by the Board of Directors for the purposes of normalizing the impact of a potential distribution of relevant information.

4. CHARACTERISTICS OF ASSIGNED INSTRUMENTS

4.1. Description of the forms used to structure compensation plans based on financial instruments

The Plan involves the assignment of a Financial Incentive to executive directors and key management personnel – in the case of attainment of the Performance Objectives – whose amount is linked to the stock market performance of the ordinary shares of Italmobiliare. The Plan, as a result, does not provide for the assignment of financial instruments.

4.2. Specification of the period of effective implementation of the Plan, even with reference to potentially different cycles

The Plan is structured across a three-year time period (2017-2019) and provides for a Plan Cycle that is composed as follows:

- i. the transmission of Admissions Letters to Beneficiaries, which must be completed in the current year 2017;
- ii. the Performance Monitoring Period;
- iii. the potential liquidation of the Financial Incentive which must be implemented on the Liquidation Date in 2020;

The Board of Directors - following a consultation with the Remuneration Committee and subordinate to the prior determination of the relative Performance Objectives – reserves the right draft additional Plan Cycles in subsequent years.

4.3. End of the plan

Refer to the preceding paragraph 4.2.

4.4. Maximum number of financial instruments, even in the form of options, that are assigned each fiscal year in relation to parties that identified by name or the specific categories

The Plan does not provide for the assignment of financial instruments.

4.5. Modalities and clauses for implementation of the plan, specifying whether the effective assignment of the instruments is subordinate to the occurrence of conditions or the attainment of specific results, even performance-based; description of these conditions and results

The Plan does not provide for the assignment of financial instruments.

With regard to the modalities and clauses for implementation of the Plan, refer to the provisions of the individual paragraphs of this Informational Report which describe, in detail, the conditions – including the Performance Objectives – required for assignment of the Financial Incentive.

4.6. Specification of potential availability constraints on assigned instruments or on instruments derived from the exercising of options, with particular reference to the deadlines within which the subsequent transfer to the company or third parties is authorized or prohibited

The Plan does not provide for the assignment of financial instruments.

4.7. Description of potential termination clauses in relation to the assignment of the plans in the case that the beneficiaries implement hedging operations which allow for neutralization of potential sales prohibitions of assigned financial instruments, even in the form of options or financial instruments derived from the exercising of these options

Not applicable, given that no termination clauses are provided for in the case that the Beneficiary implements hedging operations.

4.8. Description of effects resulting from termination of the Employment Relationship

The terms and conditions which regulate relations between Italmobiliare and the Beneficiary

in the case of termination of the Employment Relationship are reported below:

- a) in the case of termination of the Employment Relationship due to a dismissal or resignation – and which occurs after the end of the Performance Monitoring Period but prior to the Liquidation Date – the Beneficiary will receive the Financial Incentive that was attained, determined in accordance with the Regulation;
- b) in the case of a mutually agreed cancellation of the Employment Relationship or a resignation for retirement or as a result of invalidity - and which occurs after the end of the Performance Monitoring Period but prior to the Liquidation Date – the Beneficiary will receive the Financial Incentive that was attained, determined in accordance with the Regulation;
- c) in the case of death of the Beneficiary, and which occurs after the end of the Performance Monitoring Period but prior to the Liquidation Date, the right to disbursement of the Financial Incentive that potentially accrued will be recognized for the heirs of the Beneficiary following the production, on the part of the latter, of the necessary documentation proving this status.
- d) If, during the Performance Monitoring Period, there is a transfer of the Employment Relationship of the Beneficiary between the Company and the Subsidiaries, independently of the modalities through which this transfer occurs, or the ational position of the Beneficiary is modified with a consequent change in the latter's responsibilities, the Financial Incentive of reference will be consequently updated;
- e) in the case of cessation of the Employment Relationship or modification of the role held during the duration of the Plan Cycle and, in any case, prior to the end of the Performance Monitoring Period, the Board may - at its own discretion and after having consulted with the Committee and given the reasons justifying the cessation or change – equitably evaluate the disbursement of a lump sum compensation that is proportional to the duration of the completed period and the transitory partial level of attainment of the Performance Objectives;
- f) in the case of death of the Beneficiary during the Plan Cycle and, in any case, prior to the end of the Performance Monitoring Period, the Board may - at its own discretion and after having consulted with the Committee - equitably evaluate the disbursement of a lump sum compensation that is proportional to the duration of the completed period and the transitory partial level of attainment of the Performance Objectives; this sum will be disbursed to the heirs of the Beneficiary following the production, on the part of the latter, of the necessary documentation proving this status.

In individual cases where a significant company interest is involved and a significant contribution on the part of the Beneficiary has been noted in relation to the purposes of this Plan, and even in the case of interruption of the Employment Relationship of the Beneficiary during the course of the Performance Monitoring Period, the CEO – who operates in compliance with the powers attributed to him/her by means of a specific proxy from the Board as well as with the provisions of the Regulation – or the Board of Directors – in the case of a conflict of interest for the CEO, and following consultations with the Remuneration Committee – retains the right to proceed with the full or partial liquidation of the Financial Incentive, even in the absence of attainment of the Performance Objectives specified in the table above.

4.9. Specification of potential other causes for cancellation of the plans

Without prejudice to that specified in other paragraphs of this Informational Report, there are no other causes for cancellation of the Plan.

4.10. Justification for a potential provision for “redemption” of the financial instruments pursuant to the plans on the part of the company, in accordance with Article 2357 et sequitur of the Italian Civil Code; the beneficiaries of the redemption who must specify it is only relative to certain categories of employees; the effects of termination of the employment relationship on this redemption

The Plan does not provide for the assignment of financial instruments and, as a result, there are no clauses relative to redemption from the Company.

In any case, the Board, after having consulted with the Committee, may temporarily suspend the effects of the Plan for the Beneficiaries in the case of specific requirements including, by way of example, changes in both legal norms and regulations, with the exclusion of fiscal regulations, and which are applicable to the legal relationships affected by the Plan.

Suspension of the effects of the Plan for the Beneficiaries will also be implemented, in any case, if there are circumstances that include, but are not limited to, company mergers and spin-offs which have an effect on the share capital of the Company, increases and decreases in the share capital of the Company, and changes in the Articles of Association involving the Shares which could affect the conditions regulating the application of the Plan by potentially altering economic-financial assumptions and altering its purposes.

A potential suspension in accordance with that outlined above will be promptly communicated to the Beneficiaries.

The Board may – in all the cases referred to above, and following a consultation with the Committee – apply potential amendments and supplement to the Plan, the Plan Cycle and the Regulation or provide for its abrogation in the case that it is no longer consistent with the company's situation, and without prejudice to potential rights that have, in the meantime, been acquired as a result of the full expiration of the three-year period of reference and the fulfillment of the requirements and conditions pursuant to the Regulation.

4.11. Potential loans or other facilitations which can be granted for the purchase of shares on the basis of Article 2358 of the Italian Civil Code

Not applicable, given that the Plan does not provide for the purchase of financial instruments.

4.12. Specifications on the valuation of the expected cost for the company on the date of the relative assignment, as can be determined on the basis of previously defined terms and conditions, in terms of overall amount as well as each instrument of the Plan

Not applicable, given that the Plan does not provide for the assignment of financial instruments.

4.13. Specification of potential diluting effects on share capital due to compensation plans

Not applicable, given that the Plan does not provide for the issue of financial instruments on the part of the Issuer.

4.14. Potential limits for exercising voting rights and the assignment of property rights

Not applicable, given that the Plan does not provide for the assignment of financial instruments on the part of the Issuer.

4.15. In the case that the Shares are not traded within regulated markets, any information that is useful for a detailed valuation of their value.

Not applicable, given that the Plan does not provide for the assignment of Shares.

4.16. Number of financial instruments underlying each option

Not applicable, given that the Plan does not provide for the assignment of Shares.

4.17. Expiration of options

Not applicable, given that the Plan does not provide for the assignment of options.

4.18. Modality (US/EU), timing (e.g. valid periods of exercising) and operational clauses (for e.g. knock-in and knock-out clauses)

Not applicable, given that the Plan does not provide for the assignment of options.

4.19. Exercise price of the option or the modalities and criteria for its determination, particularly with regard to: a) the formula for calculation of the exercise price in relation to a specific market price (fair market value) (for e.g.: an exercise price of 90%, 100% or 110% of the market price), and b) the modalities for determination of the market price that is used to determine the exercise price (for e.g.: last price of the day preceding the assignment, average for the day, average of the past 30 days etc..)

Not applicable, given that the Plan does not provide for the assignment of options.

4.20. Justification for the difference between the exercise price and the market price determined in accordance with point 4.19 (fair market value)

Not applicable.

4.21. Criteria used to justify different exercise prices between different parties or categories of recipient parties

Not applicable.

4.22. In the case that the financial instruments underlying the options are not traded within regulated markets, a specification of the value ascribable to the underlying instruments or the criteria used to determine this value

Not applicable, given that the Plan does not provide for the assignment of options.

4.23. Criteria for the adjustments that are required as a result extraordinary share capital operations and other operations which involve a change in the number of underlying instruments (share capital increases, extraordinary dividends, grouping and subdivision of underlying shares, mergers and spin-offs, operations for conversion into other share categories etc.)

In the case of a merger or spin-off of the Company with other companies, the Performance Objectives may be modified in proportion to the value of the NAV of the shares of the company resulting from the merger or spin-off and proportional to the applied share exchange rate.

In the case of delisting of the Company during the course of the Plan Cycle and, in any case, before the end of the Performance Monitoring Period, the Board of Directors will re-determine the Performance Objectives by referring them to a shorter time period compared to the Performance Monitoring Period, i.e. until the date of the event which resulted in the delisting of the Shares of the Company. The Beneficiaries will retain the right to receive a Financial Incentive, in accordance with the re-determination provided for herein.

In all cases where – prior to the expiration of the Performance Monitoring Period – there is a Change in Control, the Beneficiaries are recognised the right to continue their participation in the Plan, in accordance with the conditions of the Regulation and without prejudice to any potentially different contractual proposals that are implemented by the entity which acquires the control, or to request the liquidation of a Financial Incentive of 300 Points even if the Performance Monitoring Period has not yet expired and independently from the attainment of the Performance Objectives.

4.24. Compensation plans based on financial instruments

The attached Table pursuant to paragraph 4.24 of Form 7 of Attachment 3A of the Issuers' Regulation will be provided in detail at the time of admission of the Beneficiaries to the Plan and during the phase of implementation of the latter, in accordance with Article 84-bis, paragraph 5, letter a) of the Issuers' Regulation.