



# MONDADORI

*Disclosures to the public in accordance with CONSOB Resolution 11971 of 14 May 1999 and subsequent amendments*

## **INFORMATION DOCUMENT PREPARED IN ACCORDANCE WITH ARTICLE 84 BIS, PARAGRAPH 5, OF CONSOB REGULATION 11971/1999 AND SUBSEQUENT AMENDMENTS**

### **THE BOARD OF DIRECTORS OF ARNOLDO MONDADORI EDITORE S.P.A. RESOLVED TO ASSIGN FOR THE YEAR 2010 THE OPTIONS RELATED TO THE STOCK OPTION PLAN SET UP BY THE SHAREHOLDERS' MEETING OF 29 APRIL 2009**

*Segrate, July 21<sup>st</sup>, 2010* - The Board of Directors of Arnolndo Mondadori Editore S.p.A. passed a resolution today at the proposal of the Remuneration Committee to assign for the year 2010 the options related to the Stock Option Plan set up by the Shareholders' Meeting on 29 April 2009, with a duration covering the three years 2009/2010/2011.

In particular, the Board decided on allocation of a total of 1,800,000 options relating to 19 total beneficiaries, with a relevant reduction compared to the 47 beneficiaries identified for assignments 2009.

The Plan is set up on annually assigning to beneficiaries personal and non-transferrable options for purchase of ordinary Mondadori shares held by the company as treasury shares - in the ratio of one share (regular dividend rights) for every option exercised - at an Exercise price corresponding to the arithmetic average of the reference prices of the Mondadori share recorded during the period starting from the assignment date of the options back to the same day of the previous calendar month. Exercise of the options is allowed exclusively all together and at once, in the strike periods subsequent to the start date of the thirty-six month vesting periods.

With specific reference to the option assignments resolved today by the Board of Directors for the year 2010, below is the information required under Article 84 *bis*, paragraph 5 of the CONSOB Regulation no. 11971/1999 and subsequent amendments (the "Issuers Regulation").

The information is also be available at the Italian Stock Exchange, the headquarters of the company and on the site: [www.mondadori.it](http://www.mondadori.it), under the section Investor Relations.

The information is provided, where applicable, according to outline 7 of Attachment 3 A of the Issuers Regulation.

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## DEFINITIONS

The following terms used in this Information Document will have the meanings set out below:

“Assignments 2010”: the allocations of Options for the Beneficiaries for the year 2010 to be resolved by the Board of Directors on 21 July 2010;

“Treasury Shares”: ordinary Arnoldo Mondadori Editore S.p.A. shares with a value of 0.26 euro each, traded in the On-Line Stock Market, held as Treasury Shares by the Company as per Article 2357 of the Italian Civil Code;

“Beneficiaries”: persons to be selected as assignees of the Options for the year 2010 by the Board of Directors’ meeting of 21 July 2010;

“Options”: personal, non-transferable rights that the Board of Directors on 21 July 2010 will assign to the Beneficiaries, which may be exercised to buy Treasury Shares in the ratio of one share with normal dividend rights for each Option exercised;

“Periods of Exercise”: the period running from 22 July 2013 to 21 July 2016 during which the exercise of the Options is allowed solely together and at once;

“Plan”: The Stock Option Plan lasting over the three-year period 2009/2010/2011, established by the Company’s Shareholders’ Meeting of 29 April 2009 in accordance with Article 114 *bis* of Legislative Decree 58 of 24 February 1998;

“Exercise Price”: the price of 2,4693 euro which the Beneficiaries pay for Treasury Shares exercising each Option that has been allocated to them. The Exercise Price was set by the Board of Directors’ meeting of 21 July 2010 having regard to the arithmetic average of the reference prices of Mondadori shares recorded during the period starting from the date on which the Options are assigned back to the same day of the previous calendar month.

“Company”: Arnoldo Mondadori Editore S.p.A., with registered office at Via Bianca di Savoia 12, Milan.

“Subsidiaries”: companies subject to the control of Arnoldo Mondadori Editore S.p.A., the definition of control in accordance with the provisions in Article 2359, paragraphs 1 and 2 of the Italian civil code.

## **Introduction**

On July 21<sup>st</sup>, 2010 the Board of Directors of Arnoldo Mondadori Editore SpA passed a resolution at the proposal of the Remuneration Committee, to assign for the year 2010 the Options related to the Stock Option Plan set up by the Shareholders' Meeting on 29 April 2009, with a duration covering the three years 2009/2010/2011.

In particular, the Board decided on allocation of a total of 1,800,000 options relating to 19 total beneficiaries.

The Plan is set up on annually assigning to beneficiaries personal and non-transferable options for purchase of ordinary Mondadori shares held by the Company as Treasury shares – in the ratio of one share (regular dividend rights) for every option exercised - at an Exercise price corresponding to the arithmetic average of the reference prices of the Mondadori share recorded during the period starting from the assignment date of the options back to the same day of the previous calendar month. Exercise of the Options is allowed exclusively all together and at once, in the strike periods subsequent to the start date of the thirty-six month vesting periods.

With specific reference to the option assignments resolved today by the Board of Directors for the year 2010, below is the information required under Article 84 *bis*, paragraph 5 of the CONSOB Regulation no. 11971/1999 and subsequent amendments (the "Issuers Regulation").

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The information is provided, where applicable, according to outline 7 of Attachment 3 A of the Issuers Regulation.

## **1. Beneficiaries**

**1.1 Names of the beneficiaries who are members of the board of directors or of the managing committee of the issuer of the financial instruments, the issuer's controlling companies and the companies directly or indirectly controlled by the issuer.**

**1.2 Categories of employees or collaborators of the issuer of the financial instruments and of the companies controlling or controlled by the issuer.**

The Plan is intended for persons to be selected from the following categories by the Company's Board of Directors at the proposal of the Remuneration Committee:

- executives of the Company and its subsidiaries that have key roles in the attainment of the Mondadori Group's strategic objectives;
- Directors of the Company and its subsidiaries;
- journalists employed by the Company and its subsidiaries who are editors and co-editors of newspapers and periodicals;
- executives of the parent company in managerial positions carrying out functions on behalf of the Company.

The Plan is such as to be considered "on a particularly large scale" in accordance with Article 114 *bis*, of Legislative Decree 58/1998 and Article 84 *bis*, paragraph 2, of the Issuers Regulation, inasmuch as it envisages that the beneficiaries are persons that are:

- a) members of the Company's Board of Directors;
- b) Company executives with regular access to inside information with the power to take management decisions that can influence the Company's progress and future prospects.

With reference to the Assignments 2010, the Beneficiaries that are currently members of the Company's Board of Directors are:

Marina Berlusconi – Chairman

Maurizio Costa – Vice President and Managing Director

Carlo Maria Vismara – Director.

**1.3 Names of beneficiaries of the plans belonging to the following groups**

**1.3 a) Beneficiaries with management functions specified in Article 152 *sexies*, paragraph 1, paragraph c)-c.2, in the issuing company**

Not applicable.

**1.3 b) Persons with management functions in a company that is a direct or indirect subsidiary of the issuer if the carrying value of the investment in the said subsidiary represents more than 50% of the issuer's assets as shown in the last approved financial statements, as per Article 152 sexies, paragraph 1, letter c)-c.3**

Not applicable.

**1.3 c) Natural persons that control the issuer who are employees or work as collaborators for the issuer.**

Not applicable.

**1.4 a) Description and numbers of the all executives with regular access to inside information with the power to take management decisions that can influence the issuer's progress and future prospects, as per 152 sexies, paragraph 1, paragraph c)-c.2.**

The executives who are Beneficiaries of the Assignments 2010 with regular access to inside information with the power to take management decisions that can influence the progress and future prospects of the Company, indicated in art. 152 sexies, paragraph 1, paragraph c)-c.2 of the Issuers Regulation, are n. 9, in addition to the Vice President and Managing Director and the director Carlo Maria Vismara that also has the title of Chief Financial Officer.

These executives, who are in charge of the Company's Business and Head Office Departments, fall under the "relevant persons" category as indicated by the board of directors, and are bound under Article 114 *bis*, paragraph 7, of Legislative Decree 58/1998, to disclose transactions involving shares issued by the Company or other financial instruments linked to them.

**1.4 b) Description and numbers of the all executives with regular access to inside information with the power to take management decisions that can influence the progress and future prospects of a direct or indirect subsidiary of the issuer if the carrying value of the investment in the said subsidiary represents more than 50% of the issuer's assets as shown in the last approved financial statements, as per Article 152 sexies, paragraph 1, paragraph c)-c.3.**

Not applicable.

**1.4 c) Description and numbers of any other categories of employees or collaborators for whom different characteristics of the plans are envisaged.**

Not applicable.

**1.4 d) Should exercise prices that differ according to the persons belonging to the two categories specified in paragraphs (a) and (b) be envisaged for the stock option plans, such persons falling under paragraphs (a) and/or (b) should be specified by name separately.**

No different characteristics of the Plan are envisaged for the categories of its Beneficiaries, and, specifically, the Exercise Prices of the Options, to be set in accordance with the criteria laid down in paragraph 4.19 below, will be the same for all the Beneficiaries.

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

### **2.1 Objectives that it is intended to attain by implementing the plans**

The reasons for the adoption of the Plan, are substantially related to the following objectives:

- to provide the Company and its Subsidiaries with a tool to build up its management's loyalty that will encourage managers to commit themselves to attaining strategic goals and will give them a share in the Company's results;
- to enable the management, and thus the Company, to improve its approach to value creation.

The number of Options to assign each Beneficiary was decided by the Board of Directors at the proposal of the Remuneration Committee.

At the same time, the Board of Directors set in accordance with the criteria laid down in paragraph 4.19 below, the Exercise Price and resolved the allocation of the Options.

The Plan has a three-year time span (2009/2010/2011) with Periods of Exercise of the Options following each Plan reference year. These Periods of Exercise will start after the end of a 36-month vesting period from the dates on which the Options are allocated. This length of time is considered appropriate, in addition to being referable to the relevant tax provisions, in order to attain the objectives of encouraging and building up the loyalty of the management that are those contemplated in the Plan.

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

The implementation of the Plan, in terms of the Beneficiaries' actual possibility of exercising the Options allocated to them - as specified in paragraph 4.5 below - is subject to the attainment of annual economic and/or financial performance targets.

The terms and conditions for the exercise of the Options will be applicable to all the Beneficiaries of the Plan and there are thus no different or special conditions for the various categories of Beneficiary.

**2.3 *Elements forming the basis of the calculation of the amount of the share-based payments, or the criteria for their calculation***

The number of Options to be assigned to each individual Beneficiaries was determined by assessing the effective capacity of each Beneficiary to have a practical effect on the attainment of the results, progress and future prospects of the Company and the Group on the basis of their experience and ability and the function that they perform within the Company.

**2.4 *Reasons for any decision to allocate payment plans based on financial instruments not issued by the issuer itself, such as financial instruments issued by subsidiaries or controlling companies of the group in question, or third party companies; if the said instruments are not traded on regulated markets, information regarding the criteria adopted to measure their value***

Not applicable.

**2.5 *Considerations regarding material tax and accounting implications that had an effect on the decision regarding the plans***

No material tax or accounting implications had any effect on the adoption of the Plan. Specific indications regarding stock option accounting treatment are provided in paragraph 4.12 below.

In terms of the tax regulations, Article 82, paragraph 23 of Decree Law 112 of 25 June 2008, converted with amendments by Law 133 of 26 August 2008, definitively sets forth elimination of the special regime on the Stock options.

This regulation set forth the abrogation of letter *g-bis*) contained in paragraph 2 of Article 51 of the Income Tax Consolidation Act (D.P.R. no. 917/86) and, as a result, provided that the difference between the value of the shares at the time of exercise of the option right and the amount paid by the employee are included in the employee's taxable income.

In other words, with the entry into force of Law Decree no. 112/2008, the difference between the normal value of the stock at the time of allocation and the price paid for exercise of the option is considered income from employment and, as a result, is subject to taxation according to the normal progressive tax rates set forth by the financial administration on

individual income. Therefore, the provisions set forth by Article 9, paragraph 4, of the Income Tax Consolidation Act apply to determining the normal value of the stocks that will be calculated for shares traded on regulated markets in Italy or abroad, based on the arithmetic mean of the prices quoted in the last month.

After exercising an option, having used the taxable benefit granted to the employee, any other increases connected with the shares received no longer fall under the category of income from employment but fall under other categories of income such as capital gains, or other income.

## **2.6 Support of the plans, if any, from the special fund for encouraging worker participation in enterprises in accordance with Article 4, paragraph 112, of Law 350 of 24 December 2003**

The Plan receives no support from the special fund for encouraging worker participation in enterprises in accordance with Article 4, paragraph 112, of Law 350 of 24 December 2003.

## **3. Formalities for approval and timing of the Assignment of the financial instruments**

### **3.1 / 3.2 Scope of the powers and functions that the shareholders' meeting delegates to the board of directors for the implementation of the plans / names of the persons instructed to administer the plans, with their functions and responsibilities**

As already pointed out, the Plan was created by the Ordinary Shareholders' Meeting of Arnoldo Mondadori S.p.A. on 29 April 2009. The Shareholders' Meeting delegated the management tasks to the Board of Directors, who operate with the consultative support of the Remuneration Committee.

In particular, the Board of Directors, in consultation with the Remuneration Committee, sees to the following:

- a) approval of the regulations for the implementation of the Plan and any amendments thereto;
- b) submitting the Shareholders' Meeting with the proposal to approve the Plans in general and any material changes thereof;
- c) selection of the Beneficiaries from the categories specified by the Shareholders' Meeting;
- d) assignment of the Options to the Beneficiaries that have been selected;
- e) calculation of the Option Exercise Price in conformity to the principles laid down in paragraph 4 below;
- f) selecting and setting the performance targets to which the assignment of the Options is subject in every year of the duration of the Plan, and verifying that these targets have



been attained;

- g) regulating the rights thereof and/or adjusting the assignment conditions in case extraordinary transactions are carried out on the Company's capital pursuant to paragraph 4.23 below.

**3.3 Any procedures in place to review the plans, also in relation to possible variations in the basic targets**

Except as specified in paragraph 4.23 below, no procedures are envisaged for the review of the Plan in relation to possible variations in the basic targets.

Any substantial changes to the Plan that might be required in light of changed economic conditions and new Group objectives will be eventually submitted to the Shareholders' Meeting by the Board of Directors.

**3.4 Description of the methods for the determination of the availability and assignment of the financial instruments on which the plans are based**

The Options allocated embody the rights to acquire - in a ratio of one share with normal dividend rights for each Option exercised - ordinary Mondadori Treasury Shares already held by the Company, or to be bought in accordance with permission ultimately resolved by the Shareholders' Meeting held on 27 April 2010 in accordance with Article 2357 of the Italian Civil Code and Article 144 *bis* of the Issuers Regulation.

**3.5 Role played by each director in deciding the characteristics of the said plans: any situations of conflict of interests arising among the Directors involved**

The Plan's characteristics and guidelines were prepared by the Remuneration Committee and submitted for collective appraisal to the Board of Directors so that it could draw up the necessary proposals for the creation of the Plan for submission to the Shareholders' Meeting. The subsequent resolutions of the Board of Directors concerning, in particular, the Beneficiaries and the assignment of the Options, were adopted:

- in conformity to the proposals made by the Remuneration Committee, composed of three non-executive Directors who are not Beneficiaries of the Plan;
- with the abstention of the Directors involved.

**3.6 Date of the decision taken by the competent body to propose the plans to the shareholders' meeting and of the proposal, if applicable, of the remuneration committee**

The creation of the 2009/2010/2011 Plan was submitted to the Shareholders' Meeting for approval on 29 April 2009, after a decision taken by the Board of Directors on 25 March

2009, at the proposal of the Remuneration Committee on 19 March 2009.

**3.7 Date of the decision taken by the competent body with regard to the assignment of the financial instruments and any proposal submitted by the remuneration committee, if applicable, to the said body**

The Board of Directors set the date for the assignment of the Options for the year 2010, also determining the Exercise Price thereof, on 21 July 2010 at the proposal of the Remuneration Committee on 19 July 2010.

**3.8 Market prices of the financial instruments on which the plans are based as recorded on the dates specified above, if traded on regulated markets**

The market prices (reference prices) of Mondadori shares recorded on the dates mentioned in paragraph 3.6 and 3.7 above were:

Date	Reference price
19/03/2009	2.315
25/03/2009	2.5425
29/04/2009	2.745
19/07/2010	2,4075
21/07/2010	2,415

**3.9 For plans based on financial instruments traded on regulated markets, the terms in which and the methods according to which the issuer takes into account the possible concomitance between the following events in determining the timing for the assignment of the instruments in the implementation of the plans:**

- i) **the assignment and any decisions taken with regard to the matter by the remuneration committee; and**
- ii) **any relevant information as per Article 114, paragraph 1; for example, if such information is relevant under Article 114, paragraph 1:**
  - a. **not already in the public domain and likely to have a favourable effect on market prices, or**
  - b. **already in the public domain and likely to have an unfavourable effect on market prices.**

As regards the allocation of the Options, the latter will be allocated on the date of the Board of Directors' resolution setting, as specified above, at the proposal of the Remuneration Committee, the Exercise Price of the Options, and allocating the Options to the persons

selected as Beneficiaries.

The aforementioned resolutions were not adopted when relevant information was disclosed to the market pursuant to Article 114, paragraph 1 of Legislative Decree 58/1998, so as to avoid any significant interference between said information on the market price of the Shares and the setting of Exercise Price of the Options.

It should also be considered that the Exercise Price of the Options is in any case set based on the average market price recorded during a significant period of time, also in accordance with Article 9, paragraph 4, letter a) of the Income Tax Consolidation Act, as specified more in detail in paragraph 4.19 below, thus diluting the effect of any relevant rises or falls in the price of the Shares.

#### **4. Characteristics of the financial instruments allocated.**

##### ***4.1 Description of the forms in which the share-based payment plans are structured***

The assigned instruments are represented by Option rights that can only be exercised all together and at once during the exercise period specified below, for the subsequent purchase, and settlement upon actual delivery thereof, of Mondadori ordinary treasury shares in the ratio of one Share for each Option exercised. They are therefore stock options.

##### ***4.2 / 4.3 / 4.4 period of actual implementation of the plan, specifying any different cycles involved / termination of the plan / maximum number of financial instruments, also in the form of options, assigned in each tax year with respect to the persons specified by name or the categories specified***

In relation to the Assignments 2010 resolved by the Board of Directors on 21 July 2010, the table below indicates the number of Options attributed:

- to beneficiary parties who are currently members of the Board of Directors of the Company;
- to all the executives beneficiaries of the Plans who have regular access to confidential information and have the power to make management decisions that could influence the evolution and the future prospects of the Company, specified in Article 152 *sexies*, paragraph 1, letter c)-c.2 of the Issuers Regulation;
- to all beneficiaries belonging to the other categories of beneficiary of the Plans, as indicated in point 1.2 above (executives of the Company and the subsidiaries which perform functions relevant to achieving the strategic results of the Mondadori Group including journalists employed by the Company and its subsidiaries, with the qualification of editor-in-chief and co-editor-in-chief).

It also indicates the Exercise Prices - set according to the criteria described under Point 4.19 - and the Exercise period.

<b>Reference year</b>	<b>Name/Category</b>	<b>Options allotted</b>	<b>Date of assignment</b>	<b>Exercise price</b>	<b>Exercise period</b>
2010	<i>Marina Berlusconi – Chair</i>	360,000	21.07.2010	2,4693	22.07.2013-21.07.2016
2010	<i>Maurizio Costa – Managing Director</i>	450,000	21.07.2010	2,4693	22.07.2013-21.07.2016
2010	<i>Carlo Maria Vismara – Director</i>	70,000	21.07.2010	2,4693	22.07.2013-21.07.2016
2010	<i>All the executives who are beneficiaries as specified in Article 152 sexies, paragraph 1, letter c)-c.2 of the Regulation</i>	550,000	21.07.2010	2,4693	22.07.2013-21.07.2016
2010	<i>All the Beneficiaries belonging to the additional categories of recipients of the Plan (executives of the Company and the subsidiaries carrying out relevant functions for the attainment of the strategic results of the Mondadori Group, including journalists employed by the Company and the subsidiaries with the qualification of editor-in-chief and co-editor-in-chief)</i>	370,000	21.07.2010	2,4693	22.07.2013-21.07.2016

**4.5 Methods and implementation clauses of the plan, stating whether the actual allocation of the financial instruments is subject to meeting conditions or attaining certain results, including performance results; description of such conditions and results**

Under the Regulation, the Board of Directors will determine and decide the conditions on which the Options allocated to the Beneficiaries may be actually exercised, on the basis of the attainment of economic and/or financial performance targets on an annual basis.

The satisfaction of the conditions for the exercise of the Options will be verified by the Board of Directors in each year of the duration of the Plan within the first six months of the financial period after that in which the Options have been allocated.

The Board of Directors, at the proposal of the Remuneration Committee decided that the conditions for exercising the Options are that the performance targets relating to consolidated ROE and free-cash flow are reached.

To each the two performance goals was given an incidence of 50% compared to the Option exercisable, so that the achievement of even one goal Options will be exercisable on a quantitatively commensurate scale with the level of achievement of each goal.

The conditions for the exercise of the Options will apply to all the Beneficiaries of the Plans and there are therefore no different conditions for different categories of Beneficiary.

**4.6 *Any restrictions on the availability of the financial instruments allocated, or on the instruments given when the options are exercised, particularly as regards the periods of time during which it is allowed or forbidden to transfer the instruments to the Company itself or to third parties***

The Options allocated are personal and non-transferable, and they are not available *inter vivos*; they cannot be pledged or guaranteed in favour of the Company or third parties.

There are no restrictions on the availability of the Shares to be distributed when the Options are exercised.

**4.7 *Description of any conditions subsequent related to the allocation of the plans if the beneficiaries carry out any hedging transactions that allow them to neutralise any prohibitions on the sale of the financial instruments assigned, also in the form of options, or of the financial instruments received after the exercise of such options***

Up until their exercise, the Beneficiaries cannot dispose of any of the options assigned to them, whatever their form; likewise, none of the shares can be disposed of until their ownership is transferred to the Beneficiary.

Breach of the provision in the paragraph above automatically results in the Options becoming immediately void, without the right to indemnity or compensation of any nature in favour of the Beneficiary.

**4.8 *Description of the effects of termination of employment***

The effects, relating to the exercise of options which appear verified the operating conditions ("the exercisable Options"), caused by cessation of the employment relationships by the beneficiaries are as follows:

- if the Beneficiary is in temporary suspension or is expired the contract of employment relationship of fixed-term, during the period of validity of the Plan, the Beneficiary retains the right to exercise the exercisable Options in the exercise periods, with the added faculty to anticipate the exercise of the Options to the date in which he is placed in temporary suspension;
- if the Beneficiary dies, the provisions above are applied to the Beneficiary's heirs;
- if the Beneficiary's employment relationship is terminated for voluntary resignation or is dismissed for just cause or subjective justified reason, the Beneficiary loses all rights, with the consequence that all the Options that can be exercised attributed to said Beneficiary

based on the plans and not yet exercised are immediately and automatically cancelled, without the right to indemnity or compensation of any nature.

- if the Beneficiary's employment relationship is terminated for reasons other than those in the paragraphs above, the Board of Directors will decide the rules to apply to the exercisable Options from time to time.

In accordance with Article 2359 of the Italian Civil Code, if the Beneficiary is a Company director or a director in a subsidiary of Arnoldo Mondadori Editore S.p.A., the following provisions will apply:

- (i) if a Director voluntarily leaves office or is revoked from office for cause, in accordance with Articles 2383 and 2385 of the Italian Civil Code, the Beneficiary loses all rights and any and all options that could be exercised attributed to him based on the Plans and not yet exercised immediately and automatically become void and are devoid of any effect for the Beneficiary without the right to indemnity or compensation of any nature;
- (ii) if a Director is revoked in accordance with Article 2382 of the Italian Civil Code, the Board of Directors will decide the rules to apply to the exercisable Options from time to time;
- (iii) if a Director is revoked for reasons other than those in the previous subparagraphs (i) and (ii) or for expiration of the term, the Beneficiary retains the right to exercise the exercisable Options.

#### **4.9 Other possible causes of the cancellation of the plans**

Notwithstanding the provisions set forth in relation to the Exercise Periods of the Options, if the control of a subsidiary of Arnoldo Mondadori Editore is transferred to a third party, exercise of the exercisable Options attributed to Beneficiary employees or directors of the aforesaid company must take place within 30 days after official communication to the Beneficiaries of transfer of control, under penalty of forfeiture. After this time, the exercisable Options attributed to these Beneficiaries under the Plan are considered as immediately and automatically void, with no right to indemnity or compensation of any nature.

The Rules of the Plan provides that if, for any subsequent changes in tax laws, social security or any other nature at the date of approval of the Rules or in its interpretation and application, the implementation of the Plan would ask tax charges, social security or any other nature to both the Company and/or other Group Companies, unexpected at that date, the plan may be modified or canceled for the part that has not already been executed through the allocation of Shares to the Beneficiaries.

**4.10 Justification for any provision for the company's redemption of the financial instruments in the plans envisaged under Article 2357 ff of the Italian Civil Code; the beneficiaries of the redemption should specify whether the provision is only intended for special categories of employee; the effects of termination of employment on this redemption**

Not applicable.

**4.11 Any loans or other facilitations intended to grant for the purchase of the stock as per Article 2358, paragraph 3, of the Italian Civil Code**

Not applicable.

**4.12 Assessments of the expected cost to the company on the date the stock is assigned, as measurable on the basis of terms and conditions that have already been decided, by total amount and with regard to each instrument in the plan**

In accordance with IFRS 2 accounting principles, the stock options are measured at fair value at the time of assignment. Fair value is determined using a binomial method, having regard to the Plan regulations.

These benefits are recognised as staff costs through profit and loss during the period of service, consistently with the vesting period, starting from the assignment date, with a contra-entry in the net equity under "Stock option reserve".

The benefits awarded to employees/Directors of subsidiaries by parent company Arnoldo Mondadori Editore S.p.A. are recognised as increases in the cost of the investment, with a contra-entry in the net equity under "Stock option reserve".

After the assignment date, a change in the number of Options will entail an adjustment to the total cost of the Plan, which will be recognised according to the method described above. At the end of each financial period, the fair value amount of each Option previously measured is neither reviewed nor adjusted, but remains finally in the net equity; on this date, on the other hand, the estimate of the number of Options that will accrue up to expiry (and thus of the number of employees that will be entitled to exercise the Options) is adjusted. The variation in the estimate is taken away from the "Stock option reserve" item with a contra-entry in profit and loss among staff costs, or reducing "Equity investments" if they are benefits awarded to employees/Directors of subsidiaries.

When Options are exercised, the portion of “Stock option reserve” related to the options exercised is reclassified under “Equity premium reserve”; the portion of “Stock option reserve” related to Options cancelled or that have not been exercised when they expire is reclassified under “Other reserves.”

The parameters used for the numerical calculation of the binomial tree relating to the Assignments 2010 are as follows:

<b><i>Year of assignment</i></b>	<b><i>2010</i></b>
<i>Exercise price of the option</i>	<i>2,4693</i>
<i>Life of the option (residual years)</i>	<i>6</i>
<i>Current price of the underlying shares at the assignment date, in Euro</i>	<i>2,415</i>
<i>Expected volatility of share price</i>	<i>35,40%</i>
<i>Interest rate at no risk throughout option duration</i>	<i>2,155%</i>

**4.13 Any dilution effects on capital caused by payment plans**

Not applicable since the Plan does not entail any increase in the Company’s share capital.

**4.14 Any limits envisaged on the exercise of voting rights and the allocation of ownership right**

No limits are envisaged on the exercise of voting rights or the allocation of ownership rights on the Shares purchased after the Options have been exercised.

**4.15 In the event of the shares not being traded on a regulated market, all necessary information regarding a reliable assessment of their value**

Not applicable.

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

Each Option allocated entitles the Beneficiary to purchase one Share.

**4.17 Expiry of the options**

The Options expire on the first day after the end of the relative Exercise Period as specified in the table in paragraph 4.2 above. Options not exercised before they expire are forfeited and consequently do not give the Beneficiaries any rights.



#### **4.18 Methods and timing of exercise, special conditions**

As already stated in paragraph 4.2 above, the Options may be exercised, all together and t once, only during the Periods of Exercise that start from the end of the specific 36-month vesting period from the date on which they are allocated.

#### **4.19 Exercise price of the options, or the methods and criteria for its calculation, particularly as regards:**

- a) the formula for the calculation of the exercise price in relation to a determinate market price (fair market value); and**
- b) the methods for the calculation of the market price adopted to determine the exercise price**

The Option Exercise Price was set by the Board of Directors – upon their resolving the Assignment of the Options, as specified in paragraph 3.7 above - in compliance with Article 9, paragraph 4, letter a) of the Income Tax Consolidation Act, with reference to the “normal value” of the Shares having regard to the arithmetical mean of the reference Prices of the Shares recorded during the period starting from the date on which the Options are assigned back to the same day of the previous calendar month.

The Option Exercise Price is specified in the table shown in paragraph 4.2 above.

#### **4.20 If the exercise price is not the same as the market price calculated as specified in paragraph 4.19 (b) (fair market value), justification for the difference**

Not applicable.

#### **4.21 Criteria for providing for different exercise prices for different beneficiary or different categories of beneficiary**

Not applicable.

#### **4.22 If the financial instruments underlying the options are not traded on a regulated market, the value attributable to the underlying instruments or the criteria for calculating this value**

Not applicable.

#### **4.23 Criteria for the adjustments made necessary as a result of extraordinary capital transactions and other transactions entailing a change in the number of underlying instruments (capital increases, extraordinary dividends, grouping and splitting of**

***underlying shares, mergers and demergers, conversions into other classes of share, etc.)***

In the event the following extraordinary transactions are carried out, the Board of Directors, in order to see that the economic content of the assigned Options remains unchanged, shall, if the conditions exists, adjust the exercise price and/or the number of Shares relating to any Options not yet exercised:

- (a) grouping and splitting of the Shares;
- (b) free Company's share capital increases;
- (c) paid increase in the Company's share capital with issue of shares, of shares of a different class, of shares cum warrants, of convertible or non convertible bonds cum warrants;
- (d) Company mergers and demergers;
- (e) assignment of assets held in the Company's portfolio to shareholders;
- (f) Company's share capital reduction.

In the events indicated above, and again if the conditions exists, the Board of Directors shall proceed to adjusting the Exercise Price, and in any case to making any adjustments required, as the case may be, according to commonly accepted rules and practice of the financial market, possibly also appointing an independent expert to give his/her opinion as to the correctness of the method adopted. The aforesaid adjustment, as well as the opinion provided by the expert, will be communicated to the Beneficiaries in writing.

In the event that, with regard to said transactions, a suspension becomes necessary or required on the exercise of the Options, the Beneficiaries will be duly informed, specifying the duration of said suspension as well as the time when the exercise right is resumed.

Segrate, 21 July 2010

**Encl. : Table no. 1 of outline 7 in Attachment 3A to the Issuers Regulation 11971/1999**

**PAYMENT PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of outline 7 in Attachment 3A of the Issuers Regulation 11971/1999**

**Date: 21 / 07 / 2010**

Name or category (1)	Qualification (specify only for persons indicated by name)	BOX 2						
		Options ( <i>option grant</i> )						
		<p align="center"><b>Section 2</b></p> <p align="center">Newly assigned options according to the decision:</p> <p align="center"><input type="checkbox"/> of the BoD to submit a proposal to the Shareholders' meeting</p> <p align="center"><input checked="" type="checkbox"/> of the competent body to implement the Shareholders' meeting resolution</p> <p align="center">(9)</p>						
		Date of shareholders' meeting resolution	Description of instrument (13)	Number of financial instruments underlying the options allotted to each person or category	Date of assignment by the board of directors or the competent body (11)	Exercise price	Market price of financial instrument on assignment date	Option expiry date
Marina Berlusconi	Chairperson Arnoldo Mondadori Editore SpA	29.04.2009	Exercisable options for purchase of Mondadori shares with physical settlement	360,000	BoD 21.07.2010 (RC 19.07.2010)	2,4693	2,415	21.07.2016
Maurizio Costa	Vice-Chairperson and Managing Director Arnoldo Mondadori Editore SpA	29.04.2009	Exercisable options for purchase of Mondadori shares with physical settlement	450,000	BoD 21.07.2010 (RC 19.07.2010)	2,4693	2,415	21.07.2016
Carlo Maria Vismara	Director Arnoldo Mondadori Editore SpA	29.04.2009	Exercisable options for purchase of Mondadori shares with physical settlement	70,000	BoD 21.07.2010 (RC 19.07.2010)	2,4693	2,415	21.07.2016
All the executives who are beneficiaries as specified in article 152 <i>sexies</i> , paragraph 1, letter c)-c.2 of the Issuers Regulation		29.04.2009	Exercisable options for purchase of Mondadori shares with physical settlement	550,000	BoD 21.07.2010 (RC 19.07.2010)	2,4693	2,415	21.07.2016
All the Beneficiaries belonging to the additional categories of beneficiary of the Plan (executives of the Company and the subsidiaries carrying out relevant functions for the attainment of the strategic results of the Mondadori Group, including journalists employed by the Company and the subsidiaries with the qualification of editor-in-chief and co-editor-in-chief)		29.04.2009	Exercisable options for purchase of Mondadori shares with physical settlement	370,000	BoD 21.07.2010 (RC 19.07.2010)	2,4693	2,415	21.07.2016

## Attachments to issuers regulation– Attachment 3A

### Notes to the table

- (1) A line must be filled in for each party individually named and for each category considered; each party or category must also have a different line for (i) each type of instrument or option allocated (e.g. different strike prices and/or maturities entail different types of option); (ii) each plan resolved by a different shareholders' meeting.
- (2) Give the name of the members of the board of directors or management committee of the issuer of financial instruments and subsidiary or parent companies.
- (3) Give the names of persons with management functions in the share issuer as laid down in Article 152 *sexies*, paragraph 1, letter c)-c2 and in the subsidiaries specified in Article 152 *sexies*, paragraph 1 letter c)-c3.
- (4) Give the name of the natural persons controlling the share issuer, whether they are employees or whether they act as collaborators of the share issuer but are not bound to the company under an employment contract.
- (5) Name all the executives that have regular access to inside information and have the power to take management decisions that may impact on the evolution and future prospects of the share issuer, specified in Article 152 *sexies*, paragraph 1 letter c)-c2; in the event that the strike prices of the stock options envisaged for such persons are different (or the prices of the stock grants are different), their names are to be entered on separate lines.
- (6) Name all the executives that have regular access to inside information and have the power to take management decisions that may impact on the evolution and future prospects of a direct or indirect subsidiary of the share issuer, if the carrying amount of the investment in the aforesaid subsidiary is more than fifty per cent of the assets of the share issuer as shown in the last approved financial statements, as specified in Article 152 *sexies*, letter c)-c.3; in the event that the strike prices of the stock options envisaged for such persons are different (or the prices of the stock grants are different), their names are to be entered on separate lines.
- (7) State the categories of the other employees and the categories of non-employed collaborators. Separate lines must be given to categories of employees or collaborators for whom the features of the plan differ (e.g. executives, middle managers, office workers).
- (8) The data regard instruments related to plans approved by:
  - i. shareholders' meeting resolutions adopted before the date on which the competent body approves the motion for the shareholders' meeting; or
  - ii. shareholders' meeting resolutions adopted before the date on which the competent body decides to implement plans by virtue of the delegated powers vested in it by the shareholders' meeting.the table, therefore, gives:
  - in case (i), data updated to the date of the competent body's motion for the shareholders' meeting (in this event, the table is united to the information document for the shareholders' meeting held to approve the plans);
  - in case (ii), data updated to the date on which the competent body decides to implement the plans, (in this event, the table is attached to the communications published further to the decision of the competent body to implement the Plans and Section 1 states the data regarding all shareholders' meetings resolutions connected with current plans whose instruments have already been allocated (also on the basis of previous tranches envisaged in the same resolution as that by virtue of which the competent body allocates the new instruments)
- (9) The data may regard:
  - a. the decision adopted by the board of directors' meeting prior to the shareholders' meeting as regards a table united to the document submitted to the shareholders' meeting; in this event, the table will also show any characteristics that have already been determined by the board of directors;
  - b. the competent body's decision to implement the plan after approval by the shareholders' meeting as regards a table united to an announcement to be published when the decision to implement that plan is taken.
- (10) In both cases, the corresponding box in the field related to this Note 9 has to be marked. If the data have not yet been determined, enter the code "N.A." in the corresponding field
- (11) Total restricted instruments (e.g. restricted stock) in box 1, namely the shares underlying the option; in box 2 enter a line for each class of instrument (e.g. for each different restriction duration or different strike price); the number is calculated on the date of the board of directors' meeting that approves the motion for the shareholders' meeting or of the subsequent competent body's decision to implement the shareholders' meeting resolution; in the case of a table prepared the announcement of the competent body's decision to implement the plan (see the case mentioned in Note 9 letter b), the total number of instruments, or shares underlying such instruments, that have been newly allocated should not be stated in Section 1 but only in the first field of Section 2.
- (12) If the date of allocation is different from the date on which there has been a possible remuneration committee proposal regarding the allocation, add the date of this committee's proposal in the field, specifying the date on which the board of directors or other competent body resolved the matter; use code "bod/cb" (board of directors/competent body) or "rc" (remuneration committee) as appropriate.
- (13) The financial instruments underlying the options that have been allocated but may not be exercised are those that have, in fact, been allocated, but may not be exercised owing to vesting conditions.
- (14) For example in box 1 put: (i) company X shares; (ii) instrument linked to the value of Y shares; and, in box 2: (iii) options on W shares with physical settlement; (iv) options on Z shares with cash settlement, etc..