

ITALMOBILIARE

BOARD OF DIRECTORS' REPORT
to the ordinary and extraordinary shareholders' meeting of April 17,
2019

AGENDA

EXTRAORDINARY MEETING

1. Proposed cancellation of 5,133,800 treasury shares without reduction of the share capital and consequent amendment of article 5 of the Company's by-laws.

ORDINARY MEETING

1. Financial statements at December 31, 2018 and allocation of the net income.
 2. Appointment of a director.
 3. Appointment of the external auditor for the years 2019-2027.
 4. Authorization to buy back and dispose of treasury shares, subject to revocation of the authorization given by the Ordinary Shareholders' Meeting held on April 18, 2018.
 5. Consultation on the first section of the remuneration report pursuant to article 123-ter, subsection 6, Legislative Decree 58/1998.
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EXTRAORDINARY MEETING

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1. Proposed cancellation of 5,133,800 treasury shares without reduction of the share capital and consequent amendment of article 5 of the Company's by-laws

Dear Shareholders,

We submit for your approval the proposed cancellation of 5,133,800 treasury shares in the portfolio, without reduction of the share capital, and the consequent amendment of article 5 of the company by-laws.

Pursuant to article 5 of the company by-laws, the share capital of your Company is represented by ordinary shares without par value. Therefore, the proposed cancellation of treasury shares shall exclusively result in a reduction of the number of shares making up the share capital, without reducing its amount, and the automatic increase of the implicit accounting parity value of the remaining shares.

At the date of this report, the Company holds a total of 5,685,870 treasury shares, amounting to 11.937% of the shares representing the share capital, which were bought back on the basis of previous authorizations approved by the shareholders' meeting over the years. We recall in particular that in 2017 the Company promoted a public tender offer involving Italmobiliare shares, at the end of which it brought back 3,999,832 shares.

Of the 5,685,870 treasury shares in the portfolio, 360,700 are tied up for use in previously approved stock option plans.

At December 31, 2018, the 5,685,870 treasury shares held were accounted for as a 134,659,116 euro reduction in net equity.

Pursuant to the shareholders' meeting resolutions approved in the past, the treasury shares bought back cannot be used for any purpose in the absence of a specific authorization by the Shareholders, except for the part already allocated to a specific use. As the possibility in the short term of using the treasury shares in the portfolio that are not tied up for a specific use has not been presented or hypothesized, the Board of Directors considers it appropriate to proceed with the cancellation of 5,133,800 treasury shares.

The cancellation of 5,133,800 treasury shares shall not produce any effect on earnings and shall be completed with a mere accounting operation, resulting in the reduction of the share premium reserve reported at December 31, 2018, for the amount of 121,584,379 euros, without any reduction of the share capital.

The share capital of Italmobiliare shall therefore remain as 100,166,937 euros, while the shares issued shall reduce from 47,633,800 to 42,500,000. The implicit accounting parity value of the remaining 42,500,000 shares making up the share capital shall therefore change from 2.10 euros to 2.36 euros.

Details are provided below of the changes to the major shareholdings – in percentage terms – as of the date of this report based on the information available and the communications received pursuant to art. 120 of Legislative Decree no. 58 of February 24, 1998, as subsequently amended and supplemented (the Consolidated Law on Finance, "CLF"), which will occur as a result of the cancellation of 5,133,800 treasury shares in the portfolio, without reducing the share capital.

MAJOR SHAREHOLDINGS		
Shareholder	% of the shares representing the current share capital	% of the shares representing the share capital after the cancellation of 5,133,800 treasury shares
Efiparind B.V. (indirectly and through Compagnia Fiduciaria Nazionale S.p.A.)	44.022%	49.339%

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Serfis S.p.A.	10.003%	11.212%
Mediobanca S.p.A.	6.076%	6.81%
First Eagle Investment Management, LLC	3.737%	4.188%

After this cancellation, Italmobiliare would hold 552,070 treasury shares, amounting to 1.299% of the share capital.

The approval of the proposal to cancel 5,133,800 treasury shares in the portfolio, without reducing the share capital, would require the amendment of art. 5 of the company by-laws, limited to the number of shares making up the share capital, as stated below.

Current by-laws	Proposed amendment
<p style="text-align: center;">Article 5 Share capital</p> <p>The share capital amounts to 100,166,937 (one hundred million, one hundred sixty-six thousand, nine hundred thirty-seven) euros, divided into 47,633,800 (forty-seven million, six hundred thirty-three thousand, eight hundred) ordinary shares without par value.</p>	<p style="text-align: center;">Article 5 Share capital</p> <p>The share capital amounts to 100,166,937 (one hundred million, one hundred sixty-six thousand, nine hundred thirty-seven) euros, divided into 47,633,800 (forty-seven million, six hundred thirty-three thousand, eight hundred) 42,500,000 (forty-two million, five hundred thousand) ordinary shares without par value.</p>

The effectiveness of the proposed resolution is subject to the relative registration in the Business Register, pursuant to and for the effects of article 2436, subsection 5, of the Italian Civil Code.

The proposed amendment to article 5 of the Company's bylaws shall not result in Shareholders having the right to withdraw pursuant to the law.

If you agree with the proposal formulated, we would invite you to pass the following resolution:

"The extraordinary Shareholders' Meeting, having examined the Report of the Board of Directors,

resolved

- 1) to cancel 5,133,800 treasury shares without par value, maintaining the share capital amount unchanged and proceeding to reduce the share premium reserve by 121,584,379 euros;
- 2) to amend art. 5 of the company by-laws by adopting the text set out below:
"The share capital amounts to 100,166,937 (one hundred million, one hundred sixty-six thousand, nine hundred thirty-seven) euros, divided into 42,500,000 (forty-two million, five hundred thousand) ordinary shares without par value."
- 1) to grant the Chairman and the Chief Executive Officer, separately, all the broadest powers to implement the resolution and in particular to fulfill any related disclosure obligation, with the authority to introduce changes or supplements that may be required for the purposes of registration in the Business Register or required by the competent authorities.

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ORDINARY MEETING

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1. Financial statements at December 31, 2018 and allocation of the net income.

Dear Shareholders,

We submit for your approval the financial statements for the year ended December 31, 2018, which closed with a profit of Euro 19,795,345. Reference is made to the Annual Report and the draft financial statements contained herein for all information in this regard, specifying that the same shall be published within the deadlines set by law.

The profit for the year and the financial situation of the company enable us to propose the distribution of a dividend of Euro 0.55 per ordinary share, gross of the withholdings required by law, taking into account the 5,685,870 treasury shares in the portfolio at the date of this report, whose right to earnings is attributed proportionately to the other shares in accordance with art. 2357-ter of the Italian Civil Code.

The proposed dividend will be paid as from May 8, 2019 (coupon date May 6, 2019 and record date May 7, 2019).

We therefore invite you to pass the following resolution:

“The Shareholders' Meeting of Italmobiliare S.p.A.,

having noted the report of the Board of Directors on operations and the report of the Board of Statutory Auditors, and after having examined the financial statements as at December 31, 2018,

considering that the legal reserve has reached one fifth of the share capital and consequently no further provision to such reserves need be made pursuant to article 2430 of the Italian Civil Code and article 30 of the company by-laws,

resolved

1) to approve the report of the Board of Directors on operations and the 2018 financial statements, consisting of the statement on the financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes, which reflect a profit of Euro 19,795,345 as presented by the Board of Directors in its entirety, in the individual postings and with the proposed allocations;

2) to distribute a per-share gross dividend of Euro 0.55 to each of the shares with rights, therefore excluding the treasury shares in the Company's portfolio on the record date, using the entire profit equal to Euro 19,795,345 and the retained earnings for the amount of euro 3,276,016.5;

3) to establish that the dividend shall be paid on May 8, 2019 with a coupon date of May 6, 2019 and record date of May 7, 2019.”

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2. Appointment of a director.

Dear Shareholders,

As is known, on July 25, 2018 Massimo Tononi resigned from the office of Director of the Company.

Therefore, on July 31, 2018, the Board of Directors, according to the requirements of the Bylaws, co-opted Paolo Domenico Sfameni, the first and only candidate not elected at the shareholders' meeting of April 19, 2017, from the same slate as the outgoing Massimo Tononi. Pursuant to article 16 of the Bylaws, in fact, when a director resigns from office, their replacement by the Board shall occur, without prejudice to the requirements of integrity and independence pursuant to art. 15 of the same Bylaws, with the appointment of unelected candidates from the same slate as the director who resigned, according to the original order of presentation. All this, in any case, in compliance with the current regulations on gender balance.

Pursuant to the law and Bylaws, the Director appointed by co-optation shall remain in office until the next Shareholders' Meeting. Therefore, the Shareholders are called upon to confirm or replace the co-opted Director with the majorities required by law.

In this regard, it is stated that, pursuant to the law and bylaws, the Shareholders' Meeting shall resolve on the replacement of directors by relative majority of the share capital represented at the Shareholders' Meeting and in compliance with the current regulations on gender balance, and that the current composition of the Board of Directors already ensures compliance with the legal, Bylaw and self-governance restrictions on independent directors and compliance with gender equality.

That said, the Board of Directors proposes that the Shareholders' Meeting confirm Mr Sfameni as a Director until the end of the term of office of the Board of Directors in office, with the compensation decided by the Shareholders' Meeting of April 19, 2017. The Curriculum Vitae of Mr Sfameni, a director who has the independence requirements laid down by the Corporate Governance Code of Listed Companies and of the CLF, is set out below.

Born in Milan on November 25, 1965.

Degree in Economics and Commerce from Bocconi University in Milan.

Enrolled in the Register of Chartered Accountants and the Register of Auditors.

Independent consultant on corporate, banking and financial market law.

Previously held the office of director of Italmobiliare from 2011 to 2017.

Associate Professor of Business Law and Professor of Financial Markets Law at the University of Aosta.

Adjunct Professor of Financial Intermediaries Law on the Jurisprudence Course at Bocconi University in Milan.

Lecturer on the Master in Corporate Criminal Law at the F. Stella Study Centre, Catholic University in Milan. Member of the editorial committee of law journals and author of numerous publications on corporate and business law.

Among others, he is a director at Allianz Bank Financial Advisors S.p.A., common representative of bondholders at Mittel S.p.A., Chairman of the Board of Statutory Auditors of Vorwerk Management S.r.l. and of WISE SGR S.p.A., Chairman of the Board of Directors of Investitori SGR S.p.A. and Chairman of the Supervisory Body of various companies, including Italmobiliare S.p.A., Bayer S.p.A., General Electric Healthcare S.r.l., General Electric Medical Systems S.p.A., Techint S.p.A. and Pirelli Tyre S.p.A.

We therefore invite you to pass the following resolution:

“The Shareholders' Meeting of Italmobiliare S.p.A., having examined the explanatory report of the Board of Directors

resolved

- 1) to appoint Mr Paolo Domenico Sfameni, born in Milan on November 25, 1965, Tax Code
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SFMPDM65S25F205J, as a Board Director who shall remain in office until the end of the term of office of the current Board of Directors and therefore until approval of the financial statements at December 31, 2019;

- 2) to establish that the remuneration of said member of the Board of Directors should be equal to the amount which the Shareholders' Meeting resolved to award to the other members of the Board of Directors on April 19, 2017.

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3. Appointment of the external auditor for the years 2019-2027.

Dear Shareholders,

The appointment as external auditor conferred on the company KPMG by the Shareholders' Meeting on April 29, 2010 for the years 2010-2018 is set to expire with the Shareholders' Meeting to approve the financial statements as at December 31, 2018.

In accordance with current legislation (Legislative Decree no. 39 of January 27, 2010, EU Regulation 537/2014) the Board submits for the approval of the Shareholders' Meeting the reasoned proposal of the Board of Statutory Auditors of Italmobiliare S.p.A., prepared pursuant to article 13, subsection 1, and article 17, subsection 1, of Legislative Decree 39/2010, relating to conferral of the appointment as external auditor for the years 2019-2027, outlined in the report of the Board of Statutory Auditors set out below:

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PROPOSAL OF THE BOARD OF STATUTORY AUDITORS REGARDING THE APPOINTMENT FOR THE EXTERNAL AUDITING OF THE COMPANY'S ACCOUNTS FOR THE PERIOD 2019-2027

Dear Shareholders,

As you know, the term of appointment for auditing the Company's accounts, assigned by the Shareholders' Meeting of April 29, 2010 to the independent auditors KPMG S.p.A. for the financial years 2010/2018, ends with the approval of the financial statements as at December 31, 2018.

It is therefore necessary to assign this task to a different independent auditor.

According to the provisions of art. 13, subsection 1, and art. 17, subsection 1, of Legislative Decree no. 39/2010, as well as art. 16 of Regulation (EU) No 537/2014, the appointment of the independent auditors must be made by the Shareholders' Meeting on a justified proposal from the Board of Statutory Auditors.

For this purpose, the selection procedure described in art. 16 of Regulation (EU) No 537/2014 has been implemented ahead of the Shareholders' Meeting to be held on April 17, 2019.

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In accordance with the provisions of art. 16 of Regulation (EU) No 537/2014, this proposal from the Board of Statutory Auditors provides for two possible alternatives for assigning the task and indicates a justified preference for one of the two.

A decision was made in the selection procedure to select the company to which the task of auditing Italmobiliare S.p.A. and its Group should be assigned from among the so-called Big Four (obviously excluding KPMG), given the size and complexity of the Italmobiliare Group.

PWC was then also excluded from the selection procedure as it provides services that are incompatible with the external auditing task to one of the Group companies.

Two offers were therefore requested and received by the Company for the external auditing of the accounts of Italmobiliare S.p.A. and its Group for the financial years 2019-2027.

Offers were submitted specifically by the following independent auditors:

- Deloitte & Touche,
- Ernst & Young.

The two proposals were analyzed by the Board of Statutory Auditors in meetings held on November 15, 2018, January 18, February 12 and March 4, 2019. During its examination of the proposals, the Board of Statutory Auditors held discussions with the Manager in charge, from whom it gathered information about the two candidate companies, particularly regarding relations between the companies themselves and the Italmobiliare Group.

The Board of Statutory Auditors also examined the composition of the auditing teams named in the two proposals, gathering information on the professionals involved and finding in both cases that they offered a high standard of professionalism.

With regard to the subject of the assignment, both proposals (based on the assumptions compared below) make provision - for each financial year - for the external audit of all the Group's significant companies in relation to the annual financial statements (separate and consolidated) and the interim report (separate and consolidated).

Both proposals are detailed and present different options. The Board of Statutory Auditors selected and considered the proposals presented by both the candidate

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companies deemed most suitable - considering the needs of the Company and the Group - and comparable.

The estimated hours for carrying out the assignment and the fees stated in the two proposals are summarized in the table below:

SERVICES	DELOITTE & TOUCHE		ERNST & YOUNG	
	EFFORT (HOURS)	FEES (EUROS)	EFFORT (HOURS)	FEES (EUROS)
	8,535	739,000 ⁽¹⁾	10,160	765,000

The fees requested in both offers are lower than the fees currently charged by KPMG, by 12.5% in the case of Ernst & Young and by around 15.5% in the case of Deloitte & Touche. Therefore, in both cases, the appointment of one of the two candidate companies would result in a reduction in the overall costs incurred by the Italmobiliare Group.

The Board considered the quality of the offers received to be high and verified that:

1. both of the companies which submitted an offer for the external auditing of the accounts of Italmobiliare S.p.A. are primary independent auditors;
2. both of the aforementioned companies are registered in the Register of External Auditors held by the Ministry of Economy and Finance;
3. the offers submitted contain a specific statement concerning the fulfillment of the independence requirements established by law;

⁽¹⁾ Note in this respect that the table shows uniform data on fees and hours drawn from the proposals received by the Company from the two candidates. The total initial amounts shown in the two proposals, which differ from those summarized above, are not entirely comparable, as the estimated times and fees in the Deloitte & Touche proposal (9,195 hours and 795,000 euros in total respectively) also include those related to auditing the annual reports on UCIs managed by the subsidiary Clessidra SGR S.p.A.. Excluding these times and costs - which relate to the UCIs, not to the Italmobiliare Group - the time spent on the external auditing task by Deloitte & Touche decreases from 9,195 to 8,535 hours and the annual fees payable by the Group which - in the event of assignment - would be paid to Deloitte & Touche (comparable with those that would be paid to Ernst & Young, as stated in the table) decrease from 795,000 euros to 739,000 euros.

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4. the auditing methods described, considering the hours and professional resources envisaged, are in both cases adequate in relation to the extent and complexity of the assignment;
5. all the aforesaid independent auditors have the technical and professional organization and suitability appropriate for the extent and complexity of the appointment.

In view of the above, the undersigned Board of Statutory Auditors, in accordance with the provisions of art. 16, par. 2, of Regulation (EU) No 537/2014,

SUBMITS

to Shareholders' Meeting of Italmobiliare S.p.A., as alternatives, the proposals for appointment of the external auditor for the financial years 2019-2027 submitted by Deloitte & Touche and Ernst & Young, as summarized in the table above.

This Board of Statutory Auditors

CONSIDERING THAT

- A. previous to this proposal being submitted, Ernst & Young was particularly valued (and was used more than Deloitte & Touche) in relation to assignments for non-audit services, which means that - prospectively and assuming that the Italmobiliare Group continues to take the same approach as it has until now - there is a smaller chance of Deloitte & Touche being involved in non-audit services than its competitor;
 - B. furthermore, the offer made by Deloitte & Touche is preferable in terms of:
 - the overall cost to be borne by the Group under the proposal, which is in any case considered adequate by the Board of Statutory Auditors in terms of the activities planned and the time and resources dedicated to them;
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- a more detailed proposal regarding the external auditing of the subsidiary Clessidra SGR S.p.A.;

EXPRESSES

its preference for Deloitte & Touche as the independent auditor to appoint for the purpose of auditing the accounts of Italmobiliare S.p.A. and its Group (and, in accordance with current legislation, also auditing the annual reports on the UCIs managed by Clessidra SGR S.p.A.) for the financial years 2019-2027, pursuant to art. 13 and art. 17 of Legislative Decree 39/2010.

The Board of Statutory Auditors declares that its preference, as stated above, is not influenced by third parties and that no clauses of the kind mentioned in art. 16, par. 6, of Regulation (UE) No 537/2014 have been applied.

Milan, Monday, March 4, 2019

The Board of Statutory Auditors

Francesco Di Carlo

Angelo Casò

Luciana Ravicini

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4. Authorization to buy back and dispose of treasury shares, subject to revocation of the authorization given by the Ordinary Shareholders' Meeting held on April 18, 2018.

Dear Shareholders,

The Ordinary Shareholders' Meeting of April 18, 2018 resolved to authorize the buy back and disposal of treasury shares for a period of eighteen months effective as of the date of that resolution.

The Company did not buy back any treasury shares under the aforementioned authorization by the shareholders' meeting. Therefore, at the date of this report, the Company owns 5,685,870 ordinary shares without par value.

As the validity of the aforementioned authorization by the shareholders' meeting expires on October 18, 2019, in order to allow the Company to retain the right to buy back treasury shares and dispose of them, we proposed that you renew (i) the authorization to buy back treasury shares, pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree no. 58 of February 24, 1998, as subsequently amended and supplemented (the "**CLF**"), and relative implementing provisions, and (ii) the authorization to dispose of treasury shares pursuant to article 2357-ter of the Italian Civil Code, according to the terms and procedures set out below, subject to revocation of the authorization given by the Ordinary Shareholders' Meeting held on April 18, 2018.

4.1 *Reasons why authorization to buy back and dispose of treasury shares is requested*

The buy backs of treasury shares for which authorization is requested herein shall have the usual purposes as also governed by law, and could therefore:

- (a) constitute a stock of securities that can be used:
 - (i) in place of financial resources, to carry out any extraordinary financial transactions; or
 - (ii) in order to execute compensation plans based on financial instruments which may be approved in the future (hereinafter, the "**Plans**"); and
- (b) to carry out actions to stabilize the Italmobiliare share promoting the regular course of trading.

Also in consideration of the foregoing, the treasury shares bought back may, inter alia, be:

1. used as a consideration or share exchange in relation to, or in any way to execute, extraordinary transactions, such as the acquisition of equity investments in companies or other transactions on capital or involving financing;
2. sold (through the sale, exchange, assignment or any other action or trade) on the market or through block trading, for the purposes, with the procedures and under the conditions that – in compliance with the authorization granted by the Shareholders' Meeting – can be established by the Board of Directors each time;
3. assigned or sold to employees of the Company who are the beneficiaries of Plans that may be approved in the future.

It is specified that the purpose of the request for authorization to buy back treasury shares is not to reduce the share capital through the cancellation of treasury shares.

4.2 *Maximum number, category and par value of the shares to which the authorization to purchase refers. Information useful to properly assess compliance with Article 2357, subsection 3 of the Italian Civil Code*

At the date of this report (i) the subscribed and fully paid-up share capital of Italmobiliare amounts to 100,166,937 euros, represented by 47,633,800 ordinary shares without par value; (ii) the Company directly holds 5,685,870 of its own treasury shares, representing 11.937% of the shares making up the share capital and bought back on the basis of previous authorizations issued by the ordinary Shareholders' Meeting; and

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(iii) no subsidiary company holds Italmobiliare shares.

This authorization proposal concerns the buy back of a maximum of 2,200,000 ordinary shares without par value of the Company, representing 4.619% of the shares making up the share capital.

It is therefore proposed that a mandate be conferred on the Board of Directors, and on its behalf the Chairman and the Chief Executive Officer separately, to identify the number of ordinary shares to be purchased in relation to each of the aims specified in Paragraph 4.1 above, before starting each of the individual purchase programme, within the maximum limit specified above.

In any case the number of Italmobiliare ordinary shares in the portfolio of Italmobiliare itself and of its subsidiaries each time shall be contained to the maximum limit established by the law applicable at the time.

To ensure that the legal limits are respected, procedures suitable to ensure timely and complete disclosure about the shares owned by the subsidiary companies will be developed, in each case.

The buyback of treasury shares must occur within the limits of the distributable profits and the available reserves reported in the last financial statements (or interim accounts) approved at the time the buyback is completed. The proposal is therefore to authorize the buyback of treasury shares up to a maximum expenditure of 60,000,000.00 (sixty million/00) euros which is covered by the available net reserves as reported in the financial statements.

In the event of the buyback of treasury shares, the appropriate accounts postings will be made in accordance with the provisions of law and applicable accounting principles.

It should further be noted that this same Shareholder's Meeting, at the extraordinary session, is called to resolve the cancellation of 5,133,800 of its own treasury shares already in the Company's portfolio, without reducing the share capital. Should the proposal be approved, the Company's capital shall remain unchanged, but it will be divided into 42,500,000 ordinary shares without par value.

4.3 Duration for which the buyback authorization is requested

The authorization to buy back treasury shares is requested for the maximum period established by the applicable regulations, currently set by article 2357, subsection 2, of the Italian Civil Code as 18 (eighteen) months from approval of the authorization resolution by the shareholders' meeting.

4.4 Minimum and maximum price for the buyback of treasury shares and market assessments on the basis of which it was determined

It is proposed that buybacks can occur – in compliance with the conditions established in article 3 of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 and additional applicable regulations – at a unit price not exceeding the highest price out of the price of the last independent trade and the price of the highest current independent bid on the Italian Equity Market organized and managed by Borsa Italiana (“**MTA**”), it being understood that the minimum and the maximum price cannot be higher or lower respectively than 15% of the reference price recorded by the Italmobiliare share during the stock exchange trading period on the day prior to each individual transaction.

4.5 Arrangements to be used to make the purchases

If authorized by the ordinary Shareholders' Meeting, the Company may buy back treasury shares in one or more tranches.

The purchases will be made on the MTA in compliance with article 144-*bis*, subsection 1, letter b) of the regulations adopted by CONSOB with resolution 11971 of May 14, 1999, as subsequently amended and supplemented (the “**Issuer's Regulations**”) and the provisions in any case applicable, so as to comply with equality of treatment of Shareholders, as laid down in article 132 of the CLF, and therefore on regulated markets, according to the operating procedures established in the organizational and management regulations of Borsa Italiana, which do not allow proposals to purchase to be directly linked to predetermined proposals to sell. In any case, the buybacks will be made in compliance with the market practices allowed by CONSOB in force at the time and the further provisions of laws and regulations applicable to this type of transaction.

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Whenever deemed appropriate by the Board of Directors, and on its behalf by the Chairman or the Chief Executive Officer separately, the buyback of treasury shares can be carried out using different procedures to those indicated above, provided that this is permitted and/or compatible with the currently applicable legal and regulatory provisions, taking into account the need to comply in any case with the principle of the equality of treatment of Shareholders.

4.6 *Authorization to dispose of treasury shares*

The Board of Directors has also proposed to the Shareholders' Meeting the authorization to use, pursuant to article 2357-ter of the Italian Civil Code, at any time, in whole or in part, on one or more tranches, the treasury shares that may be bought back in execution of the authorization of the shareholders' meeting requested herein, as well as the treasury shares bought back previously in execution of previous resolutions of shareholders' meetings, under the terms and conditions established each time by the Board of Directors, and on its behalf by the Chief Executive Officer, in compliance with the purposes and criteria set out above, it being understood that the unit sale price (or, in any event, the unit value established in the disposal transaction) may not be lower than the average book value of the shares purchased on the basis of the authorization.

The Board of Directors proposes that the disposal authorization in question should permit the adoption of any arrangements that might be advisable to meet the aims pursued, to be carried out both directly and through intermediaries, in compliance with the applicable Italian and European Union legal and regulatory provisions on the subject.

Transactions to dispose of treasury shares for which authorization is requested shall be carried out in compliance with the applicable regulations and, in particular, in compliance with Italian and EU legislative and regulatory provisions, even on market abuse.

Appropriate disclosure of transactions to dispose of treasury shares shall be made in compliance with the applicable information obligations.

In the event of disposals of treasury shares, the appropriate accounts postings must be made, in accordance with the provisions of law and applicable accounting principles.

4.7 *Duration for which authorization to dispose of treasury shares is requested*

Authorization to dispose of treasury shares is requested with no time limits.

* * *

We therefore invite you to pass the following resolution:

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

resolved

1. to revoke the shareholders' meeting resolution to authorize the buy back and disposal of treasury shares approved on April 18, 2018;
 2. to authorize, pursuant to articles 2357 and following of the Italian Civil Code and article 132 of the CLF, the buyback of a maximum of 2,200,000 (two million two hundred thousand) Italmobiliare ordinary shares, without prejudice in any case to compliance with the maximum limit of Italmobiliare shares each time in the portfolio of Italmobiliare itself and of its subsidiaries established by the current law at the time, to be carried out even in several tranches by the deadline of 18 (eighteen) months after the date on which this shareholders' meeting resolution was approved, with the specification that: (a) the buybacks will be made - in compliance with the conditions established in article 3 of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 and additional applicable regulations - at a unit price not exceeding the highest price out of the price of the last independent trade and the price of the highest current independent bid on the Italian Equity Market organized and managed by Borsa Italiana, it being understood that the minimum and the maximum price cannot be higher or lower respectively than 15% of the reference price recorded by the Italmobiliare share during the stock exchange trading period on the day prior to each individual transaction; (b) the Company, in order to buy back the treasury shares, may use up to a maximum of 60,000,000.00
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(sixty million/00) euros, to be taken from the available net reserves as reported in the financial statements; (c) the buybacks will be made on the electronic share market in compliance with article 144-bis, subsection 1, letter b) of the Issuer's Regulations so as to comply with the equality of treatment of Shareholders, as laid down in article 132 of the CLF, and therefore on regulated markets, according to the operating procedures established in the organizational and management regulations of Borsa Italiana, which do not allow proposals to purchase to be directly linked to predetermined proposals to sell, and in any case in compliance with the market practices allowed by CONSOB in force at the time and the further provisions of laws and regulations applicable to this type of transaction;

3. to confer on the Board of Directors, and on its behalf the Chairman and the Chief Executive Officer separately, all the broadest powers, including the power to sub-delegate, to implement the resolution under point 2, including – by way of example – the power to establish the operational procedures for purchasing shares and their price in compliance with the preceding resolution, as well as the power to confer, suspend and revoke mandates on intermediaries and other operators to carry out the buyback of treasury shares as per the previous point and to perform any necessary legal disclosure obligations;
 4. to authorize, pursuant to article 2357-ter of the Italian Civil Code, the disposal, also in several tranches and without time limits, of Italmobiliare shares to be bought back on the basis of the resolutions made under points 2 and 3, that is bought back by virtue of previous shareholders' meeting resolutions, according to the purposes and procedures indicated in the Directors' Report, provided that the unit sale price (or, in any event, the unit value established in the disposal transaction) is no lower than the average book value of the shares bought back on the basis of the authorization;
 5. to confer on the Board of Directors, and on its behalf the Chief Executive Officer, all the broadest powers, including the power to sub-delegate, to implement the resolution under point 4, including – by way of example – the power to establish the operational procedures for transferring shares and their price in compliance with the preceding resolution, as well as the power to confer, suspend and revoke mandates on intermediaries and other operators to dispose of treasury shares as per the previous point and to perform any necessary legal disclosure obligations;
 6. to ensure that the buybacks referred to in points 2 and 3 are contained within the available reserves and distributable profits as reported in the last financial statements approved at the time of the transaction and that when the purchases and sales are carried out the necessary accounting entries are made.”
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ITALMOBILIARE

5. Consultation on the first section of the remuneration report pursuant to article 123-ter, subsection 6, Legislative Decree 58/1998.

Dear Shareholders,

According to the provisions of subsection six of art. 123-ter of the CLF, the shareholders' meeting is required to resolve in favor or against the first section of the Remuneration Report outlining the Company's policy on the remuneration of members of the administrative bodies and other key management personnel and the procedure used to adopt and implement such policy. The resolution is not binding.

Under the current Policy in place at the Company, the components of remuneration for the individuals concerned are as follows:

- a) an annual fixed component;
- b) an annual variable component linked to the achievement of specific company objectives (*Management By Objectives*);
- c) a medium to long-term variable component (Long Term Incentive) also linked to the performance of the "Italmobiliare" share and the achievement of specific company objectives.

As regards the annual variable component, the Company has an annual variable incentive plan in place under which the beneficiaries are allocated a monetary incentive, proportional to the responsibilities attributed to each beneficiary, paid out subject to achievement of the set performance objectives ("MBO"). On March 6, 2019, the Board of Directors, as proposed by the Remuneration and Nomination Committee and with the favorable opinion of the Board of Statutory Auditors, examined the results obtained and verified the performance levels achieved by the beneficiaries of the 2018 MBO (as far as necessary to determine their score and relative economic value) and set the MBO objectives for the fiscal year 2019.

As for the medium to long-term variable component, the Shareholders' Meeting of April 19, 2017 approved the adoption of a variable long-term incentive plan linked to the achievement of specific company objectives on a three-year basis and the performance of the "Italmobiliare" share ("LTI Plan"), delegating the Board of Directors to identify the beneficiaries, identify the performance objectives and check their achievement.

For any further details refer to the Remuneration Report prepared by the Board of Directors pursuant to article 123-ter of the CLF and article 84-quater of the Issuers' Regulations, which will be made available to the public as per the legal procedures and deadlines.

We therefore invite you to pass the following resolution:

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

resolved

To express a favorable opinion on the first section of the Remuneration Report, which outlines the Company's policy on the remuneration of Directors and key management personnel and on the procedures used to adopt and implement this Policy."

Milan, March 18, 2019

For the Board of Directors

Laura Zanetti

Chairperson
