

ITALMOBILIARE

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Informational Report of the Board of Directors on the 2017-2019 Financial Incentive Plan linked to the performance of the shares of Italmobiliare S.p.A.

Dear Shareholders,

The Board of Directors has convened you in this ordinary and extraordinary Shareholders' Meeting in order to submit to your approval – in accordance with Article 114-bis of Legislative Decree no. 58 of 24 February 1998 and its subsequent amendments and supplements (the “**Consolidated Law on Finance**, or “**TUF**”) - an incentive and loyalty building plan named the “*2017-2019 Financial Incentive Plan linked to the Performance of the Shares of Italmobiliare S.p.A.*” (the “**Plan**”) - reserved for executive directors, key management personnel and employees of Italmobiliare S.p.A. (“**Italmobiliare**” or the “**Company**”) as well as of the latter's subsidiaries, in accordance with Article 93 of the Consolidated Law on Finance (the “**Subsidiaries**”) - and implemented through the assignment of a financial incentive to beneficiaries - in the case of attainment of specific performance objectives (“**Performance Objectives**”) – whose amount is linked to the stock exchange performance of the ordinary shares of Italmobiliare.

The informational report relative to the Plan, drafted in accordance with Article 84-bis and Attachment 3A of the Issuers' Regulation (the “**Informational Report**”) will be made public in accordance with the law and can be consulted within the website of the Company www.italmobiliare.it, under section “*Governance/Shareholders' Meeting*” as well as within the storage device *eMarket STORAGE* along with this report.

1) Reasons for adopting the Plan

In accordance with the best practices that are adopted by listed companies at the

national and international level, remuneration plans based on shares 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 for listed companies and adopted by Borsa Italiana SpA; Article 6 of the latter recognises 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.

2) Purpose and modalities for implementing the Plan

The Plan provides for the assignment of a monetary incentive (the “**Financial Incentive**”) to Beneficiaries following the attainment of specific performance objectives (the “**Performance Objectives**”) which is proportional to the role held by each Beneficiary within the Company or the Group, it will increase or decrease in accordance with the trend of the market price of the shares of the Company listed in the “Mercato Telematico Azionario” (Italian electronic equity market) between the date in which admission of the Beneficiaries to the Plan is resolved (arithmetic average of the values of the previous thirty days) and the end of the monitoring period of the Performance Objectives (arithmetic average of the values in the three months of the last year of the Play Cycle), with a duration of three financial years from the year 2017.

For more details on the Plan, as well as on the meaning of the terms specified with a capital letter and used in this Report, refer to the Informational Report on the Plan, drafted in accordance with Article 84-bis and Attachment 3A of the Issuers’ Regulation.

3) Plan Beneficiaries

The Plan is reserved for Executive Directors, Key management personnel and employees of Italmobiliare and its Subsidiaries, as identified by the bodies entrusted with implementing the Plan and following a consultation with the Remuneration Committee.

4) Modalities and clauses for implementation of the Plan, with specific reference to its duration and the conditions for assignment of the Shares

Without prejudice to the provisions of the Plan Regulation, 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 table below.

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)
$x < \text{Minimum NAV Target}$	$y = 0$
$\text{Minimum NAV} \leq x \leq 100\% \text{ of the NAV Target}$	$y = \text{between } \underline{200} \text{ and } \underline{299} \text{ Points}$
$x = 100\% \text{ of the NAV Target}$	$y = 100\% = \underline{300} \text{ Points}$
$100\% \text{ of the NAV Target} \leq x \leq \text{NAV Target}$ <i>Overperformance 1</i>	$\text{Max } \underline{400} \text{ Points}$
$100\% \text{ of the NAV Target} \leq x \leq \text{NAV Target}$ <i>Overperformance 2</i>	$\text{Max } \underline{500} \text{ Points}$
$x > \text{NAV Target}$ <i>Overperformance 2</i>	$\underline{500} \text{ Points}$

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 that specified in the preceding Article 2.

5) Potential support of the Plan on the part of the special fund for creating incentives for worker participation, 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.

* * *

Dear Shareholders,

in light of that illustrated above, we hereby call upon you to approve the following resolutions:

"The Shareholders' Meeting of Italmobiliare S.p.A."

- *having reviewed the Board of Directors' report drafted in accordance with Articles 114-bis and 125-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended;*

- *having reviewed the explanatory report drafted in accordance with Article 84-bis of the Regulation adopted by Consob with resolution No. 11971 of 14 May 1999, as subsequently amended and which was made available to the public according to the modalities prescribed by the currently effective regulations, hereby*

resolves

- (i) *to approve, in accordance with and by effect of Article 114-bis of Legislative Decree no. 58 of 24 February 1998, the adoption of the financial incentive plan named “2017-2019 Financial Incentive Plan” linked to the performance of the shares of Italmobiliare S.p.A. and whose characteristics (including conditions and requirements for implementation) are reported in the concerned Board of Directors’ Report as well as in the Informational Report of the Plan;*
- (ii) *to grant the Board of Directors, with powers of sub-delegation, any powers that are necessary or opportune for the execution of the “**2017-2019 Financial Incentive Plan**”, in particular including but not limited to any power to prepare and adopt the regulation for implementation of the Plan as well as modify and/or supplement it in addition to identifying the Beneficiaries and determining their conditions of participation as well as implementing any deed, fulfilment, formality or communication which may be necessary or opportune for the management and/or implementation of the plan itself and with the right to delegate its powers, tasks and responsibilities pertaining to the execution and application of the plan to the Chairman, the Deputy Chairman and the CEO, severally, without prejudice to the fact that any decision relative to and/or pertinent to participation within the Plan of the Chairman, the Deputy Chairman and the CEO (as well as any decision relative to and/or pertinent to the management and/or implementation of the plan with respect to them) will fall under the exclusive competence of the Board of Directors;*
- (iii) *to grant the Chairman, the Deputy Chairman and the CEO severally with all powers, including the power to delegate tasks, require to fulfil legislative and regulatory obligations that result from the approved resolutions”.*

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Milan, 20 March 2017

On behalf of the Board of Directors

The Chief Executive Officer

(Carlo Pesenti)