

Arnoldo Mondadori Editore S.p.A.

Registered office: Via Bianca di Savoia 12, Milan

Share capital EUR 67,979,168.40 fully paid-up

Tax code and Register of Companies of Milan 07012130584

REMUNERATION REPORT

(compiled pursuant to articles 123 - *ter*
Legislative Decree no. 58/1998 and 84 - *quater*
Of the CONSOB Regulation 11971/1999

March 2017

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Letter from the Chairman

Fellow Shareholders,

Pursuant to art. 6.P.4 of the Code of Conduct and Consob regulations I hereby submit to you the Report on the Company's Remuneration Policy, which the Remuneration and Appointments Committee, composed of the Directors Cristina Rossello, Alfredo Messina and the undersigned contributed significantly to.

The large volume of votes in favour of approving the Report at the 2016 Shareholders' Meeting, confirms the commitment of the Committee to support the Board of Directors so that the Company's remuneration system can ensure that it is constantly in line with best national and international practices and facilitate its development according to the Strategic Plan.

On this basis, the Committee verified the adequacy and coherence of the policy implemented during FY 2016 and assessed the results outlined by the medium-long term Incentive and Loyalisation Plan which has expired.

The Committee examined the proposals of the Chief Executive Officer regarding one time bonuses and found them to be in line with the general principles of the policy and coherent with the specific reasons set forth.

The Committee provided its support for the compilation of the new medium-long term Incentive Plan (LTI 2017-2019) for strategic managers and some key managers, set forth in a Performance Shares Plan.

The 2017 Report includes all the information relative to the remuneration policy: the principles, governance, the elements that constitute the remuneration of the executive directors and key management personnel, the short and medium-long term incentive mechanisms and the related objectives. The intention is to increase the awareness of all stakeholders insofar as the company's remuneration policies and to underline the coherence of its contents with the business strategies.

The Remuneration and Appointments Committee therefore submits the 2017 Remuneration Report to the Shareholders' Meeting, which is called upon to express a non-binding vote on the first section. We trust that we have presented the remuneration system of A. Mondadori Editore and the contribution provided by the generation of value to the company and its shareholders in a thorough manner.

I thank the Directors Cristina Rossello, Alfredo Messina, and also Bruno Ermolli, who resigned on 28 July 2016, for their significant commitment to the work of the Committee, and also the Chairman of the Board of Statutory Auditors, Ferdinando Superti Furga.

The Chairman

Marco Spadacini

Introduction

In accordance with article 123-ter of Legislative Decree no. 58/1998, article 84-quater of Consob (Italian Securities and Exchange Commission) Regulation no. 11971/1999 and subsequent amendments (hereinafter referred to as "Issuers' Regulation"), this "Remuneration Report" (hereinafter referred to as "Report") provides information on the remuneration policies adopted by Arnoldo Mondadori Editore S.p.A. (hereinafter also the "Company" or the "Issuer") regarding the members of the Board of Directors and Key Management Personnel.

In accordance with the above-mentioned regulatory provisions, this Report is made up of two sections and has been drafted in compliance with Annex 3A, Schedule 7 bis of the Issuers Regulation.

The **first section** illustrates, in terms of principles, the purposes, mechanisms and rules and the remuneration policy that will be adopted for 2017.

The **second section** illustrates the final result of the policy actually implemented in 2016, including through a presentation of tables showing the remuneration paid, to Directors and Statutory Auditors, in nominal form and in aggregate form for the Key Management Personnel.

This Report was approved by the Board of Directors on 21 March 2017, at the recommendation of the Remuneration and Appointments Committee.

The first section of this Report is subject to a non-binding resolution on the part of the Ordinary Shareholders' Meeting, which has been called for 27 April 2017 (and if necessary, a second call on 28 April) in order to approve the financial statements for the fiscal year ended 31 December 2016.

Pursuant to Art. 123-ter of Legislative Decree no. 58/1998, the Report is provided to the public, at the registered office at the authorized storage device "1info" (www.1info.it) and the website www.mondadori.it from 31 March 2017.

The adoption and definition of the Remuneration Policy herein described was carried out with the involvement of a Remuneration and Appointments Committee made up of a majority of independent Directors, as detailed below; in addition, the Report was submitted to the Shareholders for an advisory vote. These measures were taken in accordance with Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments, which regulates related-party transactions; they were also provided for

in the relative procedures approved by the Board of Directors. As such, any resolutions regarding the remuneration of Directors and Key Management Personnel are thus exempt from the enforcement of the procedures laid down in the above-mentioned Consob regulation on related-party transactions.

SECTION I - REMUNERATION POLICY 2017

1 – Governance of the process for the definition of the Remuneration Policy

a) Bodies and individuals involved

The Remuneration Policy (hereinafter referred to as "Policy") is finalized and approved by the Board of Directors, at the recommendation of the Remuneration and Appointments Committee (hereinafter referred to as "Committee"). The Committee is appointed by the Board of Directors, and its composition, competence and operating procedures are described in paragraph b) below.

The Policy sets forth principles and guidelines that must be respected in its definition and implementation. This is the responsibility of the following figures:

- the Board of Directors, for the remuneration of Executive Directors and other Directors who have been appointed to key positions;
- the Chief Executive Officer, who is supported by the Group Department of Human Resources and Organization, for the remuneration of Key Management Personnel.

The Group Head of Human Resources and Organisation reports to the Committee at least once a year on the effective implementation of the Policy.

In light of the above-mentioned report, the Committee then monitors and verifies that the implementation of the Policy respects its predetermined principles, and reports on this to the Board of Directors.

b) The Remuneration Committee

- Composition and appointment of the Committee

The Committee was established by the Board of Directors in 2005. In 2012, taking into account the organizational requirements of the Company, the Board of Directors resolved to group the appointment and remuneration duties into a single committee within the Board, the Remuneration and Appointments Committee.

The composition, appointment, duties and procedures for the operation of the Committee are governed in compliance with the recommendations of the Code of Conduct.

The members of the Committee, who are in office as at the date of this report, were appointed on the resolution of the Board of Directors of 23 April 2015 (except for the non-executive director Alfredo Messina, in office from 28 July 2016 following the resignation on that date of the non-executive Director Bruno Ermolli) will remain in office until expiration of the mandate for the directors and therefore until the Shareholders' Meeting for the approval of the financial statements as at 31 December 2017, save for a resolution to the contrary.

The Committee currently in office is composed of 3 non-executive directors, since they are not holders of individual management mandates and do not cover management positions within the company or companies belonging to the Mondadori Group, the majority of whom are independent, including the Chairman. The members of the Committee have proven professional skills in the sector of reference, adequate knowledge and experience in financial and remuneration policy issues.

Remuneration Committee	
Marco Spadacini	Chairman independent non-executive Director
Alfredo Messina	non-executive Director
Cristina Rossello	independent non-executive Director

- **The duties and functions of the Committee**

In compliance with the recommendations of the Code of Conduct, the last with resolution of 23 April 2015, the Board of Directors has attributed to the Committee the duties and functions, for investigation, consulting and proposal purposes, summarized here below.

Duties and functions of the Committee

- ✓ to provide advice and recommendations to the Board of Directors regarding the Remuneration Policy for Directors and Key Management Personnel; and to periodically check – in conjunction with the Department of Human Resources and Organization – that the Policy is being implemented in conformity with the principles laid down in its framework, reporting their findings to the Board of Directors accordingly;
- ✓ to make recommendations to the Board of Directors regarding the remuneration of Directors holding key positions (e.g. Chairman, Chief Executive Officer, Executive Directors and Directors on committees);
- ✓ to make presentations to the Board of Directors regarding the Committee's work on identifying and laying down corporate guidelines aimed at retaining and motivating management personnel;
- ✓ to make recommendations on the implementation of Shareholder-approved Incentive Plans based on financial instruments, in accordance with article 114-bis of Legislative Decree no. 58/1998 and referred to in section II of this Report.
- ✓ to express opinions to the Board of Directors on the size and composition of the Board and on whom it would be most appropriate to include as Board members, in addition to any limitations on the number of other positions a Board member may take on;
- ✓ to propose new candidates for the position of director to the Board of Directors, in the event of an appointment by co-optation to replace an independent director.

- **Operating procedures of the Committee**

The Committee members shall meet and act collectively any time the Chairman deems it necessary, or at the request of one or both of the other members, and in any case with the frequency that is required for carrying out its functions. The Committee meetings can be held in any place, including other than the registered office of the Company. The presence of at least two members of the Committee is required in order for the resolutions of the Board to be valid.

The Committee's resolutions are passed by a simple majority, and are then recorded in the minutes pertaining to the relative meeting. The minutes are signed by all members who take part in the meeting, as well as by the Chairman of the Board of Statutory Auditors, who takes part in the meetings without voting rights. A secretary selected by the Chairman may also attend the meetings.

It should be noted that the Committee, in its function as an advisory body, does not deliberate on issues in the presence of interested parties. This is in keeping with the Code's recommendations on the matter.

Specifically, a director will refrain from participating in Committee meetings in which his/her own remuneration package is being discussed for proposal to the Board of Directors.

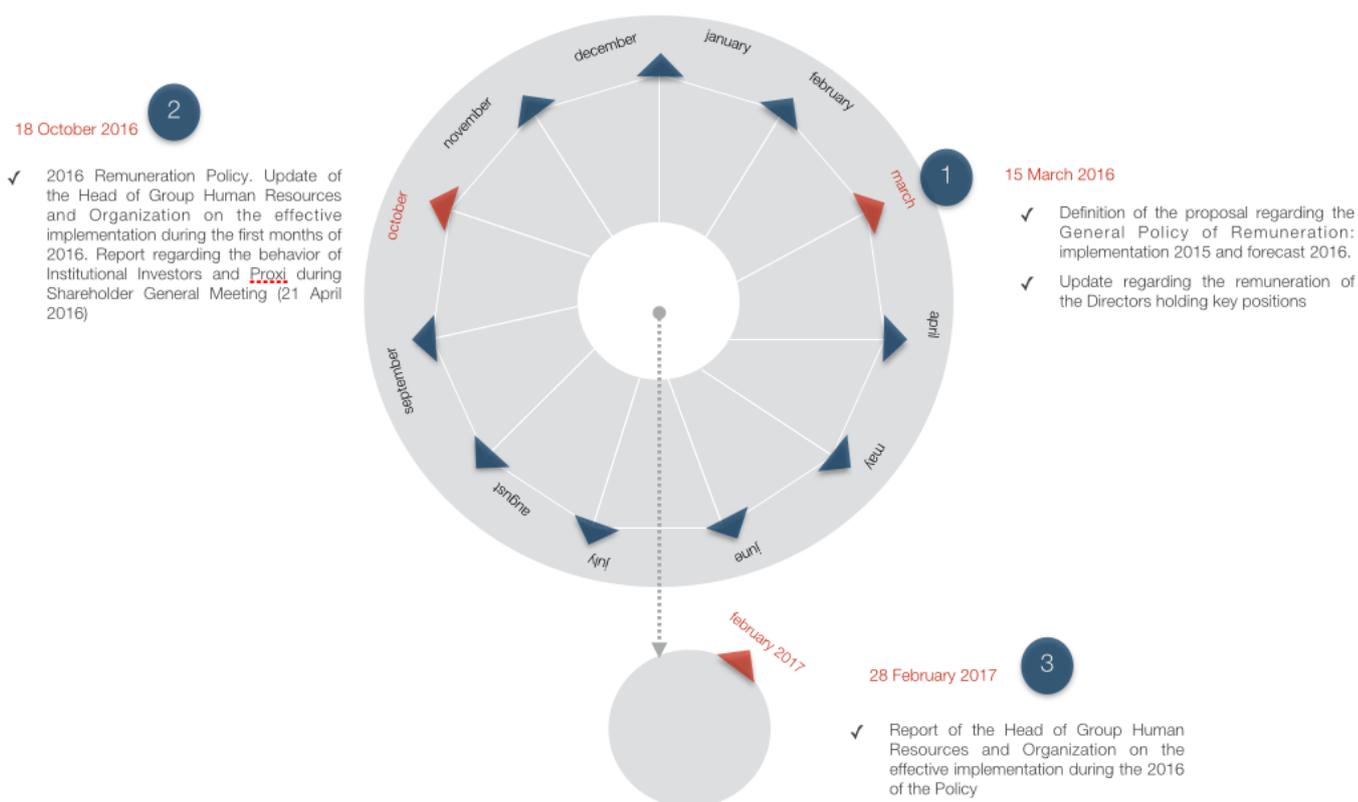
The Committee has access to all the corporate information and functions necessary to the performance of its duties. Upon the request of the Committee Chairman,

managers of the company, or other individuals, may participate in the meetings to provide information or assessments on the individual agenda items.

- **Committee cycle of activities**

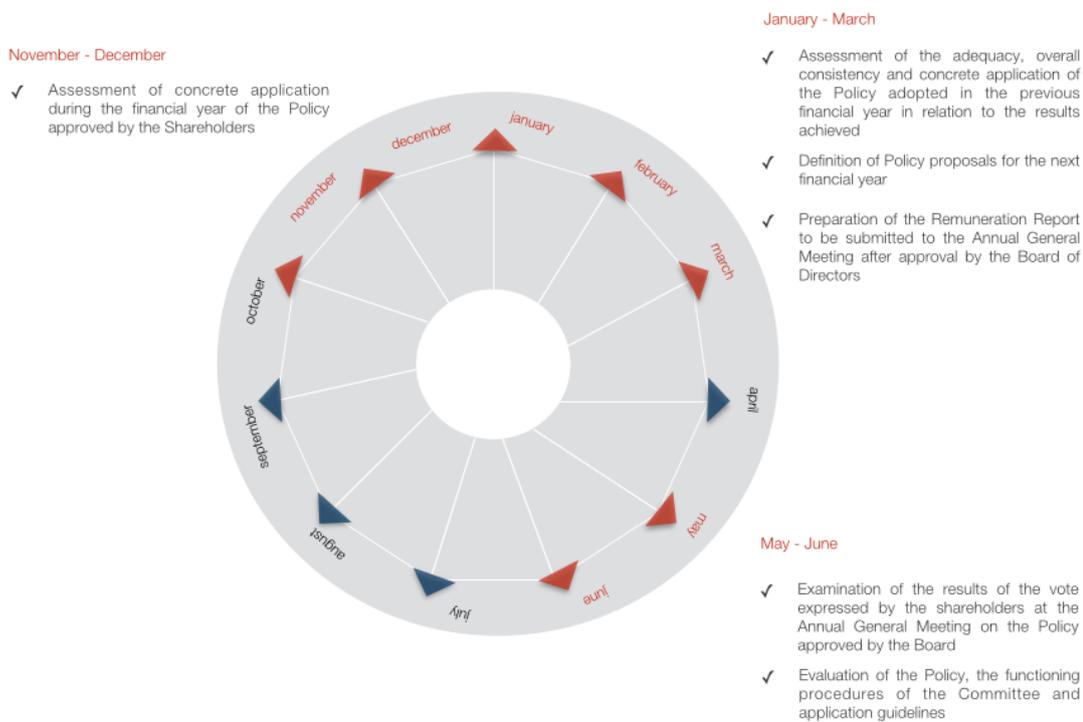
Activities carried out in financial year 2016

In 2016 the committee met 3 times, with 100% of the Committee members in attendance. Minutes were taken regularly for these meetings. The chart below contains a summary of the dates and content of the meetings held.



Activities scheduled for 2017

In 2017, the activities of the Committee will take place in implementation of the annual programme, which contains the phases summarized in the chart below.



2 - Purposes of the Policy

In general terms, in line with the governance model adopted by the Company and the recommendations contained in the Code of Conduct, the Policy is set in order to attract, motivate and ensure the loyalty of individuals who possess the professional qualities required to ensure that the main objective of creating sustainable value for the Company and the Group is reached in the medium to long-term.

To that end, the Policy has identified the focal point where Shareholders' and Management's interests meet: maintaining a strong link between pay and performance.

It follows that a significant part of the total remuneration for Executive Directors and Key Management Personnel is linked to the achievement of specific targets. Said targets are set in reference to both the Group's overall performance and to the performance measured on a consolidated basis and in specific business areas or corporate functions, over both the short term and the medium-to-long term.

3 - General Principles of the Policy

In keeping with the general aims outlined above, the Policy is based on the following principles:

- an appropriate balance between base pay and variable pay, which shall depend on the Company's strategic objectives and risk management policy, as well as on the line of business involved and the nature of the work that has actually been carried out;
- the establishment of limits on variable pay;
- as relates to variable pay, setting measurable performance objectives beforehand;
- as far as medium-to-long-term plans are concerned, the payout of a significant portion of variable pay is to be appropriately, deferred in relation to its accrual.

4 - Policies in terms of fixed and variable remuneration components

In this matter, the Remuneration Policy is structured around different principles and procedures regarding base pay packages and short, medium or long-term variable pay packages: it depends on the recipients of said packages.

In particular:

A) Non-executive Directors

Non-executive Directors are directors that do not hold individual management authority or executive positions in the Company or in other legal entities belonging to the Group.

Non-executive Directors are entitled to a base pay that is determined by the Ordinary Shareholders' Meeting at the time of their appointment.

At the recommendation of the Remuneration Committee, and with the approval of the Board of Statutory Auditors, the Board of Directors may determine an additional amount of base pay depending on participation in committees instituted by the Board of Directors itself.

The principle underlying this procedure is to pay non-executive members of the Board of Directors a lump sum as compensation.

The compensation of non-executive Directors is not linked to the Company's economic performance or to the economic performance of the Group as a whole, nor is it linked to any type of performance objective in general.

B) Executive directors

(i) Directors vested with particular duties in the Issuer pursuant to the Bylaws (Chairman/CEO)

The Directors with particular duties in the Issuer will receive, in addition to the fixed remuneration determined by the Shareholders' Meeting at the time of their appointment, remuneration (in fixed and/or variable form) as determined by the Board of Directors in compliance with the specific proposal of the Committee and the opinion in favour of the Board of Statutory Auditors, including in relation to the provisions under article 2389, paragraph III, of the Italian Civil Code.

The variable remuneration component of the Chief Executive Officer is determined by the Board of Directors pursuant to a specific proposal of the Committee and with the opinion in favour of the Board of Statutory Auditors, in compliance with the criteria defined in the paragraph below applicable also to Key Management Personnel.

(ii) Directors vested with particular duties in a subsidiary of the Issuer of strategic importance (Chairman/CEO of the subsidiary)

The remuneration of qualified executive directors, who are assigned with particular duties within a subsidiary of the issuer that has strategic significance (i.e. the executive officers and chairman of the subsidiary with strategic significance when they are given individual management mandates or when they have a specific role in the compilation of the corporate strategies) - in addition to the fixed remuneration determined by the Issuer's Shareholders Meeting at the time of their appointment - is determined by the competent corporate bodies of the subsidiary, insofar as the duties incumbent upon it.

A variable component of the remuneration may be determined and attributed to competent bodies of the subsidiary, also upon proposal of the Issuer's Chief Executive Officer, with account taken of the strategic and performance objectives of the subsidiary which are predetermined, measurable and connected to the creation of value.

(iii) Executive directors for managerial duties within the Issuer (see managerial duties connected with the qualification of Chief Financial Officer – Finance, Procurement and IT Systems)

Executive directors with managerial duties within the Issuer, in addition to the fixed remuneration as determined by the Shareholders' Meeting at the time of their appointment, will receive, upon determination of the Chief Executive Officer

through the Group Department of Human Resources and Organization, a remuneration package according to criteria defined in the paragraph below for the remuneration of Key Management Personnel.

C) Key Management Personnel

As stated in Consob Regulation no. 17221 of 12 March 2010, which regulates related-party transactions and which was subsequently amended by International Accounting Standard no. 24, Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Directors of the Company itself.

In relation to this principle, the Key Management Personnel are identified as:

1. the *Executive Directors*, as they are the Directors with individual management mandates or management duties within the Company;
2. the *Managers of Business Areas* in which the Mondadori Group operates;
3. the *Heads of corporate functions*.

The compensation package for Key Management Personnel reflects the responsibility they bear in exercising their executive authority to manage the Company, and it is generally structured in the following way:

- i) annual base pay;
 - ii) annual variable pay (MBO);
 - iii) medium-to-long-term variable pay (LTI).
-
- i) the annual base pay may be made up of the base salary and other forms of remuneration of a non-variable nature. Its weight may not exceed 70% of total compensation. The amount of base pay depends on the size of the business managed and on the capacity to contribute to the Group's consolidated results;
 - ii) the annual variable pay (MBO) is attainable by reaching yearly quantitative objectives. These are set beforehand and are linked to performance indicators, both on a consolidated level regarding the Group as a whole and an individual level regarding the business areas or corporate functions.

The KPIs (Key performance indicators) used (as shown in the table below), are usually taken from budget data and are normally of a quantitative nature, as the qualitative objectives are allowed only in exceptional circumstances and in any case only if they are related to objective assessment elements (e.g. time or completion of projects) while they are not subject to discretionary assessments. To guarantee the method adopted, the targets are certified by the Group Control System, at the time of assignment as well as upon completion and the process is transparent and can be tracked at every phase. Furthermore, the composition of the MBOs for top management is structured so as to ensure assessment and monitoring of the main aspects of management.

KPIs' balance in MBO system		
Office	Group consolidated targets	Business area targets
CEO	<p>100% KPI</p> <p>Net Profit /Group EBITDA Revenue Financial indicators (Free Cash Flow / PFN)</p>	
Key Management Personnel	<p>100% KPI</p> <p>Group EBITDA Financial indicators (Free Cash Flow / PFN) Cost management</p>	
Business area managers	<p>40-50% KPI</p> <p>Group EBITDA Financial indicators (Free Cash Flow / PFN)</p>	<p>60-50% KPI</p> <p>Business Area EBITDA Financial indicators (Free Cash Flow / PFN) Business Area revenue</p>

 weight

The mechanism for the calculation of the annual MBOs provides for a minimum access threshold **equal to 90%** of the objectives assigned and a maximum payable amount of **120%** of the basic bonus, which can be obtained only if **110% of the same objectives are reached or exceeded**.

The definition of the target levels underlying the annual objectives (MBOs) is generally connected to performance objectives based on budget forecasts as indicated by the Board of Directors. The amount of variable pay that can be paid out is determined by a comparison of the final result with the objectives that have been assigned.

	Targets achievement	Bonus payment
Targets achievement levels	less than 90%	0
	between 90% and 100%	reduced by 5% each point less on the achievement of objectives
	100%	100%
	between 100% and 110%	increased by every point of exceeding the objectives
	more than 110%	120% (cap)

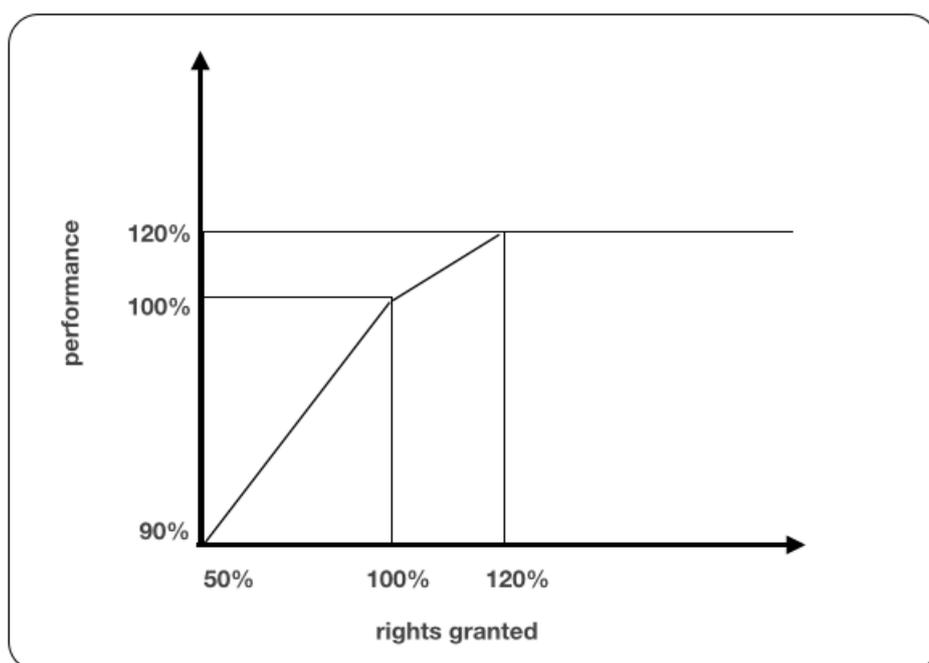
iii) the variable medium - long-term component (LTI). The Board of Directors in its meeting on 21/03/2017, and on the proposal of the Remuneration and Appointments Committee in its meeting on 16/3/2017, approved the introduction into the Group, effective from 2017, of a new performance shares system that provides for the free attribution of Mondadori shares against achievement of pre-set three year objectives. The adoption of the Performance Shares Plan (the "Plan") 2017-2019, will be submitted for approval of the Shareholders' Meeting on 27 April 2017.

The reasons for the move to an incentive system featuring the assignment of financial instrument, which is practised by the market to a large extent, is largely reflective of the will to create a closer connection between the actions of management and the creation of value for the Company.

For this reason, the three-year **performance objectives** are comprised of two types of indicators.

1. objectives which refer to the remuneration of the shareholders
 - Net Group Profits accumulated over the period
 - TSR – Total Shareholder Return exact at the end of the period (comparison between the performance of the share and the average performance of the shares listed on the FTSE MIB All Share)
2. operating ratios for valuation of the share
 - Cumulative Group EBITDA over the period
 - Cumulative Group Free Cash Flow over the period

Each of these objectives contributes in a balanced manner (25%) to the composition of the overall performance results while recognition of the right to receive the shares is commensurate with reaching the target at the end of the vesting period. The mechanism established for the calculation of the rights provides, for the Group objectives concerning the Net profit, EBITDA and Free cash flow, an access threshold of 90% of the target, with assignment of 50% of the shares, 100% of the bonus if the full result is achieved and a cap of 120% in the event that the three-year results are exceeded. For the TSR, on the other hand, a one-off mechanism will apply.



Description of the correlation between performance and the rights that are attributed in regard to the Net Profit, EBITDA and the Free cash flow

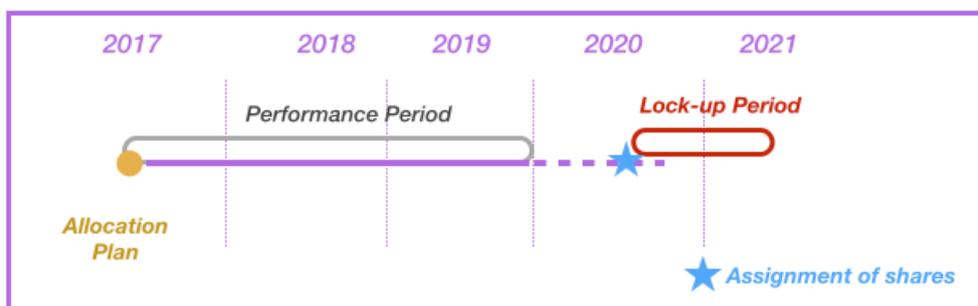
The approved plan is intended for the Key Managers (including the executive officer Oddone Pozzi) and certain second level managers, as specified in the information documents published pursuant to the law, whose positions significantly impact the creation of value for the Group.

The Chief Executive Officer is not included among the 2017-2019 Plan Beneficiaries since, pursuant to the resolution of the Board of Directors, he is still included in the applicable LTI incentive system which coincides with the duration of the mandate until approval of the 2017 financial statements.

The implementation of the new model provides, for the 2017-2019 period, for the assignment of Performance Shares as part of a “closed three-year plan”. From 2018, following the resolution of the competent bodies, we will move on to a “rolling plan” structured across 3 annual cycles, with annual spreading of the assignment, equal to 1/3 of the total value.

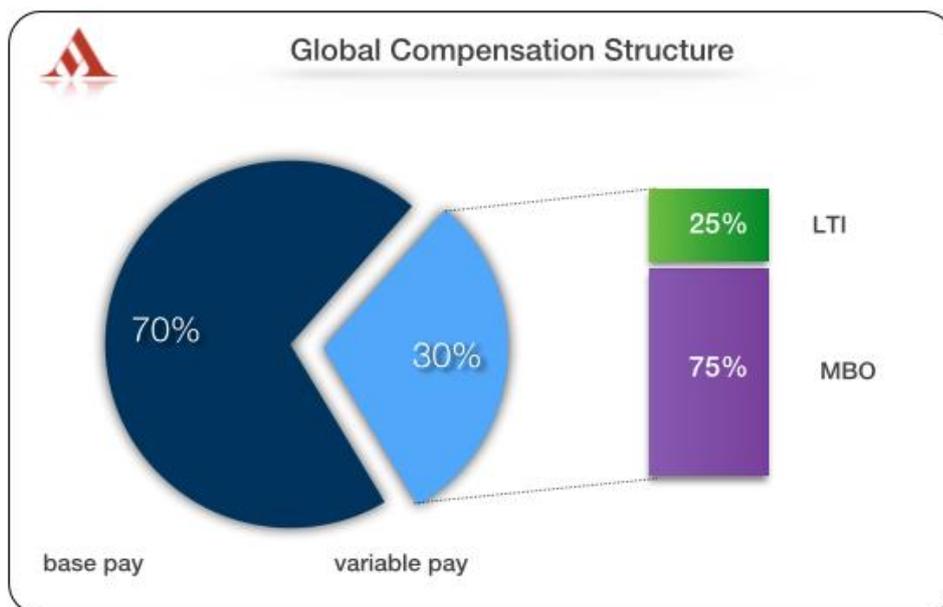
Upon conclusion of the three-year vesting period, a 12 month **lock up** period will apply insofar as 20% of the shares actually assigned.

As the purpose of these remuneration elements is also to secure the loyalty of the more strategic roles for good governance of the Company over the medium term, interruption of the employment relationship during the vesting period (so-called **bad leaver**) will result in automatic loss of the bonus attributed.



The combination of the annual variable pay and the medium-to-long-term variable pay is itself a variable percentage, which is not less than 30% of the total annual remuneration.

As part of the overall variable remuneration, the component referring to the medium to long-term result will have a weight, on an annual basis, of no less than 25%.



5 - Claw-back mechanism

Provision has been made for a claw-back mechanism through which the variable component of remuneration already paid can be claimed back or deferred variable remuneration can be withheld, if it was earned on the basis of data that was later shown to be manifestly inaccurate, or through which demand can be made for the repayment of all incentives relative to the financial year (or financial years) in reference to which information is found to have been maliciously altered for the purpose of achieving the results and earning the bonus. Similarly, repayment can be demanded in the event of serious and intentional violations of the laws and/or regulations of the Code of Conduct adopted by the Company or the Company procedures.

This principle is formalised within the regulation which is available for viewing on the Company intranet.

6 - Extraordinary transactions

In the event of extraordinary transactions regarding the Group, including but not limited to, company acquisitions or sales, asset disposals, mergers or spin-offs, transfers or conferrals of business units, capital transactions, financial or equity transactions that are able to impact the market value of the security, and legislative or regulatory amendments with the potential to significantly influence

the performance objectives, after consulting with the Committee, the Board of Directors is entitled, at its discretion, to make all changes and additions that are necessary in order to maintain unchanged the essential and financial contents of the Plans and the KPIs underlying both the short term and medium-long term plans which concern the Chief Executive Officer.

Any amendments that, based under the same assumptions and with the same objectives, should become necessary with regard to Key Managers may be assessed by the Chief Executive Officer.

7 – One-off extraordinary bonuses

Cash may occasionally be disbursed as one-off amounts which are not included in the variable remuneration components. From a pay for performance standpoint, we believe that the payment of one-time amounts to managers with particular strategic significance that have distinguished themselves through their exceptional individual efforts, constitute a significant differentiation and meritocratic selection mechanism which assists us to retain excellent personnel. The Chief Executive Officer, with the support of the Group Department of Human Resources and Organization, is responsible for assessing these results and the corresponding contributions and performance.

8 - Equity incentive plans

Any compensation plans based on the allocation of financial instruments are to be submitted to the Shareholders for approval, in accordance with article 114 bis of Legislative Decree no. 58/1998; in the event of approval, these plans are also subject to market disclosure, in compliance with the regulations in force. The details and application procedures of the plans are established by the Board of Directors, who are supported by the counsel and recommendations of the Remuneration and Appointments Committee. The Company's risk profile is also carefully considered, and reference is made to the following general principles:

- i. consolidation of the sustainable value creation process for the Company and the Group over the medium to long-term and the provision of incentives and assurance of the loyalty of management through definition of multiple year vesting terms and conditions;
- ii. assignment or exercising of financial instruments subject to achieving company and/or market performance objectives which are predefined and measurable;

- iii. contractual commitments regarding the recipients' tenures with the company.

With regard to the Performance Shares Plan which was approved by the Board of Directors in its meeting of 21/3/2017 upon the proposal of the Remuneration and Appointments Committee on 16/3/2017, which will be submitted to the Shareholders' Meeting which has been convoked to meet on 27/4/2017 (see *point 4/C/iii*), please refer to the description provided in the information document published pursuant to art. 84-bis of the Issuers' Regulation, which is available from www.mondadori.it (under the Governance section).

9 - Non-monetary benefits

No fringe benefits are provided by the Company to the members of the Board of Directors or the Key Management Personnel, unless they reside abroad. Key Management Personnel are provided with life and medical insurance in addition to the mandatory insurance coverage provided by the applicable collective labour agreements.

10 - Treatment in the event of termination of office or termination of the employment relationship

For Executive Directors or Key Management Personnel, the Company does not provide for ex ante agreements covering termination of office or of the employment relationship that are not in line with the recommendations of the Code of Conduct and compliant with the laws and reference union contracts.

11 - Benchmarks for definition of the Policy

The definition of the Policy has been drafted in consideration of the best practices on the market, without this being a specific reference to particular company entities.

For the purpose of defining the new Group Policy, Mondadori has enlisted the support of major consulting companies for definition of a new medium-long term incentive instrument (Performance Shares) and for a discussion on management compensation levels.

In general terms, the overall remuneration of the Key Management Personnel is defined with consideration taken of a market benchmark and a multitude of elements, including the capacity to contribute to results, the job performance and the comparability of internal remuneration levels.

SECTION II REMUNERATION / COMPENSATION PAID OUT DURING THE 2016 FISCAL YEAR

This section of the Report provides an explanation of each of the items that compose the remuneration of the Directors and the Key Management Personnel of the Group, with an indication of compliance with the policies described in the first section of the document published in 2016.

PART ONE - IMPLEMENTATION OF THE POLICY

Over the course of the 2016 fiscal year, the operating procedures pertaining to the Remuneration Policy were applied in conformity with the Policy's general aims and principles for that year. These were outlined in Section I of the Remuneration Report, which was approved by the Board of Directors at the recommendation of the Remuneration Committee on 17 March 2016. Section I was also resolved upon and approved at the Ordinary Shareholders' Meeting on 21 April 2016.

There are principles and procedures for base pay and variable pay that change depending on the recipient; in accordance with the information outlined above, the items that make up the remuneration paid to members of the Board of Directors, the Board of Statutory Auditors and Key Management Personnel during the 2016 fiscal year are structured accordingly.

In particular, please refer to the detailed figures reported in Tables 1 and 3B:

A - Remuneration of Directors

Non-executive Directors

According to the definition provided in section I, Non-executive Directors are directors that do not hold individual management authority or executive positions in the Company or in other legal entities belonging to the Group.

In line with the procedural guidelines set out in the Policy, the following compensation was paid out during the 2016 fiscal year:

- fixed annual compensation for the office of Director, including non-executive Directors, as defined by the Ordinary Shareholders' Meeting of 23 April 2015. In particular, the Shareholders' Meeting set a fixed annual amount of Euro 10,000 payable, in equal measure, for all the Directors plus an additional 50% for the Chairman.

The individual sums paid out in 2016 are in line with the sums paid out during the previous fiscal year (2015) and the previous three-year term of the Board of Directors;

- additional fixed annual remuneration relating to participation, on the part of Non-Executive Directors, in committees set up by the Board of Directors (Internal Control and Risk Management Committee and Remuneration and Appointments Committee). This pay had already been established by the Board of Directors at the recommendation of the Remuneration Committee, and gained the approval of the Board of Statutory Auditors in accordance with article 2389 of the Italian Civil Code.

The individual sums paid out in 2016 are in line with the sums paid out during the previous fiscal year (2015):

- Euro 25,000 for the Chairman,
- Euro 20,000 for Directors who are Committee members.

Additional fixed remuneration has been decided upon for participation of the Directors in the Related Parties Committee for which, in consideration of the significant number of meetings that took place during the year, the attendance fee has been set at Euro 2,000 for each Director who is a member of the Committee, and an additional 50% for the Chairman.

The compensation of Non-Executive Directors is not linked to the Company's economic performance or to the economic performance of the Group as a whole, nor is it linked to any type of performance objective in general.

Directors holding key positions, in accordance with the Bylaws: Chairman and Chief Executive Officer

During the 2016 fiscal year:

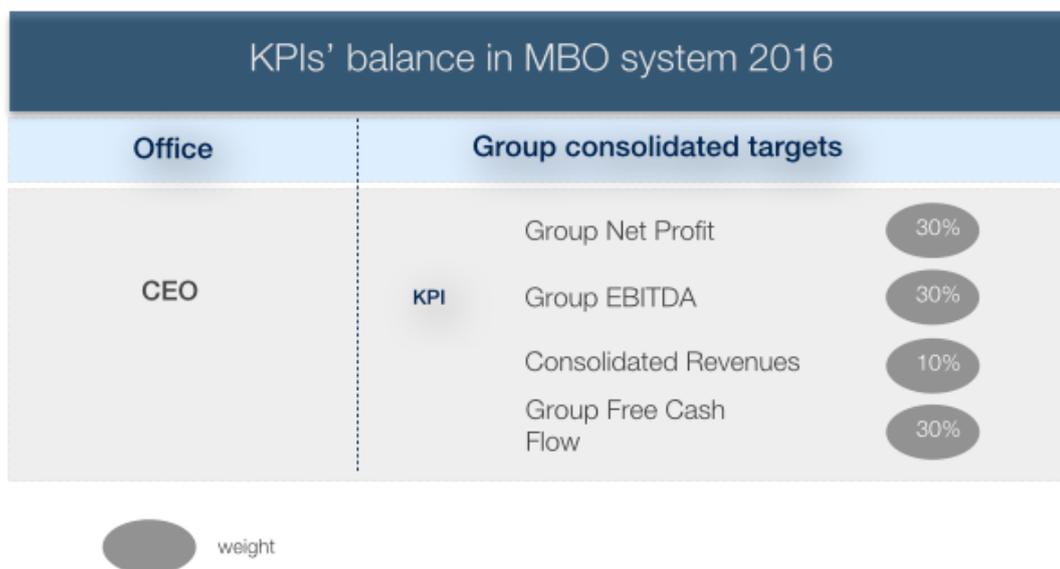
- the remuneration of the Chief Executive Officer, Ernesto Mauri, has not changed. It was defined by the Board of Directors on 12 May 2015, which confirmed the remuneration package which had previously been applied, the sole difference being the long-term incentive (LTI) which was reworked to follow the three-year expiration of the mandate.

Said compensation, in line with the principles and purposes of the Policy, is broken down as follows:

- a) fixed compensation: the emolument for the office equal to Euro 1,100,000 and consideration for the non-compete agreement, the duration of which corresponds to the validity of the mandate, plus one year subsequent to the expiration thereof equal to Euro 350,000;
- b) variable assigned component: which refers to the single year objectives (Annual MBO) of Euro 500,000, and those for the medium term referring to the entire

duration of the mandate which will expire upon approval of the financial statements of 2017, amounting to Euro 2,700,000.

As set out in the Policy, variable pay counts towards 49% of total compensation; while within the variable pay itself, the portion referring to medium-term objectives is 64% of the variable pay in its entirety.



- The amount of the remuneration of the Chairperson Marina Berlusconi, as resolved by the Board of Directors in its meeting of 12 May 2015, has not changed compared to the corresponding prior three-year period, which consists of a fixed annual amount for the office set at Euro 500,000 in compliance with the specific proposal of the Remuneration Committee and the approval of the Board of Statutory Auditors expressed pursuant to article 2389 of the Italian Civil Code.

B - Remuneration of Key Management Personnel

According to the definition cited in Section I, Key Management Personnel are those persons having authority and responsibility for planning, managing, and controlling the activities of the Company, directly or indirectly, including any Directors of the Company itself.

As such, Key Management Personnel are equated with Executive Directors, as they hold individual management authority or executive positions in the Company; they are also equated with the General Managers of the business areas in which the Mondadori Group operates, as well as with the Heads of corporate functions.

The following changes took place during the 2016 fiscal year:

- Simonetta Bocca - Group Head of Human Resources and Organisation, resigned on 31 October 2016.

As a result of the organizational changes that occurred, as described above, as of 31 December 2016, the team of Key Management Personnel was composed as follows:

Key Management Personnel (at 31 December 2015)	
Enrico Selva Coddè	Head of Trade books business area
Mario Maiocchi	Head of Retail business area
Carlo Mandelli	Head of Magazine Italia, Advertising and International business
Carmine Perna	Head of Mondadori France business area
Antonio Porro	Head of Educational Books business area

On the date this Report was approved, the position of Group Head of Human Resources and Organisation was covered, beginning 9 January 2017, by Mr. Daniele Sacco.

The following persons also fall under the category of Key Management Personnel:

Ernesto Mauri	CEO
Oddone Maria Pozzi	Executive Director CFO, Director of Group Finance, Procurement and IT

In keeping with the Policy's principles, the remuneration package granted to Key Management Personnel is structured around the following parts:

- a fixed element, which consists of a basic salary and other non-variable cash components. No changes were made in 2016 to amounts paid in this capacity;

ii. the annual variable pay (MBO), which is paid out based on the level of achievement of annual budget targets.

As approved by the Board of Directors, for 2016 we confirm that 90% of the objectives were maintained as minimum threshold for payment of the MBO, and 120% of the objectives were maintained as maximum threshold of the bonus that can be obtained in the event that the targets set have been exceeded by 110%.

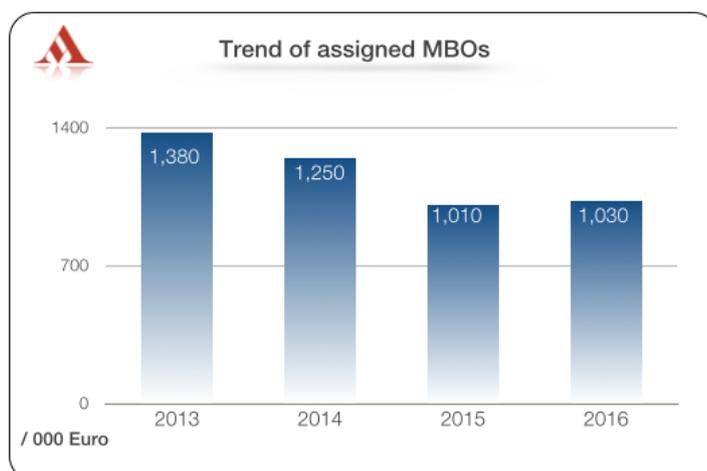
In 2016 the objectives were generally structured in the following way: 47% were related to Group-wide economic indicators (in 2015 this was 44%), and 53% were related to specific economic indicators on a business area level or corporate function level.

In 2016, the total value of the assigned MBOs was essentially unchanged (+2%) compared to the previous year, due to changes between 2015 and 2016 in the composition of the Key Management Personnel.

In terms of final results, thanks to the good performance of the company, the overall value of the bonuses is equal to +9%, which corresponds to an actual payment of +2%, due to the loss of the payment right pursuant to the resignation of Ms. Bocca.

KPIs' balance in MBO system 2016		
Office	Group consolidated targets	Business Area targets
Key Management Personnel (CFO, HR)	KPI Group EBITDA	
	KPI Free Cash Flow	
	Cost Management	
	EBITDA Rizzoli Libri	
Head of Business	KPI Group EBITDA	Business Area EBITDA
	KPI Free Cash Flow	Business Area Free Cash Flow
		Business Area Revenue / Ebitda Rizzoli Libri

● weight



- iii. the medium-to-long-term variable pay (LTI). This consists of a Special Cash Bonus which can be collected only upon conclusion of a three-year reference period and the achievement of the forecasts and/or economic-financial targets, whether these are consolidated or refer to individual business area or functions.

2016 falls in the three-year period 2014/2015/2016 for which the Board of Directors had resolved in 2014 to reactivate the long-term Incentive plan for Key Management Personnel, which had been suspended for 2013. The payment of the Bonus required that the recipient was still in service and had not resigned from the Mondadori Group company as at 1 January 2017.

In line with the principles underlying the long-term incentive (LTI), as defined in the Policies, this system makes the payment of the incentive subordinate to achieving the following objectives:

- i. individual performance objectives: these refer to reaching, in every year of the three-year period, the annual objectives which have been assigned;
- ii. individual business objectives: these refer to reaching the target set in the three-year plan as at 31 December 2016, relative to the specific business area;
- iii. consolidated Group Objective: this is accounted as at the end of 2016 and refers to the Group Net Profit as defined in the Three-Year Plan approved by the Board of Directors in its meeting of 30 January 2014.

The three-year bonus (LTI) is payable upon reaching each of the objectives indicated above, according to the weight specifically assigned to them: 25% for each of the individual targets and 50% for the consolidated Group objective.

The amount of the remuneration connected to medium-long term objectives following the changes in the composition of the group of Key Management Personnel was reduced overall by 10.5% in 2016, as a result of Ms. Bocca's resignation.

Regarding the final results based on the parameters applicable to the end of the three year period (2016), we note that all the objectives were reached, except for 3 *Individual Business Objectives*, which will lead to a reduction in the bonuses paid by 12% of the theoretical total.

Upon expiration at the end of 2016 of the LTI bonuses assigned, except for the bonus assigned to the Chief Executive Officer as it coincides with the expiration of the mandate for 2017, the Company has assessed whether to adopt a new long term incentive plan for Management, also in order to create a greater connection between

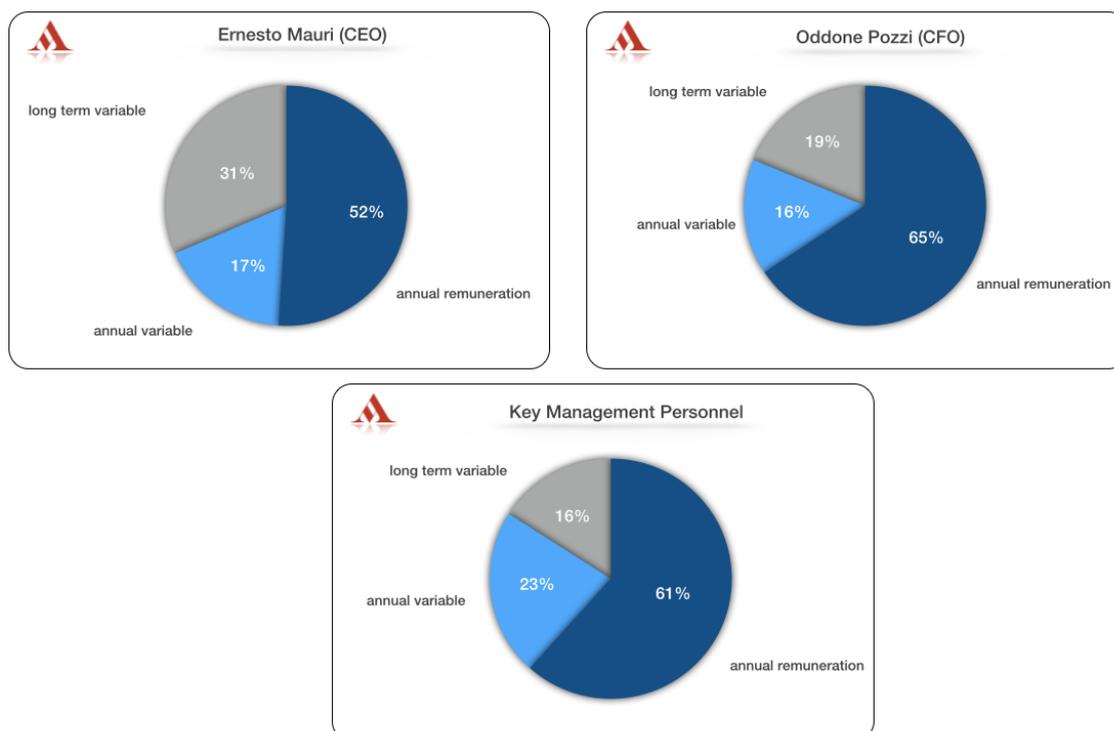
the creation of value in the medium and long term and the remuneration of management. [See sec. I]

We confirm that the weight and the percentages of the fixed and variable component of the remuneration described above for 2016 are in line with the parameters indicated in the Policy. In particular:

- i)* the fixed component, which consists of the basic salary and other forms of non-variable remuneration represents approximately 61% of the total remuneration (as compared to a maximum percentage of the fixed component established by the Policies which does not exceed 70% of the total remuneration);
- ii)* the total variable, annual and medium-long term components comprise a percentage of 39% of the total annual remuneration (as compared to a percentage of variable components of no less than 30% of total annual remuneration established in the Policies);
- iii)* in terms of 100% of the variable remuneration, the component which is dependent upon the medium-long term period has a weight of 40% on an annual basis (as compared to a percentage of the component dependent on the medium-long term period, established by the Policies, of no lower than 25% of the total overall variable remuneration).

As regards 2016, the amount of the total compensation has increased by 2% following the payment to a Key Management Personnel member of a one-off special bonus due to his particularly intensive commitment to the success of the acquisitions of the companies Rizzoli Libri S.p.A. e Banzai Media Holding S.r.l., concluded in 2016.

MIX PAY TABLES:



C - Severance pay in the event of early termination of employment

During 2016, in compliance with the principles of the Policy, severance pay was paid to 1 Key Management Personnel, who resigned on 30/12/2015. The compensation was defined at amounts that were lower than the maximum amount set by the labour union agreement for management staff.

The total amount is shown in table 1.

D - Information on Stock Option Plans

In the 2016 fiscal year, no financial instruments were allocated in connection to equity-based compensation packages; furthermore, no stock options were exercised in reference to the Stock Option (Plan), established by the Shareholders' Meeting and with a duration for the three-year period 2009/2010/2011.

Table 2 shows the details regarding the options assigned as part of the Plan.

PART TWO – ANALYTICAL DESCRIPTION OF COMPENSATION PAID OUT DURING THE FISCAL YEAR

Schedule no. 7-bis: report on remuneration

TABLE 1: Compensation paid out to members of the Board of Directors, members of the Board of Statutory Auditors, Corporate Officers and other Key Management Personnel

TABLE 2: Stock options granted to members of the Board of Directors, Corporate Officers and other Key Management Personnel

TABLE 3B: Cash incentive plans for members of the Board of Directors, Corporate Officers and other Key Management Personnel

Schedule no. 7-ter reporting information on the equity participation of members of the Board of Directors, members of the Board of Statutory Auditors, Corporate Officers and other Key Management Personnel

Table 1: Equity participation of members of the Board of Directors, members of the Statutory Board of Auditors and Corporate Officers

Table 2: Equity participation of other Key Management Personnel

TABLE 1: Compensation paid out to members of the Board of Directors, members of the Board of Statutory Auditors, Corporate Officers and other Key Management Personnel.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Office	Term of Office	Expiration of Term of Office	Base Pay	Compensation for participation in committees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Severance pay for termination of office or employment
						Bonuses and other incentives	Profit sharing					
MARINA ELVIRA BERLUSCONI	CHAIRMAN	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	15,000 a)						515,000		
				500,000 b)								
ERNESTO MAURI	CHIEF EXECUTIVE OFFICER	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)		576,000			350,000 h)	2,036,000		
				1,100,000 b)								
ODDONE POZZI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)		626,600 n)		7,997		1,064,597		
				420,000 c)								
PIER SILVIO BERLUSCONI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
PASQUALE CANNATELLI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
BRUNO ERMOLLI	DIRECTOR	01 JANUARY 2016 28 JULY 2016	APPROVAL 2017 FINANCIAL STATEMENTS	5,833 a)	11,666 e)					17,499		
PAOLO AINIO (*)	DIRECTOR	28 JULY 2016 31 DECEMBER 2016	APPROVAL 2016 FINANCIAL STATEMENTS	4,167 a)						4,167		
MARTINA FORNERON MONDADORI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
ALFREDO MESSINA	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)	8,333 e)					18,333		
DANILO PELLEGRINO	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
ROBERTO POLI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
ANGELO RENOLDI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)	3,000 g) 25,000 d)				20,000 f)	58,000		
MARIO RESCA	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
CRISTINA ROSSELLO	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)	20,000 d)					52,000		
					20,000 e)							
					2,000 g)							
MARCO SPADACINI	DIRECTOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)	20,000 d)					57,000		
					25,000 e)							
					2,000 g)							
FERDINANDO SUPERTI FURGA	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	60,000 a)					25,000 f)	85,000		
FLAVIA DAUNIA MINUTILLO	STANDING STATUTORY AUDITOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	40,000 a)						40,000		
FRANCESCO ANTONIO GIAMPAOLO	STANDING STATUTORY AUDITOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	40,000 a)						40,000		
KEY MANAGEMENT PERSONNEL	4 (m)			1,321,437 i)		1,124,050		22,464		2,467,951		260,000 i)
(I) Fees for the company that prepares the financial statements				3,626,437	136,999	2,326,650		30,461	395,000	6,515,547		260,000
MARIO RESCA	MONDADORI RETAIL SPA CHAIRMAN	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	120,000 a)						120,000		
				40,000 i)						40,000		
FLAVIA DAUNIA MINUTILLO	MONDADORI SCIENZA SPA STANDING STATUTORY AUDITOR	01 JANUARY 2016 31 DECEMBER 2016	APPROVAL 2017 FINANCIAL STATEMENTS	10,000 a)						10,000		
	RIZZOLI LIBRI SPA STANDING STATUTORY AUDITOR	14 APRIL 2016 31 DECEMBER 2016	APPROVAL 2018 FINANCIAL STATEMENTS	8,533 a)						8,533		
FRANCESCO ANTONIO GIAMPAOLO	RIZZOLI LIBRI SPA STANDING STATUTORY AUDITOR	14 APRIL 2016 31 DECEMBER 2016	APPROVAL 2018 FINANCIAL STATEMENTS	8,533 a)						8,533		
KEY MANAGEMENT PERSONNEL	2 (m)			715,004 i)		710,080		22,806 o)		1,447,890		
(II) Compensation from subsidiaries and affiliates				902,070		710,080		22,806		1,634,956		
(III) Total				4,528,507	136,999	3,036,730		53,267	395,000	8,150,503		260,000

(*) On 28 July 2016, with its resolution that was approved by the Board of Statutory Auditors, the Board of Directors co-opted Paolo Ainio as a new non-executive member of the Board of Directors, replacing the departing Director Bruno Ermolli. The co-opted Director will remain in office until the Shareholders' Meeting held to approve the financial statements as at 31/12/2016.

COLUMN (1): a) emoluments approved by the competent bodies b) compensation for the performance of key roles c) base salary i) fixed employee or associate remuneration

COLUMN (2): d) Internal Control and Risk Management Committee e) Remuneration and Appointments Committee g) Related Parties Committee</cf>

COLUMN (3): n) the amount includes the one-off amount paid as a bonus for the successful outcome of the acquisition of 99.99% of Rizzoli Libri S.p.A. and 100% of Banzai Media Holding S.r.l.

COLUMN (4): o) amount including the value of an apartment provided to one member of the Key Management Personnel residing abroad

COLUMN (5): h) non-compete agreement for 2015 f) remuneration of a member of the Supervisory and Oversight Body

COLUMN (8): l) referring to severance pay of 1 Key Management Personnel

COLUMN (B): m) number of Key Management Personnel in office as at 31/12/2016 including the 1 Manager who resigned on 31/10/2016.

Under "Base pay", the following forms of compensation are shown separately, possibly footnoted and on an accrual basis: i) emoluments approved by shareholders, even if not yet paid out; (ii) attendance fees; (iii) lump-sum reimbursement of expenses; (iv) compensation received for the performance of key roles, as per article 2389, paragraph 3 of the Italian Civil Code (for example: chairman, vice-chairman) (v) base salary before taxes and social security contributions charged to the employee, and excluding mandatory, collectively-bargained social security contributions charged to the company and severance pay accrual. Any other forms of compensation tied to employment (bonuses, other compensation, non-monetary benefits, etc.) are shown in the relative columns, with a footnote specifying payment made for a role in corporate governance and payment made under contract of employment.

"Compensation for participation in committees" is shown on an accrual basis, and they may be shown as an aggregate item. A footnote provides information on which committees the director participated in, and in the event of participation in more than one committee, the compensation received for each one is reported.

The column "Bonuses and other incentives" includes accrued compensation that - based on cash incentive plans - has vested due to the achievement of objectives over the course of the fiscal year, even if it has not yet been paid out. The values of granted or exercised stock options, or of other financial instruments, are not included at any point in this column. That value can be found by summing the figures shown in Table 3B, columns 2A, 3B and 4, row (IV).

In the column "Profit sharing", the sum is indicated on an accrual basis, even though the financial statements and profit distribution plan have not yet been approved.

The column "Non-monetary benefits" shows the value of fringe benefits (on a taxable basis) included any insurance policies or supplemental pension funds.

The column "Other compensation" lists separately, and on an accrual basis, all other possible remuneration that may derive from other services provided. A footnote provides information on any loans, advances or indemnities that have been granted by the company or its subsidiaries to Executive Directors or the Chairman of the Board of Directors, which might represent a form of indirect compensation under certain conditions (which differ from market conditions or standard conditions that can be applied to specific categories of entities).

Column (6) "Total" represents the sum of the items from (1) to (5).

The column "Fair value of equity compensation" shows the fair value - estimated in accordance with International Accounting Standards- on the date the year's accrued compensation was granted as a result of equity incentive plans.1. This value corresponds to the sum of the figures reported in column 16, row III in Table 2 and in column 12, row III in Table 3A.

¹ This item does not refer to the entire allocation of equity compensation over the course of the fiscal year, but only the part which is recorded in the financial statements. This is in keeping with accounting principles that respect the vesting period of the rights to equity compensation, and as such, redistribute the relative cost over the course of the vesting period.

TABLE 2: Stock options granted to members of the Board of Directors, Corporate Officers and other Key Management Personnel.

A	B	(1)	Options held at beginning of fiscal year			Options granted during the fiscal year						Options exercised during the fiscal year			Options expired during the fiscal year	Options held at the end of the fiscal year	Options accrued during the fiscal year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and Surname	Office	Plan	Number of Options	Exercise Price	Possible Exercise Period (from - to)	Number of Options	Exercise Price	Possible Exercise Period (from - to)	Fair value on option grant date	Option grant date	Market price of underlying shares on option grant date	Number of Options	Exercise Price	Market price of underlying shares on exercise date	Number of Options	Number of Options	Fair value (•)
Marina Berlusconi	Chairman																
	Stock Option Plan 2009/2010/2011 meeting 29.04.2009	2010 BoD 21/07/2010 RC 19.07.2010	360,000	2.4693	from 22.07.2013 to 21.07.2016										360,000	0	
(II) Compensation from subsidiaries and affiliates	Plan A (date of relative resolution)																
	Plan B (date of relative resolution)																
(III) Total			360,000												360,000	0	0
Ernesto Mauri	CEO																
(I) Fees for the company that prepares the financial statements	Stock Option Plan 2009/2010/2011 meeting 29.04.2009	2010 BoD 21/07/2010 RC 19.07.2010	70,000	2.4693	from 22.07.2013 to 21.07.2016										70,000	0	
(II) Compensation from subsidiaries and affiliates	Plan A (date of relative resolution)																
	Plan B (date of relative resolution)																
(III) Total			70,000												70,000	0	0

Legend
COLUMN (16): ⁰ For the 2016 fiscal year, the fair value of stock options does not have an impact on the income statement, as the costs of the stock options were recorded starting from the option grant date and with respect to the vesting period. As such, the cost of stock options relative to the 2009 Plan was recorded in the 2009/2010/2011 fiscal years, and the cost of stock options relative to the 2010 Plan was recorded in the 2010/2011/2012 fiscal years.
COLUMN (B): ^{••} Number of Key Management Personnel in office as at 31 December 2016 (including the Key Management Personnel who resigned on 31/10/2016).

TABLE 2: Stock options granted to members of the Board of Directors, Corporate Officers and other Key Management Personnel

A	B	Options held at beginning of fiscal year				Options granted during the fiscal year						Options exercised during the fiscal year			Options expired during the fiscal year	Options held at the end of the fiscal year	Options accrued during the fiscal year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)=(2)+(5)-(11)-(14)	(16)
Name and Surname	Office	Plan	Number of Options	Exercise Price	Possible Exercise Period (from - to)	Number of Options	Exercise Price	Possible Exercise Period (from - to)	Fair value on option grant date	Option grant date	Market price of underlying shares on option grant date	Number of Options	Exercise Price	Market price of underlying shares on exercise date	Number of Options	Number of Options	Fair value (•)
Key Management Personnel	6 (••)																
	Stock Option Plan 2009/2010/2011 meeting 29.04.2009	2010 BoD 21/07/2010 RC 19.07.2010	120,000	2.4693	from 22.07.2013 to 21.07.2016										120,000	0	
(II) Compensation from subsidiaries and affiliates	Plan A (date of relative resolution)																
	Plan B (date of relative resolution)																
(III) Total			120,000												120,000	0	0
(III) Grand Total			550,000												550,000	0	0

Legend
 COLUMN (16): ⁰ For the 2016 fiscal year, the fair value of stock options does not have an impact on the income statement, as the costs of the stock options were recorded starting from the option grant date and with respect to the vesting period. As such, the cost of stock options relative to the 2009 Plan was recorded in the 2009/2010/2011 fiscal years, and the cost of stock options relative to the 2010 Plan was recorded in the 2010/2011/2012 fiscal years.
 COLUMN (B): [■] Number of Key Management Personnel in office as at 31 December 2016 (including the Key Management Personnel who resigned on 31/10/2016).

For each individual concerned, and for each stock option plan assigned to them, this table reports the following information:
 - options **held** at the beginning of the year, with information on the exercise price and the possible exercise period;
 - options **granted** over the course of the year, with information on the exercise price, possible exercise period, the fair value on the option grant date¹, the option grant date and the market price of underlying shares on that date;
¹ The fair value on the option grant date is indicated in reference to all granted options for each plan, and not in reference to each option.
 - the options **exercised** over the course of the year, with information on the exercise price and the market price of underlying shares at the moment of exercise;
 - options **expired** during the year;
 - options **held** at the end of the year;
 - the fair value of options accrued during the year.
 Note: each option corresponds to the subscription or purchase of a share.
 The total (III) is shown in reference to columns (2), (5), (8), (11), (14), (15), (16).
 Should the data be represented in aggregate form, the following information must be shown in the Table:
 - the total number of options held at the beginning of the fiscal year, with information on the total exercise price paid and the average maturity;
 - the total number of options assigned during the fiscal year, with information on the total exercise price paid, average maturity, the total fair value and the average price of the underlying shares on the option grant date;
 - the total number of options exercised during the fiscal year, with information on the total exercise price paid and the average price of the underlying shares on the date the options were exercised;
 - the total number of options expired during the fiscal year;
 - the total number of options held at the end of the fiscal year;
 - the total fair value of options accrued during the fiscal year.

TABLE 3B: Cash incentive plans for members of the Board of Directors, Corporate Officers and other Key Management Personnel1

¹ It should be noted that this Table includes all incentive plans of a monetary nature, for both the short and medium-to-long term.

A Surname and Name	B Office	(1) Plan	(2) Bonuses for this year			(3) Bonuses from previous years			(4) Other Bonuses
			(A) Payable/Paid	(B) Deferred	(C) Deferral Period	(A) No longer payable	(B) Payable/Paid	(C) Still Deferred	
ERNESTO MAURI	CHIEF EXECUTIVE OFFICER								
(I) Fees for the company that prepares the financial statements		Plan 2015-2017 BoD 05/02/2015		450,000 a) 1,800,000 b)	2017 2017			450,000 b)	576,000
(II) Compensation from subsidiaries and affiliates									
(III) Total				2,250,000				450,000	576,000
ODDONE POZZI	DIRECTOR								
(I) Fees for the company that prepares the financial statements		Plan 2014-2016 BoD 27/03/2014	60,000 c) 180,000 d)		2016 2016		120,000 e)		266,600
(II) Compensation from subsidiaries and affiliates									
(III) Total			240,000				120,000		266,600
KEY MANAGEMENT PERSONNEL									
(I) Fees for the company that prepares the financial statements		Plan 2015-2017 BoD 05/02/2015				200,000 g)			
		Plan 2014-2016 BoD 27/03/2014	70,833 c) 416,667 d)			133,333 f)	112,501 e)		524,050
(II) Compensation from subsidiaries and affiliates		Plan 2014-2016 BoD 27/03/2014	41,667 c) 300,000 d)			75,000 f)	83,334 e)		285,080
(III) Total			829,167				195,835		809,130
(IV) Total			1,069,167	2,250,000		408,333	315,835	450,000	1,651,730

a) this refers to 2016 objectives which are subject to further conditions, to be verified on 31/12/2017

b) this refers to objectives which are subject to further conditions, to be verified on 31/12/2017

c) refers to objectives achieved in 2016 which are payable subject to conditions spanning three years (2014-16)

c) refers to objectives validated which are payable subject to conditions spanning three years (31/12/2016)

c) refers to objectives accrued in previous years which are payable subject to conditions spanning three years (2014-16)

f) refers to objectives which are not payable as the required conditions spanning three years (2014 -16) were not validated

g) the amount is no longer payable as the employment relationship has been terminated

* In column (4) Other Bonuses indicates the bonuses for the year which are included in the total amount in tab.1 column 3.

The total (III) shows the sum of all columns except column (2C).

"Column 2A" shows bonuses accrued for objectives achieved during the fiscal year, and which have been paid or are payable as they are not subject to further conditions (Upfront compensation).

"Column 2B" shows bonuses linked to objectives to be achieved during the fiscal year or subsequent years, but which are not payable as they are subject to further conditions (deferred bonus).

"Column 3A" shows the sum of deferred bonuses from previous years that are to be paid at the beginning of the fiscal year, but that are no longer payable due to the failure to meet the relative conditions.

"Column 3B" shows the sum of deferred bonuses from previous years which are to be paid at the beginning of the fiscal year, have been paid during the fiscal year, or are still payable.

"Column 3C" shows the sum of deferred bonuses from previous years that are still to be paid at the beginning of the fiscal year and have been still further deferred.

The column "Other Bonuses" shows bonuses accrued during the fiscal year that are not explicitly included in specific ex ante incentive plans.

Should the data be represented in aggregate form, the following information must be shown in the Table:

- total bonuses for the year, divided into paid bonuses and deferred bonuses, with information on the average deferral period of the latter;

- total bonuses from previous years, divided into bonuses that are no longer payable, paid bonuses, and bonuses that are still deferred;

- other total bonuses.

Schedule no. 7- ter reporting information on the equity participation of members of the Board of Directors, members of the Board of Statutory Auditors, Corporate Officers and other Key Management Personnel

The following tables report information on the equity participation in Arnoldo Mondadori Editore S.p.A. of Board Members and Statutory Auditors, as well as that of Key Management Personnel in aggregate form. It should be specified that, unless otherwise noted, the listed shares are held directly by the shareholder.

TABLE 1: Equity participation of members of the Board of Directors, members of the Statutory Board of Auditors and Corporate Officers

Surname and Name	Office	Investee Company	Number of shares held at the end of the previous fiscal year	Number of shares bought	Number of shares sold	Number of shares held at the end of the current fiscal year
Marina Berlusconi	Chairman	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Ernesto Mauri	Chief Executive Officer	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Berlusconi Pier Silvio	Director	Arnoldo Mondadori Editore S.p.A.	172,000	-	-	172,000
Pasquale Cannatelli	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Bruno Ermolli*	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Martina Forneron Mondadori	Director	Arnoldo Mondadori Editore S.p.A.	137,127	-	-	137,127
Danilo Pellegrino	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Roberto Poli	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Oddone Maria Pozzi	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Angelo Renoldi	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Mario Resca	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Cristina Rossello	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Paolo Ainio**	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Marco Spadacini	Director	Arnoldo Mondadori Editore S.p.A.	8,000 ¹	-	-	8,000 ¹
Alfredo Messina	Director	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Ferdinando Superti Furga	Chairman of the Board of Statutory Auditors	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Francesco Antonio Giampaolo	Standing Statutory Auditor	Arnoldo Mondadori Editore S.p.A.	-	-	-	-
Flavia Daunia Minutillo	Standing Statutory Auditor	Arnoldo Mondadori Editore S.p.A.	-	-	-	-

¹ shares held by spouse.

* In office until 28/07/2016.

** In office from 28/07/2016.

TABLE 2: Equity participation of other Key Management Personnel

Number of Key Management Personnel	Investee Company	Number of shares held at the end of the previous fiscal year	Number of shares bought	Number of shares sold	Number of shares held at the end of the current fiscal year
6	Arnoldo Mondadori Editore S.p.A.	1,000	-	1,000	0

Equity participation in the listed parent company and its subsidiaries - on the part of members of the Board of Directors and Board of Statutory Auditors, Corporate Officers and Key Management Personnel - is reported in the form of a table.

In particular, the number of shares held in each company is reported alongside the name of each member of the Board of Directors, each member of the Board of Statutory Auditors, and each Corporate Officer, while this information is reported in aggregate form for other Key Management Personnel. The shares are divided into the following categories:

- shares held at the end of the previous fiscal year;
- shares bought during the current fiscal year;
- shares sold during the current fiscal year;
- shares held at the end of the current fiscal year.

In addition, the table shows the security and its terms.

The table includes all individuals who, at some point during the current fiscal year, held office as a member of the Board of Directors, as a member of the Board of Statutory Auditors, as a Corporate Officer or as a member of Key Management Personnel.

Resolution proposal (article 123-ter, paragraph 6 of Legislative Decree no. 58/1998)

Pursuant to article 123-ter, paragraph 6 of Legislative Decree no. 58/1998, the Shareholders are called to vote in favour of or against the first section of the Remuneration Report. This resolution is non-binding.

In reference to the above, the following resolution is proposed:

"The Ordinary Shareholders' Meeting of Arnoldo Mondadori Editore S.p.A.

resolves

to approve the first section of the Remuneration Report, which concerns the policy to be adopted in compensating members of governing bodies and Key Management Personnel, and the procedures used to adopt and implement said policy."

Arnoldo Mondadori Editore S.p.A.
for the Board of Directors

The Chairperson
Marina Berlusconi