

NOTICE OF ANNUAL GENERAL MEETING

1st CALL - APRIL 28 2016 - at 4.00 p.m.

2nd CALL - APRIL 29 2016 - at 4.00 p.m.

PALAZZO DELLE STELLINE CONGRESS CENTRE

CORSO MAGENTA 61 - MILANO

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Report on item 5) on the Agenda

COMPENSATION REPORT

COMPENSATION REPORT COFIDE S.p.A.

FOREWORD

This report (“**Compensation Report**”) has been prepared in conformity with the terms of Art. 84-*quater* of Consob Regulation no. 11971/99 in implementation of Art. 123-*ter* of the T.U.F. and taking into account the recommendations contained in Art. 6 of the Code of Conduct for Listed Companies of Borsa Italiana S.p.A. (the “**Code of Conduct**”), and is organized in two sections. The first section has the aim of providing the Shareholders’ Meeting with information regarding the policy of the Company on the subject of the compensation of the Members of the Board of Directors and the procedures for adopting and implementing this policy. The second section aims to give an adequate representation of each of the items that make up the compensation and to illustrate to the market the compensation paid out or at least assigned in the previous year to the Members of the Board of Directors and the Members of the Board of Statutory Auditors. Positions of Executives with strategic responsibilities are not dealt with as the Company does not have any, since the officer responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an executive of CIR S.p.A.

The Annual General Meeting of the Shareholders, convened to approve the Financial Statements for the year ended December 31 2015, as per the terms of Art. 123-*ter* of the T.U.F., is called upon to express a non-binding vote on the first section of the Compensation Report. The result of the vote will be disclosed to the public, in accordance with the terms of Art. 125-*quater* 2nd paragraph of the T.U.F..

List of definitions

For the purposes of this Compensation Report the terms and expressions listed below have the meaning given alongside each of them:

“**Code of Conduct**”: Code of Conduct for Listed Companies published by Borsa Italiana S.p.A..

“**Executives with strategic responsibilities**”: individuals defined as such in Annex 1 to Consob Regulation no. 17221 of March 12 2010 giving instructions on the subject of related-party transactions and identified in Art. 2.2.3 of the “**Rules for related-party transactions**” adopted by COFIDE S.p.A.

“**Group**”: the Company and its subsidiaries.

“**Policy**”: compensation policy of the Company.

“**Rules for Issuers**”: Consob Resolution no. 11971/99.

“**Company**”: COFIDE S.p.A.

“**T.U.F**”: Legislative Decree no. 58/98.

SECTION I

This section describes the policy of the Company on the subject of compensation of the Members of the Board of Directors with reference to the year 2016 together with the procedures used for the adoption and implementation of the policy. The policy establishes the principles and guidelines on the basis of which compensation is determined.

It should be noted that for COFIDE S.p.A. the compensation policy is extremely simplified, since it includes only the payment of fees – approved by the Shareholders' Meeting – to the members of the Board of Directors.

It should also be noted that the officer responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an executive of CIR S.p.A.

a) Bodies and individuals involved in the preparation and approval of the compensation policy, specifying their respective roles, and the bodies or individuals responsible for the correct implementation of the same policy

The Policy is prepared by the Appointments and Compensation Committee and is submitted annually by the said Committee to the examination and approval of the Board of Directors. After examining and approving the policy, the Board of Directors illustrates it in this section of the report so that it can be submitted to the consultative vote of the Shareholders' Meeting.

The Policy is structured as follows:

- i) The Shareholders' Meeting establishes the fixed fee for the members of the Board of Directors when they are appointed for the entire duration of their mandate.
- ii) The Shareholders' Meeting expresses a vote, which is non-binding, on the Policy approved each year by the Board of Directors.
- iii) At the proposal of the Appointments and Compensation Committee and having heard the opinion of the Statutory Auditors, the Board of Directors establishes the compensation of Directors with special positions.
- iv) The Board of Directors establishes the compensation of non-executive Directors for being on one or more committees.
- v) The Appointments and Compensation Committee has responsibility for preparing proposals to the Board of Directors regarding the compensation of Directors holding special positions, for preparing the Policy and submitting it to the examination of the Board of Directors.

b) Intervention, where applicable, of a Compensation Committee or any other committee with competence on the subject, with a description of its composition, competences and the way it works.

As indicated above, the Appointments and Compensation Committee takes part in the preparation of the Policy to be submitted to the Board of Directors.

The Committee is made up of Independent Directors Massimo Cremona, Francesca Cornelli and Paola Dubini.

The Appointments and Compensation Committee:

- Submits to the Board of Directors proposals relating to the compensation policies for Directors and Executives with strategic responsibilities;
- Gives opinions jointly with the Control and Risk Committee on proposals relating to the compensation policies for the head of internal auditing and the executive responsible for the preparation of the Company's financial statements and governance documents;
- Puts forward proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which can also include compensation plans involving the assignation of stock options or other share-based incentives;
- Puts forward proposals, at the indication of the Chief Executive Officer, on the criteria for the compensation of the managerial staff of the Company;
- Periodically assesses the adequacy, the consistency and the practical application of the compensation policy for Directors and Executives with strategic responsibilities.

c) Possible intervention of independent experts

In the preparation of the Policy no independent experts were involved.

d) Aims pursued with the compensation policy, principles underpinning it and any changes in the compensation policy from one year to the next

The Policy is established according to criteria that can attract, retain and motivate persons with adequate professional qualities to manage the Group effectively.

The guidelines of the Policy for this year have not changed from those of last year's Policy.

e) Description of the policies on the subject of fixed and variable items of compensation with particular reference to an indication of their relative weighting in the overall compensation and distinguishing between the variable items in the short versus the medium-long term

The compensation for Directors is in cash (i.e. it does not involve any equity component) and has no variable parts.

Directors holding special positions (the Chairman) have been assigned a fixed fee in cash by the Board of Directors.

The compensation assigned to Directors for being on one or more committees, is established every year as a fixed amount on the basis of the commitment required of each of them.

f) Policy followed in relation to non-monetary benefits

At present no (non-monetary) benefits are envisaged for Directors.

g) In relation to variable items, a description of performance objectives on the basis of which the former are assigned, distinguishing between short and medium-long term variables, and information on the link between the change in results and the change in compensation

There is no variable part of the compensation in cash.

h) Criteria used for assessment of the performance objectives on which the assignation of shares, options or other financial instruments of other variable items of compensation is based

Not applicable because, as stated in paragraph e), no financial instruments are awarded.

i) Information which aims to show how the compensation policy is consistent with the pursuit of the long-term interests of the company and with the risk management policy, where it has been formalized

When defining the compensation systems, the Board of Directors was of the opinion that compensation based solely on a fixed fee was in line with the characteristics and nature of the Company.

In defining the compensation systems the Board of Directors also made sure that these systems gave due consideration to the “Guidelines on the subject of internal control and risk management” approved by the Board of October 29 2012.

j) The vesting period, the deferred payment systems, with an indication of the periods of deferral and the criteria used to determine these periods and, where applicable, ex post correction mechanisms

Not applicable.

k) Information on any clauses relating to holding the financial instruments after their acquisition, with an indication of the holding periods and of the criteria used to determine such periods

Not applicable.

l) Policy in relation to what payout is applicable when the position or the employment terminates, specifying which circumstances give rise to the right to such payout and any link between the said payout and the performance of the Company.

Except where application of the law requires otherwise, no sum is payable when the mandate of Directors terminates.

m) Information on the presence of possible insurance cover, in the sense of pension plans other than those that are obligatory

In line with best practice, an insurance policy (Directors & Officers) has been taken out against civil liability towards third parties for the various corporate bodies in the exercise of their functions with the aim of protecting the Group from the risk of having to pay compensation, except for cases of wilful misconduct or gross negligence.

n) Compensation policy followed where applicable in relation to: (i) independent directorships, (ii) committee membership and (iii) special positions (chairman, deputy chairman etc.)

Compensation, in addition to the ordinary fee, is envisaged for Independent Directors who sit on any Committees.

Directors holding special positions (the Chairman) benefit from the compensation described in the preceding paragraphs.

o) If the compensation policy has been defined using the compensation policies of other companies as a reference, the criteria used for the choice of any such companies

The compensation Policy was prepared without any specific reference to the policies of other companies.

SECTION II

1.1 Part One

1.1 Items making up compensation

Board of Directors

The compensation of the Directors consists of a fixed amount determined by the Shareholders' Meeting on their appointment for the whole duration of their mandate.

Directors holding special positions

The Chairman receives a further fixed item of compensation.

Non-executive Directors

Non-executive Directors receive a further fixed fee if they are on any of the Internal Committees (Control and Risk Committee; Committee for Related Party Transactions; Appointments and Compensation Committee).

Board of Statutory Auditors

The fee is determined as a fixed amount by the Shareholders' Meeting on their appointment for the whole duration of their mandate. The fee for the Chairman is different from that of the other Statutory Auditors.

Executives with strategic responsibilities

The Company has no Executives with strategic responsibilities as the Executive responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an Executive of CIR S.p.A.

1.2 With particular reference to agreements involving compensation in the event of the early termination of the relationship, the following information applies:

1.2.1 Existence of such agreements

No agreements have been entered into involving any compensation paid to Directors in the event of early termination of the directorship.

1.2.2 Criteria for determining the compensation entitlement of each individual.

Not applicable.

1.2.3 Presence of any performance criteria to which the assignation of the compensation is linked

No performance objectives are associated with the assignation of compensation.

1.2.4 Effects of the termination of the relationship on the Units assigned within the scope of the share-based incentive plans or cash payouts

Not applicable.

1.2.5 Cases in which the right to compensation exists

See point 1.2.1. above.

1.2.6 The existence, where applicable, of agreements involving the assignation or the maintenance of non-monetary benefits in favour of individuals who no longer hold the position or have signed a consulting contract for a period following the termination of their employment relationship

No agreements of this kind have been signed.

1.2.7 Existence of agreements providing for compensation for non-competition undertakings

No agreements have been signed involving compensation for non-competition undertakings.

1.2.8 With reference to Directors who left their positions during the year, any changes in the determination of the compensation compared to the terms of the agreement on the same

Not applicable.

1.2.9 Where there are no specific agreements on the subject, specific information on the criteria used to determine the leaving indemnity matured

During the year 2015 no leaving indemnity was paid out.

Part Two

Annexes charts 1, 2, 3A as per Schedule no. 7-*bis* of the Rules for Issuers.

Equity investments

As per the fourth paragraph of Art. 84-*quater* of the Rules for Issuers, an annex to this Report shows the equity investments held in the Company or in its subsidiaries by Directors and Statutory Auditors, as well as by their spouses who are not legally separated and minor children, directly or through subsidiaries, fiduciary companies or third persons, as resulting from the Shareholder Book, notification received or from any other information obtained from the same Directors and Statutory Auditors (Chart 1 of Schedule no.7-*ter* of the Rules for Issuers).

SCHEDULE 7-BIS - TABLE 1: Fees paid to members of the administrative and control bodies, general managers and executives with strategic responsibilities

(in euro)

Last name and first name	Position	Period in which the position was held 2015	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	Notes
					Fixed fees	Fees for being on committees	Variable non-equity compensation non equity		Non-monetary benefits	Other fees	Total	Fair value of equity compensation (theoretical value: see note V)	End of mandate or leaving indemnity	
							Bonuses & other incentives	Profit sharing						
DE BENEDETTI RODOLFO	Chairman	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	160.000						160.000			1, 2
					Subsidiaries	1.767.740			18.730		1.786.470	427.000		1, II, IV
					Totale	1.927.740			18.730		1.946.470			
CANDIANI SILVIA	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000						10.000			I
CORNELLI FRANCESCA	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000	18.000					28.000			1, 3a, 3b
CREMONA MASSIMO	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000	18.000					28.000			1, 3a, 3b, 4
DE BENEDETTI EDOARDO	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000						10.000			I
					Subsidiaries	30.000					30.000			I
					Totale	40.000					40.000			
DE BENEDETTI MARCO	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000						10.000			1, 5
					Subsidiaries	20.000					20.000			I
					Totale	30.000					30.000			
DUBINI PAOLA	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000	17.000					27.000			1, 3a, 3b
FERRERO PIERLUIGI	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000						10.000			I
					Subsidiaries	95.000					95.000			I
					Totale	105.000					105.000			
GUASTI FRANCESCO	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000						10.000			1, 6

(in euro)

Last name and first name	Position	Period in which the position was held 2015	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	Notes
					Fixed fees	Fees for being on committees	Variable non-equity compensation non equity		Non-monetary benefits	Other fees	Total	Fair value of equity compensation (theoretical value: see note V)	End of mandate or leaving indemnity	
							Bonuses & other incentives	Profit sharing						
OUGHOURLIAN JOSEPH	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	0						0			I
ROBOTTI ROBERTO	Director	1.1 - 31.12	Approval Fin. Stat. 2015	COFIDE S.p.A.	10.000	12.000					22.000			I, 3b
					Subsidiaries	20.000	10.000				30.000			I, III
					Totale	30.000	22.000				52.000			
ZINGALES RICCARDO	Chairman Board of Statutory Auditors	1.7 - 31.12	Approval Fin. Stat. 2016	COFIDE S.p.A.	35.000						35.000			
					Subsidiaries	102.500					102.500			7
					Totale	137.500					137.500			
DELLATORRE ANTONELLA	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2016	COFIDE S.p.A.	20.000						20.000			
					Totale	20.000					20.000			
BRACCO TIZIANO	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2016	COFIDE S.p.A.	20.000						20.000			
					Totale	20.000					20.000			

NOTES

- (1) Fee for the position of Director in the company preparing the financial statements of € 10,000 approved by the AGM and by the Board of Directors as per Art. 2389, 3rd paragraph of the Civil Code.
- (2) Fee of € 150,000 approved by the Board of Directors for the position of Chairman.
- (3) Fees for sitting on committees of the company preparing the financial statements include:
- a) Appointments and Compensation Committee € 5,000 plus € 1,000 for attending one meeting.
- b) Control and Risk Committee € 5,000 plus € 1,000 for attending six meetings.
- (4) All of the fees are paid to Studio Pirola, Pennuto, Zei e Associati.
- (5) All of the fees are paid to MDB Consulting S.r.l.
- (6) All of the fees are paid to the Guasti Law Firm.
- (7) Fees in subsidiaries that include remuneration for the positions of Statutory Auditor.
- (I) Fees in subsidiaries for the position of Director and for special positions as per parag. 3 of Art. 2389 of the Civil Code.
- (II) Fees in subsidiaries for the position of Chairman and/or for special positions as per parag. 3 of Art. 2389 of the Civil Code. The fees in the form of non-monetary benefits refer to insurance policies.
- (III) Fees in subsidiaries for sitting on committees.
- (IV) This is the notional cost for the company recognized to the income statement in personnel costs, with an offset in the appropriate equity reserve; IAS accounting values not yet received by the Director and at the moment just potential.

SCHEDULE 7-BIS - TABLE 2: Stock options assigned to Members of the Board of Directors, General Managers and other Executives with strategic responsibilities

		Options held at the beginning of the year			Options assigned during the year							Options exercised during the year			Options that expired in the year	Options held at end of year	Options for the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Last name & first name	Position held	Plan	Number of options	Strike price	Period of possible exercise (from - to)	Number of options	Strike price	Period of possible exercise (from-to)	Fair value at grant date (in thousands of euro)	Grant date	Market price of underlying shares at grant date of options	Number of options	Strike price	Market price of underlying shares at exercise date	Number of options	Number of options	Fair value (theoretical value : <u>see note</u>) (in thousands of euro)
DE BENEDETTI RODOLFO	CHAIRMAN																
Stock option plan		6/9/2004	1,250,000	1.5600	from 28/02/2005 to 28/02/2015										1,250,000	--	--
Stock option plan		11/3/2005	1,350,000	2.3400	from 30/09/2005 to 30/09/2015										1,350,000	--	--
Stock option plan		6/9/2005	1,250,000	2.4900	from 28/02/2006 to 29/02/2016											1,250,000	--
Stock option plan		2006 1st tranche	1,250,000	2.5000	from 31/12/2006 to 31/12/2016											1,250,000	--
Stock option plan		2006 2nd tranche	1,250,000	2.4700	from 30/06/2007 to 30/06/2017											1,250,000	--
Extraordinary stock option plan		2009 1st tranche (*)	1,750,000	3.0877	from 30/09/2007 to 30/09/2017											1,750,000	--
Extraordinary stock option plan		2009 2nd tranche (*)	1,750,000	2.7344	from 31/03/2008 to 31/03/2018											1,750,000	--
Extraordinary stock option plan		2009 3rd tranche (*)	1,750,000	1.6806	from 30/09/2008 to 30/09/2018											1,750,000	--
Extraordinary stock option plan		2009 4th tranche (*)	1,750,000	1.0718	from 31/03/2009 to 31/03/2019											1,750,000	--
Stock option plan		2009 1st tranche	1,750,000	0.9907	from 30/09/2009 al 30/09/2019											1,750,000	--
Stock option plan		2009 2nd tranche	1,750,000	1.5449	from 28/02/2010 to 28/02/2020											1,750,000	--
Stock option plan		2010 1st tranche	1,750,000	1.6208	from 30/09/2010 to 30/09/2020											1,750,000	--
Stock option plan		2010 2nd tranche	1,750,000	1.4982	from 28/02/2011 to 28/02/2021											1,750,000	--
TOTAL			20,350,000	19,329											2,600,000	17,750,000	0

(*) These are Stock Option Plans issued by the subsidiary CIR S.p.A.

(**) Plans resulting from the conversion of Phantom Stock Option Plans.

(16) This is the notional cost for the Company recognized to the Income Statement in personnel costs with offset in the special equity reserve.

SCHEDULE 7-BIS - TABLE 3A: Incentive plans based on financial instruments other than stock options, in favour of Members of the Board of Directors, General Managers and other Executives with strategic responsibilities

		<i>Financial instruments assigned in prior periods and not vested in the year</i>			<i>Financial instruments assigned in the year</i>					<i>Financial instruments that vested in the year and were not assigned</i>	<i>Financial instruments that vested in the year and are assignable</i>		<i>Financial instruments for the year</i>
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Last name and first name</i>	<i>Position held</i>	<i>Plan</i>	<i>Number and type of financial instruments</i>	<i>Vesting period</i>	<i>Number and type of financial instruments</i>	<i>Fair value at grant date (theoretical value: see note) (in thousands of euro)</i>	<i>Vesting period</i>	<i>Grant date</i>	<i>Market price at grant date</i>	<i>Number and type of financial instruments</i>	<i>Number and type of financial instruments</i>	<i>Value at vesting date</i>	<i>Fair value (theoretical value: see note) (in thousands of euro)</i>
DE BENEDETTI RODOLFO	CHAIRMAN	2011 (*)	stock grant 1,490,000	from 29/04/2011 to 31/01/2015						868,000	stock grant 77,750	76	6
DE BENEDETTI RODOLFO	CHAIRMAN	2012 (*)	stock grant 2,679,185	from 27/04/2012 to 31/01/2016							stock grant 541,723	544	235
DE BENEDETTI RODOLFO	CHAIRMAN	2013 (*)	stock grant 1,000,000	from 29/04/2013 to 31/01/2017									186
												620	427

(*) These are Stock Grant Plans issued by the subsidiary CIR S.p.A.

(12) This is the notional cost for the Company recognized to the Income Statement in personnel costs with an offset in the special equity reserve.

SCHEDULE 7-TER - TABLE 1

SHARES OWNED BY MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES AND GENERAL MANAGERS

<i>Last Name and First Name</i>	<i>Position</i>	<i>Company in which shares are owned</i>	<i>No. of shares owned at December 31 2014</i>	<i>No. of shares acquired in the year 2015</i>	<i>No. of shares transferred in the year 2015</i>	<i>No. of shares owned at December 31 2015</i>	<i>Notes</i>
DE BENEDETTI Rodolfo	Chairman	Cofide S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Chairman	Cir S.p.A.	12,271,862	0	0	12,271,862	(1)
DE BENEDETTI Rodolfo	Director	G.E. L'Espresso S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Director	Sogefi S.p.A.	0	0	0	0	
FERRERO Pierluigi	Director	Cofide S.p.A.	0	0	0	0	
FERRERO Pierluigi	No position	Cir S.p.A.	250,000	0	0	250,000	
FERRERO Pierluigi	No position	G.E. L'Espresso S.p.A.	20,000	0	0	20,000	
FERRERO Pierluigi	No position	Sogefi S.p.A.	15,000	0	0	15,000	
OUGHOURLIAN Joseph Marie	Director	Cofide S.p.A.	2,000,000	0	0	2,000,000	
OUGHOURLIAN Joseph Marie	No position	Sogefi S.p.A.	381,472	0	381,472	0	
ROBOTTI Roberto	Director	Cofide S.p.A.	0	0	0	0	
ROBOTTI Roberto	No position	Cir S.p.A.	21,000	0	0	21,000	
ROBOTTI Roberto	No position	Sogefi S.p.A.	1,300	0	0	1,300	

NOTES

(1) Shares that are all owned: of which 719,362 owned directly, 9,552,500 owned indirectly through the company Rodolfo De Benedetti Società Semplice and 2,000,000 indirectly through the company Rodolfo De Benedetti S.r.l..

PROPOSED RESOLUTION

Consultative vote on Section I of the Compensation Report as per Art. 123-ter of the T.U.F.

Dear Shareholders,

In accordance with the terms of Art. 123-ter, paragraph 6, of the T.U.F., you are being called upon to adopt a resolution on Section I of the Compensation Report prepared according to the provisions of Art. 84-*quater* of Consob's Rules for Issuers, in conformity with Annex 3 A, Schedule 7-*bis* of the above-cited Rules.

Given the above, drawing your attention to the content of the above-mentioned Report, your Board of Directors hereby submits to you the following

Proposed resolution

The Annual General Meeting of the Shareholders of COFIDE - Gruppo De Benedetti S.p.A.

- Having seen the terms of current regulations;
- Acknowledging that the Compensation Report has been filed and made available within the time limits required by law

ADOPTS A RESOLUTION

in favour of the content of Section I of the Compensation Report approved by the Board of Directors at the meeting held on March 14 2016.

Milan, March 14 2016

The Board of Directors