

Information document prepared pursuant to Article 84 *bis* of the Issuers' Regulation

# PHANTOM STOCK PLAN FOR POSTE ITALIANE SpA

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*Disclaimer*

*This Report has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.*

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## **PHANTOM STOCK PLAN FOR POSTE ITALIANE SpA**

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# Introduction

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This Information Document has been prepared in accordance with Article *84-bis* of the Issuers' Regulation and in line, also in the numbering of the related sections, with the guidelines of Graph 7 of Annex 3A of the Issuers' Regulation, in order to provide the General Meeting of Shareholders with the necessary information to resolve upon the approval of the incentive plan based on financial instruments called "**Long-term incentive scheme 2016-2018 (LTI) - Phantom Stock Plan**".

On 22 March 2016 The Board of Directors has called a General Meeting of Shareholders for 24 May 2016, with no alternative date option, to discuss and resolve upon the Plan.

It is noted that the "Long-term incentive scheme 2016-2018 (LTI) - Phantom Stock Plan" has "particular significance" under Article 114-bis (3) of the Consolidated Law on Finance and Article 84-bis (2) (a) and (b) of the Consob Issuers' Regulation.

This Information Document has been prepared in accordance with Article 84-bis (1) of Consob Resolution No. 11971 of 14 May 1999 and publicly disclosed at the registered office of Poste Italiane, on the authorized "NIS-Storage" storage system ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company's website (<http://www.posteitaliane.it/en/>).

# Definitions

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Unless otherwise stated, the following terms shall have the meanings set out below, it being understood that the terms and expressions defined in the masculine shall be deemed to include also the feminine and that the terms and expressions defined in the singular shall be deemed also defined in the plural.

<b>"Assignment Date of the Rights"</b>	it means the date of the Board resolution on which the Rights are assigned to each Beneficiary;
<b>"Assignment Letter"</b>	means the letter by which the Company informs each Beneficiary of their participation in the Plan, indicating also the number of rights granted, the Performance Objectives and the Defined Target for each Cycle;
<b>"BancoPosta RFC"</b>	BancoPosta RFC, which has been separated from Poste Italiane's capital outside the ring-fence, constitutes a collection of assets and contractual rights to be used exclusively to meet obligations arising as a result of the operations of BancoPosta RFC and representing the scope of application for the Bank of Italy's relevant prudential supervisory standards;
<b>"Beneficiaries"</b>	it means the managers of the Poste Italiane Group, to whom a Right has been granted;
<b>"Board"</b>	it means the Company's Board of Directors;
<b>"Chief Executive Officer and General Manager"</b>	at the time of approval of this document, he is the only executive member of Poste Italiane's Board of Directors as well as the General Manager of the Company;
<b>"Company"</b>	it means Poste Italiane SpA;
<b>"Contract"</b>	it means the directorship or employment relationship in place between the Beneficiary and the Company of the Group;
<b>"Control"</b>	it has the meaning assigned to it by Article 2359 (1) n. 1 of the Italian Civil Code; "Controlled" (Subsidiary) and "Controlling" (Parent) shall be construed accordingly;
<b>"Cumulative Group EBIT"</b>	"Earnings Before Interest and Taxes" is the consolidated operating result of Poste Italiane;
<b>"Defined Target"</b>	it means the parameter for assessing the results achieved in the Performance Period, in terms of the Group's cumulative EBIT, of RORAC of

	BancoPosta (for Beneficiaries who are Risk Takers of the BancoPosta RFC) and of RORAC of the Poste Vita Insurance Group (for Beneficiaries belonging to the aforesaid Group);
<b>"End of Retention Period"</b>	it means the first anniversary of the Granting Date of the Phantom Stocks for each Cycle;
<b>"Final Value"</b>	it means the Normal Value of the Share as at the Granting Date of the Phantom Stocks;
<b>"Granting Cycles"</b>	it means the three Granting Cycles of the Plan, each having a three-year duration and effective from 2016 (1 <sup>st</sup> Cycle), 2017 (2 <sup>nd</sup> Cycle) and 2018 (3 <sup>rd</sup> Cycle);
<b>"General Meeting of Shareholders "</b>	a gathering at which the shareholders discuss and vote on matters relating to the Company;
<b>"Granting Date of Phantom Stocks"</b>	it means the date of the Board resolution determining the number of Phantom Stocks to be granted to each Beneficiary and the resulting Premium amount;
<b>"Hurdle Condition"</b>	it means the condition, verified at the end of each Performance Period, whereby, if not satisfied, the Rights do not vest and the Premium for all Beneficiaries is not paid, also in the case where the Performance Objectives have been achieved;
<b>"Initial Value"</b>	it means the Normal Value of the Share as at the Assignment Date of the Rights;
<b>"Normal Value"</b>	it means the arithmetic average of the market value of the shares in the thirty stock exchange trading days prior to a given date;
<b>"Participating Company"</b>	it means: (i) the Company and (ii) one of the companies in the Poste Italiane Group which has entered into a Contract with a Beneficiary;
<b>"Performance Objectives"</b>	these are the objectives set by the Board of Directors for a specific Performance Period for each Cycle, at the proposal of the Remuneration Committee and upon the achievement of which the Rights to grant Phantom Stocks and the related Premium are vested;
<b>"Performance Period"</b>	it means a three-year period, corresponding to each Cycle of the Plan, with respect to which the Performance Objectives are identified;
<b>"Phantom Stock"</b>	it means a representative unit of the value of one Poste Italiane's shares which will be converted into a cash Premium based on its price at a given date and on the terms and conditions set out in the Regulation;

<b>"Plan"</b>	it means the Plan called " Long-term incentive scheme 2016-2018 (LTI) - Phantom Stock Plan ", consisting of this document and of the related implementing documentation;
<b>"Poste Italiane Group"</b>	means: (i) the Company; and (ii) the Subsidiaries of the Company;
<b>"Poste Vita Insurance Group"</b>	means: the group of companies (Poste Vita SpA and Poste Assicura SpA at the time of approval of this document) subject to the IVASS supervision pursuant to Title XV of Legislative Decree September 7, 2005 and the relevant implementation decrees;
<b>"Premium"</b>	it means the gross cash amount paid to each Beneficiary as provided for by the Regulation and by the Assignment Letter;
<b>"Premium Granting Letter"</b>	it means the letter that will be delivered to each Beneficiary after the granting of the Phantom Stocks and of the related Premium approved by the Board of Directors at the end of the Performance Period for each of the 3 Cycles of the Plan and, in any case, at the end of the Retention Period, if any;
<b>"Qualifying Conditions"</b>	it means the conditions whereby, if not satisfied, the Rights do not vest and the Premium for the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the PosteVita insurance group personnel is not paid, also in the case where the Hurdle Condition and the Performance Objectives have been achieved; they must be satisfied both at the end of each Performance Period and at the end of each Retention Period;
<b>"Regulation"</b>	it means the Regulation containing the terms and conditions of the Plan;
<b>"Remuneration Committee"</b>	it means the Committee formed within the Company's Board of Directors under articles 4 and 6 of the Corporate Governance Code and in view of the Company's specific nature aligned with Bank of Italy Circular No. 285 of 17 December 2013 and subsequent updates. It is composed of independent Directors or, alternatively, it may consist of 3 non-executive Directors, mostly independent, in which case the Chairman is independent;

<b>"Retention Period"</b>	it means the one-year period starting from the Date of Granting of Phantom Stocks at the end of which the Phantom Stocks will be converted into cash;
<b>"Right"</b>	it means the right granted to Beneficiaries to receive a Phantom Stock as provided for by the Regulation and by the Assignment Letter;
<b>"Risk Takers"</b>	categories of staff whose activities have a material impact on the entity's risk profile, as identified by the Company in accordance with Delegated Regulation (EU) 604 of 4 March 2014;
<b>"RORAC"</b>	the Return On Risk Adjusted Capital reflects the contribution of capital resources used to achieve the overall objectives within a pre-set time horizon;
<b>"Shares"</b>	it means the ordinary shares of the Company;
<b>"Total Shareholder Return"</b>	<p>this is an Indicator measuring the overall return of a share as the sum of the following:</p> <p>(i) capital gain: the ratio between the change in the stock price (difference between the price recorded at the end and at the beginning of the reference period) and the price reported at the beginning of the same period;</p> <p>(ii) re-invested dividends: ratio between the dividends per share distributed in the reference period and the stock price at the beginning of the same period,</p>

# 1. Beneficiaries

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## **1.1. Identification of the names of beneficiaries who are members of the board of directors or management board of the issuer of financial instruments, of the companies controlling the issuer and of the companies directly or indirectly controlled by the latter**

Francesco Caio, Company Chief Executive Officer and General Manager, is a Beneficiary of the Plan, in his role as Poste Italiane's General Manager.

## **1.2. Categories of employees or collaborators who are members of the board of directors or management board of the issuer of financial instruments or of the controlling or controlled companies by this issuer**

The potential Beneficiaries of the Plan may also include:

- the General Manager (and Chief Executive Officer) of the Company;
- up to a maximum of 100 *Managers* for each Cycle, who may also be selected from among the Subsidiaries of Poste Italiane pursuant to the specific regulatory requirements applicable to them.

At the Board of Directors' meeting of 22 March 2016, at the proposal of the Remuneration Committee, the above stated maximum number of organizational positions of greater impact on the Company's long-term results was approved.

The Beneficiaries will be identified by name, following the General Meeting of Shareholders approval of the Plan.

The Board, or under its mandate the Chief Executive Officer, has the discretionary power to select the Beneficiaries and to involve the same in only some Cycles of the Plan.

The Beneficiaries may differ from Cycle to Cycle and their participation shall not give rise to the obligation to identify the same Beneficiary in one of the subsequent Cycles.

It is noted that some of the managers potential Beneficiaries of the Plan may act as members of the board of directors of the Subsidiaries of Poste Italiane pursuant to Article 2359 of the Italian Civil Code.

## **1.3. Identification of the names of the LTI Plan beneficiaries who are general managers or key management personnel (where, in the course of the financial year, their total fees received were greater than the highest fees among those paid to the members of the board of directors)**

The Beneficiaries of the Plan include the General Manager (and Chief Executive Officer) of Poste Italiane, Francesco Caio.

The other cases provided for by the Issuers' Regulation under section 1.3 do not apply to the Company or to the Participating Companies.



**1.4. Description and number, broken down by category:**

The Plan is intended for a maximum of 100 Beneficiaries at Group level and may also include individuals identified as key management personnel.

The information contained in sections 1.2, 1.3. and 1.4 above shall be provided, where applicable, during the implementation of the Plan, in accordance with Article 84-bis (5) (a) of the Issuers' Regulation.

## 2. Reasons for adoption of the plan

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### 2.1. Objectives to be achieved through plan adoption

The Plan aims to achieve the following objectives:

- focus the attention of Management and key resources on medium-long term strategic success factors, helping to ensure the creation of value and synergies at Group level;
- support the retention strategy of Management and of key resources maintaining and improving remuneration competitiveness in the domestic and international markets;
- achieve remuneration systems, in the interest of all investors, which are consistent with the medium-long term corporate strategies and objectives, linked to the business results;
- ensure the development of a common identity by pursuing shared objectives;
- ensure, for the Beneficiaries included in the *Risk Takers* of the BancoPosta RFC and for the Beneficiaries included in the Poste Vita Insurance Group, the achievement of specific risk adjusted Performance Objectives, consistent with the measures used by the control functions, in accordance with the applicable regulatory requirements.

The Plan develops over a medium-long time horizon. In particular, the Plan is broken down into three Cycles (2016, 2017 and 2018), each having a three-year duration. This period was considered the most suitable for achieving the pre-set incentive objectives and, in particular, for focusing the Beneficiaries' attention on the Group's medium-long term strategic success factors.

### 2.2. Key variables, also in the form of performance indicators, examined for adoption of the financial instrument based plans

The Plan provides for the assignment to the Beneficiaries of Rights to receive Phantom Stocks (and the related cash Premium), to be granted to each Beneficiary in the number determined based on achievement of the Performance Objectives during the Performance Period.

The vesting of Rights is subject to the fulfillment of the Hurdle Condition, which ensures the sustainability of the Plan for the Group. The Hurdle Condition consists in the achievement of a given *Cumulative Group EBIT over 3 - year period* threshold at the end of each Performance Period.

Furthermore, for the General Manager (and Chief Executive Officer) and for the Beneficiaries included in the Risk Takers of the BancoPosta RFC, the vesting of Rights is also subject to the fulfillment of Qualifying Conditions certifying the capital strength and liquidity of the same BancoPosta RFC Assets as follows:

- a) Capital strength parameter identified in CET 1 at end of period;
- b) Short-term liquidity parameter, identified in the LCR at end of period.

For the Beneficiaries included in the staff of the Poste Vita Insurance Group, on the other hand, the vesting of Rights is subject to the Hurdle Condition (Group three-year cumulative EBIT) and to the fulfillment of the specific Qualifying Condition that is Solvency II ratio at end of period.

For each cycle, the Board of Directors, in consultation with the Remuneration Committee, shall determine the threshold values for verifying that the Hurdle Condition and the Qualifying Conditions have been met, save the internal approval procedures of the Poste Vita Insurance Group.

For the General Manager (and Chief Executive Officer) and for the other Beneficiaries, the Plan is based on Performance Objectives, each having a specific weight as follows:

<i>Indicator of earnings</i>	<i>Indicator of shareholders value creation</i>
<b>Cumulative Group EBIT over 3 –year period</b>	<b>Total Shareholder Return (TSR)</b>
Cumulative Group EBIT over a 3-year period is used to account for the continuity and sustainability of earnings over the long term.	TSR is used to measure performance based on the value created for Poste Italiane’s shareholders compared with other FTSE MIB-listed companies.
<b>WEIGHT 60%</b>	<b>WEIGHT 40%</b>
<b>of allocated rights (at target)</b>	<b>of allocated rights (at target)</b>

For the Beneficiaries included in the *Risk Takers* of the BancoPosta RFC the Performance Objectives plan is as follows:

<i>Indicator of Risk adjusted profitability</i>	<i>Indicator of shareholders value creation</i>
<b>RORAC BancoPosta RFC</b>	<b>Total Shareholder Return (TSR)</b>
The three-year RORAC is used for the LTIP with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk.	The TSR as defined above for all the other Beneficiaries.
<b>WEIGHT 60%</b>	<b>WEIGHT 40%</b>
<b>of allocated rights (at target)</b>	<b>of allocated rights (at target)</b>

For the Beneficiaries included in the personnel of the Poste Vita Insurance Group the Performance Objectives plan is as follows:

<i>Indicator of Risk-adjusted profitability</i>	<i>Indicator of shareholders value creation</i>
<b>RORAC of the Poste Vita insurance group</b>	<b>Total Shareholder Return (TSR)</b>
The three-year RORAC is used for the LTIP with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk.	The TSR as defined above for all the other Beneficiaries.
<b>WEIGHT 60%</b>	<b>WEIGHT 40%</b>
<b>of allocated rights (at target)</b>	<b>of allocated rights (at target)</b>

For each cycle the Board shall identify the Defined Target in terms of Group cumulative EBIT or RORAC of BancoPosta RFC and RORAC of the Poste Vita insurance group (the "**Defined Target**") with respect to which the results achieved in the Performance Period will be evaluated, save the internal approval procedures of the Poste Vita Insurance Group.

Poste Italiane's Total Shareholder Return (TSR) is compared with the TSR for the FTSE MIB index; only if the value of Poste Italiane's TSR is equal to or higher than the TSR for the FTSE MIB index will the target be considered to have been achieved.

### **2.3. Elements underlying the determination of the financial instrument based compensation amount, or criteria for its determination**

The target value of the Assignment is represented by a percentage of the Beneficiary's fixed salary based on the responsibilities attributed to the role and to the person's importance to the business. The incentive amount assigned to the Beneficiaries at target for each Cycle varies on the basis of the foregoing, from a minimum of 20% up to a maximum of 50% of the fixed salary.

At the time of publication of this document, the Chief Executive Officer and General Manager is subject to the constraints introduced by Article 23-bis (5-quater) of Law Decree 201/2011 (converted into law by Article 1 (1) of Law 21 of 22 December 2011 and amended by Article 84-bis (1) of Law Decree 69 of 21 June 2013 converted into Law 98 of 9 August 2013), concerning the fees of directors with dedicated powers granted by companies directly or indirectly controlled by public administration authorities.

As a result, for the Chief Executive Officer and General Manager the incentive at target is set on the basis of this constraint and it accounts, , for approximately 30% of his base salary at the time of the 2016 Assignment.

The Rights will vest upon fulfillment of the Hurdle Condition (and of the Qualifying Conditions, if applicable) and upon achievement of given Performance Objectives as described in section 2.2. In case of failure to meet the Hurdle Condition (and the Qualifying Conditions, if applicable) or failure to achieve both Performance Objectives, no incentive will be paid under the Plan for the relevant cycle.

The Board of Directors, on the recommendation of the Remuneration Committee, after the conclusion of each Performance Period, shall verify that the Hurdle Condition (and the Qualifying Conditions, if applicable) has been met as well as the level of achievement of the Performance Objectives, consequently determining the number of Phantom Stocks and the Premium to be granted to each Beneficiary. For the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the personnel of the Poste Vita Insurance Group, the Qualifying Conditions will be also checked at the end of each Retention Period.

The number of Phantom Stocks to be granted to the Beneficiaries, for each of the three Cycles of the Plan, will be determined on the basis of the results of the Group's consolidated financial statements, approved by the General Meeting of Shareholders and, as regards the Total Shareholder Return results, as shown in the worksheets provided by the Company's Chief Financial Office, by [www.borsaitaliana.it](http://www.borsaitaliana.it) or by any external company in charge of certifying the achieved results.

The payment of the Premium is subject to the ex post adjustment systems specified in the first section of Poste Italiane SpA's Remuneration Report and will be carried out by the Participating Company, subject to withholding tax and social security contributions.

For the Beneficiaries, the Phantom Stocks will be converted into cash within the deadlines set out in the paragraph 4.2 below, based on the results obtained from the number of Phantom Stocks granted multiplied by the Final Value.

For the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the personnel of the Poste Vita Insurance Group, the Phantom Stocks will be converted into cash within the deadlines set out in the paragraph 4.2 below, based on the results obtained from the number of Phantom Stocks allocated multiplied by the Normal Value at the End of the Retention Period.

**2.4. Reasons for a possible decision to allocate compensation plans based on financial instruments not issued by the issuer, such as financial instruments issued by subsidiaries or parent companies outside the group; in the event that said instruments are not traded on regulated markets, information will be provided on the criteria for determining the value attributable to them**

Not applicable.

**2.5. Evaluations on the significant accounting and tax implications that had an impact on the plan and on its preparation**

There were no significant tax or accounting evaluations that have had an impact on the preparation of the Plan.

**2.6. Support for the plan, if possible, from the special fund for encouraging workers' participation in enterprises, as provided for by Article 4 (112) of Law 350 of 24 December 2003**

Not applicable.

## 3. Approval procedure and timing for allocating the instruments

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### **3.1. Scope of the powers and functions delegated by the shareholders' meeting to the Board of Directors for implementing the plan**

On 22 March 2016 the Board, on the proposal of the Remuneration Committee, decided to submit the Plan to the General Meeting of Shareholders called for 24 May 2016 for its approval.

During the General Meeting of Shareholders convened to resolve upon the long-term incentive plan 2016-2018 (LTI) - Phantom Stock Plan, request shall be made to grant the Board broad and sweeping powers (with the possibility to sub-delegate them) for the actual implementation of the Plan, including the identification of Beneficiaries for each Cycle and the approval of the operating Regulations.

### **3.2. Parties responsible for managing the plan**

The Board, or the Chief Executive Officer and General Manager under the latter's delegation, is responsible for managing the Plan, availing itself of the Competent Company Functions.

### **3.3. Any existing procedures for review the plans with respect to any changes to the underlying objectives**

If the Shares are transformed or converted into a different number of Company Shares as a result of capital transactions, including the division and grouping of Shares, the Board may decide, based on its discretionary assessments, the necessary changes to be made to the number and category of Phantom Stocks to be associated to the Rights.

The Board, at its sole discretion, may also adjust the Performance Objectives in such a way as to ensure a substantially fair situation with respect to the previously existing one where extraordinary and/or unforeseeable circumstances arise which may significantly affect the results and/or scope of the Group, strictly for the purpose of preserving the aims of the Plan.

In the event of de-listing or change of control the Phantom Stocks and the corresponding Premium may, at the Board's sole discretion, be granted to the Beneficiaries before the deadlines specified in the Regulation.

The Board may, at its sole discretion, make any changes to the Plan as deemed appropriate to align the Plan with the legal rules and regulations and remedy any inconsistencies, defects or omissions in the Regulation and/or Plan.

### **3.4. Description of the methods used for determining the availability and assignment of the financial instruments underlying the plans (for example: free granting of shares, capital increases with the exception of subscription rights, purchase and sale of treasury shares).**

Given that this is a Phantom Stock Plan, it does not provide for the allocation or purchase of Shares by the Company. On the contrary, the Plan provides for the Assignment of Rights to the

Beneficiaries, thus giving rise, on the terms and conditions set out in the Regulation, to the Beneficiary's right to receive a Premium.

**3.5. The role of each director in determining the characteristics of the aforesaid plans; any recurring situations of conflict of interest with the directors concerned**

The Remuneration Committee, composed of non-executive and independent directors pursuant to the combined provisions of Articles 147ter (4) and 148 (3) of the Consolidated Law on Finance and pursuant to Article 3 of the Corporate Governance Code, was involved in the identification of the key elements of the Plan in its various processing stages.

**3.6. For the purposes of the provisions of Article 84-bis (1), the date of the decision made by the body responsible for submitting the plans to the shareholders' meeting and any proposal for a remuneration committee, if any, for their approval**

On 22 March 2016, the Board approved the proposal to adopt the Plan submitted by the Remuneration Committee who met on 21 March 2016.

**3.7. For the purposes of the provisions of Article 84-bis (5) (a), the date of the decision made by the body responsible for allocating the instruments and for submitting the remuneration committee's proposals to the aforesaid body**

The General Meeting of Shareholders for approval of the Plan is called for 24 May 2016 with no alternative date option. If the Plan is approved by the General Meeting of Shareholders, the Board of Directors will meet to take the necessary decisions concerning its implementation.

The information required in this context under Article 84-bis (5) (a) of the Issuers' Regulation, currently not available, will be provided in accordance with the relevant legislation in force.

**3.8. Market price, recorded on the aforesaid dates, for the financial instruments on which the plan is based, if traded on regulated markets**

The market price within the meaning of paragraph 3.7 is not available given that the General Meeting of Shareholders for approval of the Plan is scheduled for 24 May 2016.

Below is the market price of the Company shares recorded on the dates specified in section 3.6 above:

- reference price of the Poste Italiane stock recorded on the screen-based trading system (*Mercato Telematico Azionario* or "MTA") organized and managed by Borsa Italiana SpA on 21 March 2016: EUR 6.500;
- reference price of the Poste Italiane stock recorded on the screen-based trading system (*Mercato Telematico Azionario* or "MTA") organized and managed by Borsa Italiana SpA on 22 March 2016: EUR 6.550;

**3.9. In the case of plans based on regulated financial instruments, on what terms and in which manner will the issuer take into account, in determining the time-limits for allocating the instruments in implementing the plans, the possible timing coincidence between:**

- i. Said allocation or any decisions made by the remuneration committee in that regard, and**
- ii. The disclosure of any information having relevance for the purposes of Article 114 (1). For example, if the information is:**
  - a. Not already public and fit to positively affect market prices, or**
  - b. Already public and fit to adversely affect market prices**

The disclosure of inside information at the time of assignment of the Rights would be irrelevant with respect to the Beneficiaries who, under the Plan scheme providing for the granting of Phantom Stocks, may not carry out any transactions on the Shares, as the latter are not materially allocated.



## 4.Characteristics of the instruments assigned

### 4.1.The description of the form in which the remuneration plans based on funded instruments are structured

The Plan consists in the assignment to each Beneficiary of the Rights to receive Phantom Stocks on the terms and conditions specified in the Regulation and in the Assignment Letter. The number of Phantom Stocks to be granted to the Beneficiaries is subject to the fulfillment of the Hurdle Condition (and of the Qualifying Conditions where applicable) and to the achievement of the Performance Objectives, based on the criteria set out in the paragraph 2.2 above.

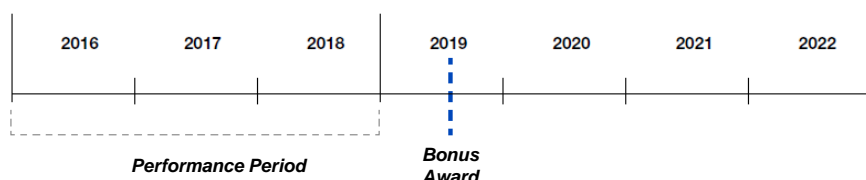
The Phantom Stocks are granted at the end of the Performance Period - for the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the personnel of the Poste Vita Insurance Group, after a Retention Period - and they are converted into a cash Premium.

### 4.2.Information on the period of the effective implementation of the plan with reference also to any different cycles envisaged

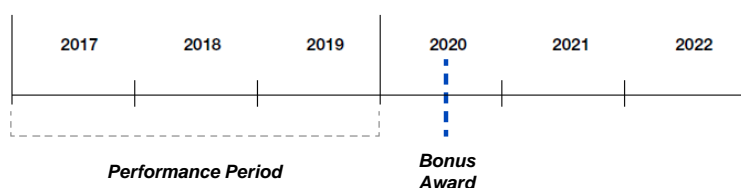
The Plan includes three Granting Cycles. The assignment of Rights is envisaged for the years 2016, 2017 and 2018. The assignment of Rights is therefore structured into a "rolling plan", that is, established on an annual basis.

For the Beneficiaries, the Phantom Stocks will be granted by the end of the year following the end of the Performance Period for each Cycle (i.e. 2019 for the 1<sup>st</sup> Cycle, 2020 for the 2<sup>nd</sup> Cycle, 2021 for the 3<sup>rd</sup> Cycle) and immediately converted into cash as provided for in the paragraph 2.3 above.

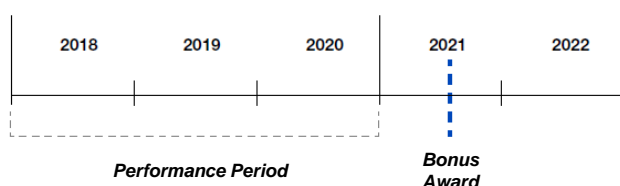
*First Award Cycle 2016-2018*



*Second Award Cycle 2017-2019*

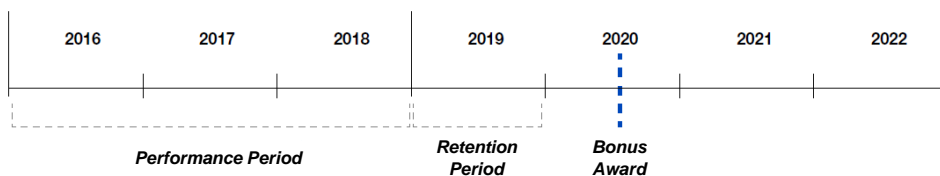


*Third Award Cycle 2018-2020*

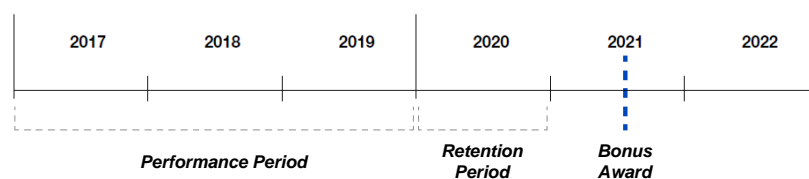


For the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the personnel of the Poste Vita Insurance Group, the Phantom Stocks will be allocated by the end of the year following the end of the Performance Period of each Cycle (i.e. 2019 for the 1<sup>st</sup> Cycle, 2020 for the 2<sup>nd</sup> Cycle, 2021 for the 3<sup>rd</sup> Cycle), subject to a Retention Period of one year. Upon expiry of the Retention Period the Phantom Stocks will be converted into cash as provided for in the paragraph 2.3 above.

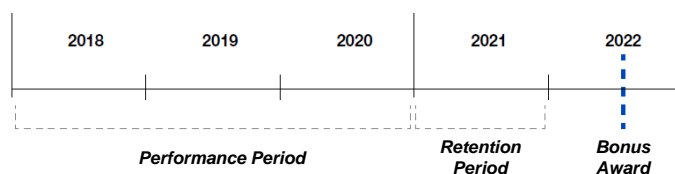
*First Award Cycle 2016-2018*



*Second Award Cycle 2017-2019*



*Third Award Cycle 2018-2020*



### 4.3. Termination of the plan

The Plan will end with the payment of the Premium for the third Cycle, that is, after approval of the 2021 financial statements.

### 4.4. The maximum number of financial instruments, including in the form of options, allocated in each tax year to the persons identified by name or to the specified categories

The number of Phantom Stocks will be defined after approval of the Plan. The number of assigned Rights is determined on the basis of the schemes described in paragraph 2.3.

### 4.5. Methods and clauses for implementing the plan, specifying whether the actual granting of instruments is subject to the fulfillment of conditions or to the achievement of specific results, also in terms of performance; description of said conditions and results

The granting of Phantom Stocks and the resulting Premium is subject to the fulfillment of the Hurdle Condition (and of the Qualifying Conditions, where applicable) as well as to the achievement of the Performance Objectives, defined by the Board for each Cycle, during the Performance Period, for a three-year term. At the end of the Performance Period, after having verified the fulfillment of the Hurdle Condition (and of the Qualifying Conditions, where applicable) and after having assessed the achievement of the Performance Objectives on the basis of the

criteria and procedures set out in paragraphs 2.2, 2.3 and 3.1 above, the Board shall determine the number of Phantom Stocks to be allocated and the resulting Premium.

In line with the provisions of the first section of Poste Italiane SpA's Remuneration Report, without prejudice to the right to claim for any further damages, following disbursement of the Premium, regardless of whether or not the Contract is ongoing or has been terminated, the Participating Company may request repayment of any amounts disbursed in the event of:

- fraudulent behavior or gross misconduct on the part of the Beneficiary to the detriment of the Company or another Group company;
- violation of the obligations set out in article 26 or, where applicable, in article 53, paragraphs 4 *et seq.* of the Consolidated Law on Banking or of the obligations in respect of remuneration and incentives;
- conduct committed by the Beneficiary, including conduct that does not constitute criminal behaviour, gross misconduct or fraud, that has resulted in a significant deterioration in the financial position or reputation of the Company or another Group company;
- payment of the Premium on the basis of information that was subsequently revealed to be inaccurate and/or misleading.

#### **4.6. Information on any restrictions on the availability of the allocated instruments or on the instruments deriving from the exercise of options, with particular reference to the time-limits within which the subsequent transfer to the same Company or to third parties is permitted or prohibited**

The Phantom Stock Plan, as such, does not provide for the granting of shares or options and, therefore, this section does not apply.

However, please note that for the General Manager (and Chief Executive Officer), for the Beneficiaries included in the Risk Takers of the BancoPosta RFC and for the Beneficiaries included in the personnel of the Poste Vita Insurance Group, the Phantom Stocks are subject to a one-year Retention Period.

#### **4.7. The description of any conditions which trigger the termination of plans in the event that the beneficiaries carry out hedging transactions allowing them to circumvent any prohibitions to sell the allocated financial instruments, including in the form of options, or the financial instruments arising from the exercise of said options**

Being a Phantom Stock Plan, which does not provide for the allocation of any shares or options, it is not possible to carry out hedging transactions allowing the Beneficiaries to neutralize any prohibitions to sell the assigned Rights, this section is therefore not applicable.

It is in any case prohibited for the Beneficiaries - and entails the lapse of the right to receive the Premium - to carry out hedging transactions enabling to alter or undermine the risk alignment inherent in the incentive schemes based on financial instruments.

#### **4.8. Description of the effects of termination of the employment contract**

In the event of termination of the Contract before payment of the Premium, the Beneficiaries will automatically lose all their rights (or any Phantom Stocks already granted to them), which will become ineffective and the same Beneficiaries will have no further right to receive any remuneration or compensation for any reason from the Company and/or Participating Company.

While implementing the Plan, the Board, on the proposal of the Remuneration Committee, will define and regulate the effects of the termination of the Contract inside the Regulation.

#### **4.9. Information on any other reasons for cancellation of the plans**

Except as provided above, there are no other causes of cancellation of the Plan.

#### **4.10. Reasons for any clause providing for the Company's right to redeem the financial instruments under the plan, pursuant to Article 2357 et seq. of the Italian Civil Code; the beneficiaries of the redemption stating whether it is destined for particular categories of employees; effects of termination of the employment contract**

Not applicable.

#### **4.11. Any loans or other facilities to be granted for the purchase of shares pursuant to Article 2358 (3) of the Italian Civil Code.**

Not applicable.

#### **4.12. Assessments on the expected charges to be incurred by the Company at the date of granting, as determined on the basis of already defined terms and conditions, by overall amount and for each instrument in the plan.**

This value cannot be determined at the present stage as it depends on the value of the Poste Italiane SpA share at the time of granting of the Phantom Stocks or payment of the Premium. The estimated cost over the entire span of the Plan, as described herein, in the event of achievement of performance objectives at target and assuming that Poste Italiane share price remains stable over the three-year period (compared to the price of EUR 6.039 recorded in the thirty Stock Market business days prior to the date of approval of the Plan) is approximately EUR 34 million for a maximum of one hundred Beneficiaries.

#### **4.13. Information on any dilutive effects on capital caused by the remuneration plans**

Not applicable.

#### **4.14 - 4.23**

The sections on the granting of shares and stock options do not apply.

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Table 1 set out in Section 4.24 of Graph 7 of Annex 3A to the Issuers' Regulation will be provided later in the manner set out in Article 84-bis (5) (a) of the Issuers' Regulation.