

# **TOD'S S.P.A.**

SHARE CAPITAL: EURO 66,187,078 FULLY PAID-UP

REGISTERED OFFICE: SANT'ELPIDIO A MARE (FM) – VIA FILIPPO DELLA VALLE NO. 1

TAX CODE AND FERMO REGISTER OF COMPANIES NO. 01113570442

## **DIRECTORS' REPORT OF TOD'S S.P.A.**

### **ON THE ITEMS ON THE AGENDA OF THE SHAREHOLDERS' MEETING**

#### **PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58**

**OF 24 FEBRUARY 1998**

*Shareholders,*

*In compliance with Article 125-ter of Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Finance Law" or "T.U.F."), as amended, and Articles 73, 84-bis and 84-ter of Consob Resolution no. 11971/99 (the "Issuers Regulation"), as amended, the Board of Directors of Tod's S.p.A. (hereinafter, the "Company" or the "Issuer") submits to you – together with additional documentation – a report illustrating the matters on the agenda of the Ordinary Shareholders' Meeting convened at the head office of the company in Sant'Elpidio a Mare (FM), Via Filippo Della Valle n. 1, on its first call for April 20, 2016 at 11:00 a.m. and, as necessary, on the second call, on April 27, 2016, at the same place and time.*

*The agenda of the aforementioned Shareholders' Meeting is as follows:*

- 1. Statutory Financial Statements at December 31, 2015; Report of the Board of Directors on Operations; Report of the Board of Statutory Auditors and Report of the Independent Auditors; allocation of profits; related and consequent resolutions.*
- 2. Authorisation for acquisition and disposal of treasury shares pursuant to Sections 2357 et seq. Italian Civil Code, and Article 132 of Legislative Decree 58 of February 24, 1998, following revocation of the resolution approved by the Shareholders' Meeting on April 22, 2015 for what*

*has not been used; related and consequent resolutions.*

3. *Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998; related and consequent resolutions.*
4. *Renewal of the Board of Statutory Auditors for the three-year period 2016-2018; fixing of related fees; any related and consequent resolutions.*
5. *Setting the number of the members of the Board of Directors; any related and consequent resolutions;*
6. *Proposal of approval of a phantom stock option plan; any related and consequent resolutions.*

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**1 Statutory Financial Statements at December 31, 2015; Report of the Board of Directors on Operations; Report of the Board of Statutory Auditors and Report of the Independent Auditors; allocation of profits; related and consequent resolutions.**

*Shareholders,*

*all comments regarding the first item on the agenda, including the motion for resolution, are illustrated in detail in the Annual Financial Report, including the Statutory Financial Statements and the Consolidated Financial Statements at December 31, 2015, the Report of the Board of Directors on Operations, and the certification pursuant to Article 154-bis, paragraph 5, of Legislative Decree 58/98 ("T.U.F."), which will be filed and made available to the public by March 30, 2016 at the registered office of the Company, on the Company's website at [www.todsgroup.com](http://www.todsgroup.com) and in the authorised storage device 1info at [www.1info.it](http://www.1info.it), together with the additional documentation required by applicable laws and regulations; the*

*Report of the Board of Statutory Auditors and the Report of Independent Auditors will be made available to the public within the same term and by the same modalities provided by law.*

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***2. Authorisation for acquisition and disposal of treasury shares pursuant to Sections 2357 et seq. Italian Civil Code, and Article 132 of Legislative Decree 58 of February 24, 1998, following revocation of the resolution approved by the Shareholders' Meeting on April 22, 2015 for what has not been used; related and consequent resolutions.***

*To the Shareholders,*

*with the resolution passed on 22<sup>nd</sup> April 2015, you authorised the purchase of ordinary treasury shares corresponding to an amount not exceeding one tenth of the Share Capital, and namely, up to a maximum of 3,060,940 (in words: three million, sixty thousand nine hundred and forty ) shares, for a period of 18 (eighteen) months from the date of the resolution. The foregoing authorisation will expire next 22<sup>nd</sup> October 2016.*

*Therefore, we deem it appropriate to use the opportunity of this Meeting, and to avoid convening a special Meeting, if any, shortly before the foregoing deadline, in order to submit to your approval a new proposal to authorise the Company's purchase and disposal of treasury shares, following revocation of the resolution passed by the Meeting held on 22<sup>nd</sup> April 2015, for the portion not utilised.*

***2.1 Reasons for requesting authorisation to purchase and dispose of treasury shares.***

*The reasons which induced the Board of Directors to resubmit the request to the Shareholders' Meeting for authorisation to purchase treasury shares and to dispose of treasury shares at given conditions, always in*

*compliance with the equal treatment of Shareholders and the applicable legislation and regulatory provisions are the same as the reasons outlined to you in the resolution of 22<sup>nd</sup> April 2015, namely:*

*(i) the possibility to use the treasury shares in the framework of transactions associated with industrial or commercial projects of interest for the Company or the Group in relation to which the opportunity arises to swap or sell parcels of shares or constitute security over them;*

*(ii) the advisability of being able to intervene in the Company's interests, and in the interests of all Shareholders, in relation to contingent market situations, in order to engage in activities which enhance the liquidity of the share concerned;*

*(iii) the possibility to invest in Company shares, if the trend of stock market quotations or the amount of available liquidity can render such transaction beneficial from the economic aspect;*

*All the above of course in compliance with the procedure provided by law and applicable legislation, in particular, concerning “market abuse” and the principle of equal treatment among shareholders.*

*The treasury shares may be also purchased or sold in relation to compensation plans based on financial instruments, pursuant to Article 114-bis of Legislative Decree No. 58/98 or issuing other financial instruments convertible into shares.*

## **2.2 Maximum number, class and par value of the shares to which the proposed authorisation refers.**

*The authorisation that the Board requests from the Meeting concerns the instruments to purchase the Company's shares, also to be executed in several sessions, corresponding to an amount not exceeding one tenth of the Share Capital, and therefore, totalling a maximum of 3,309,354 (in words: three million, three hundred and nine thousand, three hundred and fifty four) ordinary shares with a par value of two (2) euros each – taking due account of the shares owned by the Company and by its subsidiaries – and, in any case, within the limits of the profits which are eligible for distribution and the available reserves reported in the last regularly approved Financial Statements. The authorisation requested includes the power to*

*dispose, in one or more tranches, of the shares held in portfolio at a later date, even before having completed the purchases, and possibly to buy back the shares concerned, always in compliance with the limits and the terms and conditions established in this authorisation.*

### **2.3 Information useful to determine compliance with the provision envisaged under Article 2357, paragraph 3, of the Italian Civil Code.**

*As said above, the par value of the shares for which the authorisation to purchase is requested cannot exceed the limit corresponding to one tenth of the Company's Share Capital, also taking due account, for this purpose, of the shares already owned, which may be purchased by the subsidiary companies.*

*However, the subsidiary companies will be given specific instructions so they notify promptly any purchase of shares made, pursuant to Article 2359-bis and following articles of the Italian Civil Code.*

*To-date, neither Tod's S.p.A., nor any of the subsidiaries of Tod's S.p.A., - even through nominees or trustees - own the Company's shares.*

### **2.4 Duration of requested authorisation.**

*The authorisation to purchase treasury shares is requested for a period of 18 (eighteen) months starting from the date on which the Meeting will pass the corresponding resolution.*

*The authorisation to dispose of treasury shares, even before the purchases are completed, is requested without imposing any time limits.*

### **2.5 Minimum and maximum price and market valuation.**

*Purchase of treasury shares*

*The purchase price for each of the treasury shares, including the accessory purchase charges, shall be a minimum of no less than 15% (fifteen percent) and a maximum of no more than 15% (fifteen percent) of*

*the average of the official trading prices recorded on the 'Mercato Telematico Azionario' (Italian Electronic Stock Exchange) in the three trading sessions preceding the purchase.*

#### *Disposition of treasury shares*

*As regards the subsequent disposal of the purchased shares, the only limit defined refers to the minimum price for sale to third parties, which however, shall not be less than 95% (ninety-five percent) of the average of the official prices recorded on the 'Mercato Telematico Azionario' (Italian Electronic Stock Exchange) during the three days prior to the sale. This price limit may be departed from in the case of swaps or sales of treasury shares in the framework of industrial and/or commercial projects of interest for the Company or the Group and in the case of allocating and/or selling shares or options to implement compensation plans based on financial instruments and/or in connection with issuing other financial instruments convertible into shares.*

## **2.6 Procedures to purchase and dispose of treasury shares.**

*Pursuant to Article 132 of Legislative Decree No. 58 dated 24th February 1998 and Article 144-bis of the Consob Regulation no. 11971/99 (the "Issuers' Regulation"), the purchase transactions may be performed through a public purchase or swap offer, or on the market, in accordance with the operating procedures established by the market management company, which do not permit the direct matching of purchase proposals with predetermined sales proposals, also through the purchase and sale of derivative instruments negotiated on the market which envisage the physical delivery of the underlying shares, in compliance with the applicable regulatory provisions, or by way of allotment to the shareholders, in proportion to the shares they hold, of a put option to be exercised within 18 (eighteen) months starting from the date on which the Shareholders meeting will pass the corresponding resolution and, in any case, in such a way that assures the equal treatment among Shareholders and compliance with every applicable law, including the EU regulations.*

*The purchase of treasury shares shall take place in ways other than those listed above, where permitted, in accordance with the legislation in force from time to time, taking into account the need to comply the principle of equal treatment among shareholders.*

*The purchases may be made in one or more tranches.*

*With regard to the disposal of the shares in question, such disposal may be performed in one or more tranches, even before having completed the purchases; the sale will be made by disposal on the stock market, off market, by swapping with equity investments or other assets or by constitution of security in the framework of industrial and/or commercial projects of interest for the Issuer or the Group, to implement compensation plans based on financial instruments or in any case plans pursuant to art. 114-bis of the Legislative Decree No. 58/98 in connection with issuing other financial instruments convertible into shares, or also through a public sale or swap offer.*

*The shares may also be disposed of by matching with other financial instruments.*

## **2.7 Information concerning the instrumental aspect of the purchase to reduce the Share Capital.**

*It is important to note that the above-mentioned purchase of treasury shares is not instrumental to a reduction of the Share Capital.*

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*The Shareholders' Meeting is therefore called to resolve upon the following:*

*“The Shareholders' Meeting:*

*- having acknowledged the Report of the Board of Directors and the applicable statutory and regulatory provisions*

## RESOLVES

1) to revoke the resolution passed by the Meeting held on 22<sup>nd</sup> April 2015 that authorised the purchase and disposal of treasury shares, for the portion not utilised;

2) to approve the transactions to purchase and dispose of treasury shares for the purposes set out in the foregoing Directors' Report, in accordance with the following procedures, terms and conditions:

- the purchase may be made in one or more tranches, for an amount not exceeding one tenth of the Share Capital, and namely, for a maximum of 3,309,354 (in words: three million, three hundred and nine thousand, three hundred and fifty four) shares – taking due account of the shares owned by the Company and by its subsidiaries – and within the limits of the profits eligible to be distributed and the available reserves based on the last regularly approved Financial Statements;

- the authorisation to purchase treasury shares is resolved for a period of 18 (eighteen) months starting from today;

- the authorisation includes the power to dispose, in one or more tranches, of the shares held in portfolio at a later date, even before having completed the purchases, and possibly to buy back the shares concerned, always in accordance with the limits and the terms and conditions established in this authorisation;

- the purchase transactions shall be made in accordance with Article 132 of Legislative Decree No. 58 dated 24<sup>th</sup> February 1998 and with Article 144-bis of Consob Regulation No. 11971/99: (i) through a public purchase or swap offer, (ii) on the market, in accordance with the operating procedures established by the market management company, (iii) through purchasing and selling derivative instruments negotiated on regulated markets which envisage the physical delivery of the underlying shares, in accordance with the regulatory provisions applicable from time to time; (iv) by granting shareholders, in relation to the shares they hold, a put option to be exercised within a period of 18 (eighteen) months from today; (v) through any other way permitted in accordance with the legislation in force from time to time; in any event, compliance with all applicable laws, including the applicable EU regulations, shall be assured, taking into account the need to comply the principle of equal treatment among shareholders;

- the purchase price of each of the treasury shares, including the accessory purchase charges, shall be a minimum of no less than 15% (fifteen percent) and shall be a maximum of no more than 15% (fifteen percent) of the average of the official trading prices recorded on the 'Mercato Telematico Azionario' (Italian Electronic Stock Exchange) during the three trading sessions preceding the purchase;
- the price for sale to third parties shall not be less than 95% (ninety-five percent) of the average of the official prices recorded on the 'Mercato Telematico Azionario' (Italian Electronic Stock Exchange) during the three days prior to the sale. This price limit may be departed from in the case of swaps or sales of treasury shares in the framework of industrial projects and/or commercial projects of interest for the Issuer or the Group and in the case of allocating and/or selling shares or options to implement compensation plans based on financial instruments and/or in connection with issuing other financial instruments convertible into shares;
- the authorisation to dispose of treasury shares, even before the purchases have been completed, is given without imposing time limits”.

**3. Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998; related and consequent resolutions.**

*Shareholders,*

*All comments regarding the third item on the agenda are illustrated in detail in the Remuneration Report, prepared pursuant to Article 123-ter T.U.F., which will be filed and made available to the public by March 30, 2016 at the registered office of the Company, on the Company's website at [www.todsgroup.com](http://www.todsgroup.com) and in the authorised storage device 1info at [www.1info.it](http://www.1info.it).*

*The Remuneration Report contains two sections: (i) one dedicated to illustration of the remuneration policy applicable to the Board of Directors, the General Managers, and the Executives with strategic responsibilities in regard to the subsequent financial year and possibly beyond, and the procedures*

*used for adoption and implementation of this policy; (ii) the other aimed at providing an adequate representation of each of the items that compose the remuneration, and describing the compensation paid during the reference year to the members of the Board of Directors and the Board of Statutory Auditors, the General Managers, and the executives with strategic responsibilities.*

*Pursuant to Article 123-ter (6) T.U.F., the Shareholders' Meeting will be asked to resolve in favour or against the first section of the Remuneration Report envisaged in Article 123-ter (3) T.U.F.; this resolution shall not be binding. The first section of the Remuneration Report illustrates (i) the policy of Tod's S.p.A. in regard to remuneration of the members of the Board of Directors, the General Manager, and the executives with strategic responsibilities in regard to the 2016 financial year; (ii) the procedures used for adoption and implementation of this policy.*

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**4. Renewal of the Board of Statutory Auditors for the three-year period 2016-2018; fixing of related fees; any related and consequent resolutions.**

*Dear Shareholders,*

*the term of office of the present Board of Statutory Auditors will expire at the time of the approval of the Financial Statements at 31 December 2015; therefore, your Board of Directors has called the Shareholders' Meeting to propose the appointment of the new members of the Board of Statutory Auditors which, pursuant to Article 27 of the Company's Articles of Association, is composed of three standing Auditors and two alternate Auditors, who will hold office for three financial years and may be re-elected.*

*The Statutory Auditors must meet the requirements prescribed by the current laws and regulations; for this purpose, the Company considers that the business areas and sectors which are strictly relevant to its areas and sectors are those specified in the corporate purpose, with specific regard to companies or entities*

*operating in the field of industry, manufacturing, luxury goods, design, marketing, intellectual property and services in general.*

*It should be noted that, pursuant to section 27 of the Company's Articles of Association, the appointment of the new Board of Statutory Auditors shall be made on the basis of lists of candidates which will be ordered by consecutive numbers.*

*Lists of candidates may be presented by as many Shareholders as representing at least **1.0%** of the ordinary share capital. Title to the number of shares required must be proved through appropriate documentation issued by an authorised intermediary in compliance with the current regulations; if this documentation is not available at the time of filing the lists, it shall be received by the Company at least twenty-one days before the date set for the Shareholders' Meeting (i.e. by 30 March 2016).*

*The lists of candidates shall be filed with the Company's registered office, under penalty of forfeiture, by **26 March 2016**, corresponding to the twenty-fifth day before the date of the Shareholders' Meeting to be held on first call.*

*Should only one list have been presented by said deadline, or should lists have been presented which are submitted only by Shareholders that are connected with each other pursuant to the applicable laws and regulations, in the application of Article 144-sexies, paragraph 5, of Consob Regulation no. 11971/1999 and Article 27 of the Company's Articles of Association, additional lists may be presented up to the third day after said date, i.e. until **29 March 2016**; in this case, the share capital threshold required to present lists will be reduced to half (**0.5%**).*

*Title to the minimum amount of share capital necessary for the presentation of a list is ascertained with respect to the number of shares registered in the Shareholder's name on the date on which the list concerned is filed with the Company.*

*Pursuant to Article 144-sexies, paragraph 4-ter, of the Issuers' Regulation, the lists for the renewal of the Board of Statutory Auditors may be also filed by certified email, to the following certified email address: [segreteria.azionisti@pec.todsgroup.com](mailto:segreteria.azionisti@pec.todsgroup.com).*

*It is informed that Article 27 of the Company's Articles of Association, in the implementation of Law no. 120 of 12 July 2011, provides for the Board of Statutory Auditors to be composed so as to ensure, in any case, gender balance in compliance with the laws and regulations in force at the time. As this is the second mandate after the law referred to came into force, in view of the need to observe gender balance even if Statutory Auditors are replaced during the term of office, each list, reporting a number of candidates equal to or higher than three, must be drawn up in such a way that in the Board of Auditors at least one Standing Auditor and one Alternate Auditor who can take his or her place belong to the less represented gender, typically the female gender.*

*Each list must be accompanied by the documentation required by the current laws and regulations, including (i) any information relating to the identity of the Shareholders who have presented the list, specifying the total percentage of shares held by each of them; (ii) a statement made by the Shareholders who present any possible minority list to the effect that no connection relationships exist pursuant to the applicable laws and regulations; (iii) the curriculum vitae reporting a full description of the personal and professional characteristics of each candidate, as well as the statements by which each candidate certifies that he or she meets the requirements prescribed by law and accepts the candidature.*

*It should be noted that the list for which the provisions referred to above are not complied with shall be considered as not presented.*

*Considering that, pursuant to Article 2400, last paragraph, of the Italian Civil Code, the Statutory Auditors must inform the Shareholders' Meeting what administration and control positions in other companies they hold when they are appointed and before accepting the appointment, candidates are requested to provide this information in the CVs which they file at the Company's registered office, ensuring that it is up to date as of the date on which they are appointed by the Shareholders' Meeting.*

*It should be noted that, pursuant to Article 27 of the Company's Articles of Association and in compliance with Article 144-sexies, paragraph 6, of the Issuers' Regulation, (i) each Shareholder, (ii) Shareholders belonging to the same group and (iii) Shareholders who are parties to a shareholders'*

*agreement regarding Company shares may not either present or vote for more than one list, even through a third party or a trust company; furthermore, candidates may only appear in one list under penalty of ineligibility; candidates who do not comply with the limits on the number of positions prescribed by law and by the related current implementing provisions may not be included in a list.*

*It should be noted that reference is also made to Consob Communication no. DEM/9017893 of 26 February 2009, by which the Supervisory Authority required the Shareholders who present a minority list, declaring that no connection relationships exist pursuant to Article 144-quinquies of the Issuers' Regulation, to also certify, in the aforesaid statement, that no significant relations of the type referred to in the Communication itself are maintained with the Shareholders who hold, also jointly, a majority or relative majority shareholding, or, otherwise, to specify the existing significant relationships and the reasons for which they have not been considered to be decisive for the existence of the connection relationships referred to in Article 148, paragraph 2, of the T.U.F. (Testo Unico della Finanza, Consolidated Finance Act) and Article 144-quinquies of the Issuers' Regulation.*

*The Shareholders who intend to present a list are required to prepare and file, together with the list, a proposed Shareholder's Meeting resolution on item 4 on the agenda (also with regard to the related fees).*

*The procedure for electing the Board of Statutory Auditors will be as follows:*

- two Standing Auditors and one Alternate Auditor will be taken from the list that obtains the highest number of votes in the order of their rankings in the list itself;*
- the other Standing Auditor – who will act as Chairman of the Board of Statutory Auditors - and the second Alternate Auditor will be taken from the second list that obtains the highest number of votes in the order of their rankings in the list itself; this list must not be linked, even indirectly, with the Shareholders that presented or voted the list that obtains the highest number of votes.*

*If the composition of the Board of Statutory Auditors at the end of voting does not respect gender*

*balance, in its standing and alternate members, as required by the current regulations, if applicable the second Standing Auditor and/or Alternate Auditor taken from the list which has obtained the highest number of votes will be replaced by the next candidate for the same position specified in the same list and belonging to the less represented gender. If this procedure does not result in compliance with current gender balance legislation, the Shareholders' Meeting will make the necessary replacements, resolving by the statutory majority.*

*The above provisions governing the election of the members of the Board of Statutory Auditors and the appointment of the Chairman shall not apply to the Shareholders' Meetings, for which a single list is presented or only one list is voted; in these cases, the Shareholders' Meeting will resolve by majority, also in compliance with the current laws and regulations governing gender balance.*

*In compliance with the law and the Company's Articles of Association, the Shareholders' Meeting that appoints the Statutory Auditors and the Chairman of the Board of Statutory Auditors shall also establish their fees.*

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**5. Setting the number of the members of the Board of Directors; any related and consequent resolutions.**

*Dear Shareholders,*

*Please note that:*

*- the Shareholders' Meeting held on 22 April 2015 resolved, among other things, to set fifteen as the number of the members of the present Board of Directors, which will hold office until the Shareholders' Meeting called to approve the financial statements at 31 December 2017;*

*- in January 2016 the non-executive and independent Director Luca Cordero di Montezemolo –*

*who was appointed by the Shareholders' Meeting of 22 April 2015 from among the candidates in the single list presented by the majority Shareholder Di. Vi. Finanziaria di Diego Della Valle & C. S.r.l.– resigned from his position.*

*As a result, in the meetings held on 29 February 2016 and in accordance with the recommendations provided for in the Self-Regulatory Code of Listed Companies which the Company complies with, your Board of Directors took steps to consider the outcomes of the process of self-assessment of the operation, size and composition of its own Board and of the Committees formed within the Board. It emerged that a governing body composed of the fourteen members (six of which are independent members), as it is at present, is appropriate to the Company's operations and to the efficient functioning of the Board itself.*

*It should be noted that the present composition also complies with the specific recommendation provided for in the Self-Regulatory Code which is aimed at the issuers belonging to the FTSE-Mib index, according to which at least one third of the Board of Directors should be composed of independent Directors, an amount that is to be rounded down if it is not a whole number.*

*It should be noted that, pursuant to Article 17 of the Company's Articles of Association, the Company's Board of Directors must be composed of a number of members that may vary from a minimum of three members to a maximum of fifteen members.*

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*Therefore, the Shareholders' Meeting is invited to approve the following proposed resolution:*

*"The Shareholders' Meeting,*

*-having acknowledged the Board of Directors' Report on the items on the agenda prepared pursuant to Article 125-ter of Legislative Decree no. 58/1998,*

## **HEREBY RESOLVES**

*to set the number of the members of the Board of Directors at 14 (fourteen).”*

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### **6. Proposal of approval of a phantom stock option plan; any related and consequent resolutions.**

*Dear Shareholders,*

*We hereby submit for your approval the adoption of a plan based on financial instruments pursuant to Article 114-bis of the T.U.F.: specifically, a Phantom Stock Option Plan (hereinafter also referred to as the “Plan”) reserved for the Managing Director, Stefano Sincini, the guidelines of which were approved by the governing body – on the proposal of the Remuneration Committee – on 29 February 2016, in accordance with the current “Remuneration Policies and Procedures of the Tod’s S.p.A. Group” adopted by the Company, as well as with the best practice followed at domestic and also international level and in compliance with the current Self-Regulatory Code which the Company complies with, especially with regard to the principles laid down in Article 6 of the Self-Regulatory Code.*

*A brief description of the main characteristics of the plan submitted for your consideration is provided below. For additional and more detailed information, reference should be made to the Information Document prepared pursuant to Article 84-bis of the Issuers’ Regulation, which is attached hereto and made available to the public as of today’s date.*

#### **6.1 Reasons for the Plan**

*The primary objective of the Plan which the Board of Directors, with the help of the Remuneration Committee, submits for your approval is to align the interests of investors and Top Management over a*

*medium- to long-term period, introducing a system of remuneration for the Company's Managing Director which is linked to the rise in the value of Tod's shares over this time span and thus the consequent creation of value to the benefit of our Shareholders in general.*

*The Plan also allows us further to assure the loyalty of persons who are key resources for the Tod's Group with a view to their retention, fostering a process whereby the Top Management identify themselves with the Group.*

## **6.2 The beneficiaries of the Plan**

*The Plan we submit for your approval is a medium- to long-term incentive system (the so-called "long term incentive" or "LTI") for Stefano Sincini in his capacity as Managing Director of the Company.*

## **6.3 Procedures and conditions of the Plan**

*According to the Plan, 33,000 phantom stock options, i.e. virtual and personal options, non-transferable between living persons, are awarded to the beneficiary free of charge and on a personal basis. They grant the beneficiary, on the terms and conditions laid down in the Information Document, not the right to subscribe and/or buy Tod's shares, but the right to be paid an amount of money which corresponds to the rise in the value of Tod's shares recorded in the Electronic Stock Market (Mercato Telematico Azionario) organised and operated by Borsa Italiana.*

*In detail, the cash bonus corresponds to the positive difference between the final price of a Tod's share (equal to the arithmetical mean of the official Tod's shares prices in the month following the approval of the consolidated financial statements for the 2018 financial year, i.e. from the date of the approval of the consolidated financial statements for the 2018 financial year to the same date in the subsequent month, these dates being included) and its grant price (the so-called "virtual strike price", equal to Euro 121.40), multiplied by the number of virtual options that are granted. If the final price is equal to or less than the grant price, no payment of fees will be made under the Phantom Stock Option Plan.*

**6.4 Support from the special Fund for the promotion of the participation of workers in businesses**

*The Plan receives no support from the special Fund for the promotion of the participation of workers in businesses, referred to in Article 4, paragraph 112, of Law no. 350 of 24 December 2003.*

**6.5 Restrictions on the availability of the rights granted**

*According to the Plan, the virtual options rights granted free of charge and on a personal basis may not be transferred for any reason except death; in this case the virtual options granted to the deceased beneficiary may be exercised by his/her successors at the terms and conditions laid down in the Information Document.*

*As this is a Phantom Stock Option Plan, the exercise of the virtual options will not involve the beneficiary in buying shares but will only give the beneficiary the right to receive – at the end of the vesting period - a cash bonus provided (i) that there is a positive difference between the final price of Tod's shares and their grant price and (ii) that the beneficiary is still in the relevant relationship in the governance of the Tod's Group at the end of the 2018 financial year.*

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*Therefore, the Shareholders' Meeting is invited to approve the following proposed resolution:*

*“The Shareholders' Meeting,*

*-having acknowledged the Board of Directors' Report and the current provisions of law and regulations, as well as the disclosures provided in the Information Document prepared pursuant to Article 114-bis of Legislative Decree no. 58/1998 and Article 84-bis of Consob Regulation no. 11971/1999,*

**HEREBY RESOLVES**

*- to approve the Phantom Stock Option Plan reserved for the Company's Managing Director, Stefano Sincini, according to which 33,000 phantom stock options, i.e. options non-transferable between living persons, are awarded to the beneficiary free of charge and on a personal basis. They grant the beneficiary the right to be paid an amount of money which corresponds to the rise in the value of Tod's shares recorded in the Electronic Stock Market (Mercato Telematico Azionario) organised and operated by Borsa Italiana, at the terms and conditions laid down in the Information Document. The latter document is included in the Board of Directors' Report on the items on the agenda prepared pursuant to Article 125-ter of legislative Decree no. 58/1998;*

*- to grant the Board of Directors delegated powers to implement the Phantom Stock Option Plan, granting its members all the widest powers within the limits and according to the procedures set out in the abovementioned Information Document."*

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*Sant'Elpidio a Mare, 29 February 2016*

*For the Board of Directors*

*The Chairman*

*Diego Della Valle*

**INFORMATION DOCUMENT**  
**RELATING TO THE PHANTOM STOCK OPTION PLAN**

(prepared pursuant to Article 84-*bis* of the Regulation adopted by  
Consob resolution no. 11971/1999, as amended and supplemented)

## PREAMBLE

This information document (hereinafter referred to as the “**Information Document**”) has been prepared by Tod’s S.p.A. (the “**Company**” or the “**Issuer**”) in order to provide detailed information to its Shareholders and to the market in relation to the Phantom Stock Option Plan that will be submitted for approval by the Company’s Ordinary Shareholders’ Meeting to be held on 20 April 2016. Specifically, this Information Document has been prepared pursuant to Article 84-*bis* of the Issuers’ Regulation and in accordance, also in the numbering of the related paragraphs, with the guidelines set out in Schedule no. 7 of Annex 3A attached to the Issuers’ Regulation.

The purpose of the Phantom Stock Option Plan (hereinafter referred to as the “**Plan**”) is to pay amounts of money in relation to the rise in the value of Tod’s shares traded on the Electronic Stock Market (*Mercato Telematico Azionario*) organised and operated by Borsa Italiana S.p.A.. It is, therefore, a plan based on so-called “virtual options” since it does not involve the physical delivery of the underlying financial instruments, but the payment of sums of money whose amount is determined according to the possible rise in the value of these financial instruments.

The Plan must be considered to be “of particular importance” pursuant to Article 114-*bis*, paragraph 3, of the T.U.F. (*Testo Unico della Finanza*, Consolidated Finance Act) and Article 84-*bis*, paragraph 2, of the Issuers’ Regulation, as it is reserved for Stefano Sincini in his capacity as Managing Director of the Company. The Plan constitutes a medium- to long-term incentive system for the Managing Director, which is linked to the creation of value for our Shareholders in general, in accordance with the current “*Remuneration Policies and Procedures of the Tod’s S.p.A. Group*” adopted by the Company (the “**Remuneration Policies**”), as well as with the best practice followed at domestic and also international level and in compliance with the current Self-Regulatory Code which the Company complies with, especially with regard to the principles laid down in Article 6 of the Self-Regulatory Code.

This Information Document is made available to the public as an attachment to the Board of Directors’ Report on the items on the agenda prepared pursuant to Article 125-*ter* of the T.U.F., at the Company’s registered office, in the authorised storage system 1Info ([www.1info.it](http://www.1info.it)) and in the Company’s website ([www.todsgroup.com](http://www.todsgroup.com)) (in the section on

“*Corporate Governance/Shareholders’ Meeting/Documents for the Shareholders’ Meeting* (April 20th, 2016”).

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## **1. THE BENEFICIARIES**

The Plan submitted for approval by the Company’s Shareholders’ Meeting is reserved for the Company’s Managing Director, Stefano Sincini, and constitutes a medium-to long-term incentive system which is linked to the creation of value for our Shareholders in general, in accordance with the current Remuneration Policies, as well as with the best practice followed at domestic and also international level and in compliance with the current Self-Regulatory Code which the Company complies with, especially with regard to the principles laid down in Article 6 of the Self-Regulatory Code. There is no provision in the Plan for any other beneficiary.

It should be noted that the beneficiary of the Plan neither lives in nor is resident in the USA nor, in any case, can he be defined as a “US person” pursuant to Regulation S of the US Securities Act of 1933, and that laws of other countries in which the offer of virtual options requires clearance and/or inquiries by the competent local Authorities shall not apply to him.

### **1.1. Beneficiaries who are members of the Board of Directors of the Issuer, of the parent companies and of direct or indirect subsidiaries**

The beneficiary of the Plan is Stefano Sincini, in his capacity as Managing Director of the Company.

### **1.2 Categories of employees or collaborators of the Issuer and of parent or subsidiary companies**

There is no provision in the Plan for any other beneficiary other than the Managing Director, Stefano Sincini.

### **1.3 Beneficiaries belonging to particular groups**

As already stated, the beneficiary of the Plan is Stefano Sincini, in his capacity as Managing Director of the Company.

There is no provision for any other key executives of the Company or the entity that controls the Company to become a beneficiary of the Plan.

#### **1.4 Description and number, by category, of the beneficiaries belonging to particular groups**

Not applicable.

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## **2. THE REASONS FOR THE ADOPTION OF THE PHANTOM STOCK OPTION PLAN**

### **2.1. The Plan's objectives**

The primary objective of the Phantom Stock Option Plan which the Board of Directors, with the help of the Remuneration Committee, submits for your approval is to align the interests of investors and Top Management over a medium- to long-term period, introducing a system of remuneration for the Company's Managing Director, Stefano Sincini, which is linked to the rise in the value of Tod's shares over this time span and thus the consequent creation of value to the benefit of our Shareholders in general.

It should be noted that the adoption of an incentive-based remuneration system for the key members of the Top Management is contemplated in the current Remuneration Policies, in accordance with the practice followed at domestic and also international level and with the principles laid down in the Self-Regulatory Code governing the remuneration of executive directors and key executives.

The Plan also allows us further to assure the loyalty of persons who are key resources for the Tod's Group with a view to their retention, fostering a process whereby the Top Management identify themselves with the Group.

#### **2.1.1 Additional information**

The Plan covers a medium- to long-term time horizon. This range has been considered the most suitable for the pursuit of the incentive objectives that the Company has set itself and, especially, for focusing the beneficiary's attention on medium- to long-term key success factors of the Tod's Group.

The proposal has been formulated also taking into account the overall level of the remuneration to which the beneficiary is entitled and the incentive objective which the Plan intends to pursue, as the amount of the cash payment depends on the rise in share value in the regulated market over a medium- to long-term time horizon.

It should be noted that, in accordance with the current Remuneration Policies, the medium- to long-term variable remuneration components (Long-Term Incentives, LTIs) to be awarded to members of delegated bodies are to be determined taking the following points into consideration, even if this is done on the basis of broader-based and/or different criteria with respect to those prescribed for short-term incentives: (i) the functions and role actually performed within the Company; (ii) the capacity to contribute to the growth of the Company and the Group; (iii) total fees received; and (iv) loyalty and retention requirements.

## **2.2 Performance indicators considered for the purposes of the award of phantom stock options**

The rights granted under the Plan are not vested, and therefore exercisable, on the basis of the Company's profits or financial position, but on the basis of the rise in the market value of 'Tod's shares, and are subject to the passing of the vesting period specified in this Information Document and the maintenance of the relevant relationship between the beneficiary and the Company.

The benchmark for the calculation of the bonus is the rise in 'Tod's share prices compared with their prices when granted (virtual strike price).

### **2.2.1 Additional information**

The Board of Directors, in collaboration with the Remuneration Committee, has decided that the particular structure of this Plan as an incentive is fit for the objective it intends to pursue, namely, as has already been explained, that of focusing the beneficiary's activities on the aim of raising the Issuer's key value in the medium- to long-term period. Since the cash payment will be subject to an increase in the market price of the shares during the years to come compared with the virtual strike price, it is deemed that the Plan is a satisfactory manner of meeting the objective of aligning the beneficiary's interests with

those of the Issuer, of the investors and of the stakeholders in general, achieving the highest possible share value over a medium- to long-term time horizon.

### **2.3 Criteria for the calculation of the number of phantom stock options to be awarded**

The total number of phantom stock options that the governing body proposes to award to the beneficiary is equal to 33,000.

The virtual strike price of each phantom stock option (grant price = B) is Euro 121.40, corresponding to share value at the end of the 2013 financial year, which has been considered the highest value recorded by the shares, as at the closing date of the financial year, in the last three years, while the reference value (final price = A) will be the arithmetical mean of the official 'Tod's share prices in the month following the approval of the consolidated financial statements for the 2018 financial year (i.e. from the date of the approval of the consolidated financial statements for the 2018 financial year to the same date in the subsequent month, these dates being included).

Therefore, the cash payment determined by the exercise of the phantom stock options will be calculated according to the following formula:

$$(A - B) \times \text{number of phantom stock options} = \text{gross fees to be paid.}$$

Should the final price (A) be equal to or less than the grant price (B), the Phantom Stock Option Plan will not give rise to any payment of fees.

As has already been stated, this proposal has been formulated taking the beneficiary's total remuneration into account and, of course, the objective that the incentives in the Plan intend to pursue over a medium- to long-term time horizon. Specifically, the virtual strike price (grant price) is an incentive element in the Plan which is submitted for approval by the Shareholders' Meeting and the period referred to in order to determine the final price of 'Tod's shares (i.e. the month following the approval of the consolidated financial statements for the 2018 financial year) is considered appropriate to allow the consolidated results obtained by the management in 2018 to be reflected in the market price of 'Tod's shares.

The proposal has been considered by the Board of Directors on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors.

### **2.3.1 Additional information**

In accordance with Principle 6.P.2 of the Self-Regulatory Code and in the implementation of the current Remuneration Policies approved by the Board of Directors (on the proposal of the Remuneration Committee) on 11 November 2015, the Plan constitutes a variable medium- to long-term component of the Managing Director's remuneration, Stefano Sincini, and its purpose is to link a part of his fees to the rise in the value of the Tod's share price in the regulated market over a medium- to long-term time horizon, to the benefit of our Shareholders in general.

As has already been explained, the Board of Directors – on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors - has determined the number of phantom stock options to be awarded to the beneficiary by taking account of the total fees paid to the Managing Director, Stefano Sincini. The characteristics of the Plan (virtual strike price, vesting period, payment period) are considered consistent with the objectives of providing an incentive, gaining the recipient's loyalty and retaining his services which are at the basis of this Phantom Stock Option Plan, in the awareness that the most suitable benchmark for the quantification of the creation of value for our Shareholders is an appreciation in the market value of the Company's shares.

### **2.4 Reasons for the decision to possibly provide for remuneration plans based on financial instruments other than those issued by the Issuer**

This provision is not applicable as the Plan is based only on the value difference of the ordinary shares of Tod's S.p.A..

### **2.5 Significant tax and accounting effects**

There are no significant tax and accounting effects which could have affected the definition of the Plan.

### **2.6 Support to the Plan from the special Fund for the promotion of the participation of workers in businesses, referred to in Article 4, paragraph 112, of Law no. 350 of 24 December 2003.**

Not applicable.

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### **3. APPROVAL PROCEDURE AND TIME LIMITS FOR THE AWARD OF VIRTUAL OPTIONS**

#### **3.1 Powers and duties delegated by the Shareholders' Meeting to the Board of Directors**

On 29 February 2016 the Board of Directors, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, resolved to submit for approval by the Shareholders' Meeting to be held on 20 April 2016 the Phantom Stock Option Plan for the award of no. 33,000 virtual options to the Managing Director, Stefano Sincini.

The proposed resolution submitted to the Shareholders' Meeting includes the appointment of the Board of Directors – which may delegate powers, if required, to the Remuneration Committee – to implement and manage the Plan, including any and all widest powers, with no exception, including the power to make all such amendments to the Plan as may be considered necessary or appropriate for the Plan to be executed perfectly.

#### **3.2 Persons responsible for administering the Plan**

The proposed approval of the Phantom Stock Option Plan provides that the Shareholders' Meeting delegates its management to the Board of Directors, which, in its turn, may instruct the Remuneration Committee to do so.

#### **3.3 Procedures for the review of the Plan**

In addition to the provisions laid down in paragraph 4.23 below, the Plan may be amended or supplemented by the Board of Directors – with the help of the Remuneration Committee - while considering the interests of the Company, but always provided that the conditions of the Plan are not revised to the beneficiary's detriment.

#### **3.4 Procedures for determining the availability and award of the shares**

The virtual options to be granted to the beneficiary free of charge will entail the right to obtain the payment of a sum of money linked to the rise in the value of Tod's shares in the regulated market over a medium- to long-term time horizon.

### **3.5 Role played by each director in determining the features of the Plan**

The decision to submit the Plan for approval by the Shareholders' Meeting, with any related terms and conditions, was taken by the Remuneration Committee, which is entirely composed of non-executive independent Directors, in accordance with the Remuneration Policies adopted by the Company, as well as with the best practice followed at domestic and also international level and in compliance with the current Self-Regulatory Code which the Company complies with.

The proposal that will be submitted for approval by the Shareholders' Meeting to be held on 20 April 2016 was approved by the Remuneration Committee on 29 February 2016 and, therefore – on the proposal of the aforesaid Committee and with the favourable opinion of the Board of Statutory Auditors – by the Board of Directors' meeting that was held on the same date.

### **3.6 Date of the resolution passed by the body competent to submit the proposed Plan to the Shareholders' Meeting**

The Board of Directors, on the proposal of the Remuneration Committee at the meeting held on 29 February 2016, resolved to submit the Plan for approval by the Shareholder's Meeting to be held on 20 April 2016 in the course of the meeting held on 29 February 2016.

### **3.7 Date of the decision made by the competent body as to the award of virtual options and of the Remuneration Committee's proposal to the aforesaid body**

This provision is not applicable as the Plan must still be approved by the Shareholders' Meeting.

### **3.8 Market price of Tod's shares as at the dates of the decisions relating to the proposed Plan**

As at 29 February 2016 the price of the ordinary shares of Tod's S.p.A. in the Electronic Stock Market (*Mercato Telematico Azionario*) operated and managed by Borsa Italiana S.p.A. was equal to Euro 69.85 (source: Borsa Italiana).

Virtual options that will be awarded to the beneficiary free of charge are not traded on regulated markets.

### **3.9 Considerations regarding the possibility of the disclosure of inside information at the time of setting out the time limits for awarding the virtual options**

The decisions as to the award of virtual options shall be made by the Board of Directors on the proposal of the Remuneration Committee.

As far as this is concerned, since the virtual options awarded will be personal and non-transferable between living persons and may not be exercised immediately but only at the end of the vesting period on the vesting conditions laid down in this Information Document, the Company does not consider it is necessary to take any particular precautions, on the date they are awarded, against the possibility of disclosing inside information. In fact any inside information disclosed at the time the phantom stock options are awarded will have no effect on the Plan's beneficiary, who may not exercise the virtual options that have been awarded to him free of charge.

It is understood that the entire implementation procedure will take place, in any case, in full compliance with the Company's disclosure obligations in order to ensure transparency and equal treatment in the information given to the market.

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## **4. FEATURES OF THE INSTRUMENTS AWARDED**

### **4.1 Description of the forms in which the Plan is structured**

According to the Plan, a determined number of phantom stock options, i.e. virtual and personal options, non-transferable between living persons, are awarded to the beneficiary free of charge and on a personal basis. They grant the beneficiary, on the terms and conditions laid down in this Information Document, not the right to subscribe and/or buy Tod's shares, but the right to be paid an amount of money which corresponds to the rise in the value of Tod's shares recorded in the Electronic Stock Market (*Mercato Telematico Azionario*) organised and operated by Borsa Italiana, as specified in paragraph 2.3 above.

#### **4.2 Period of actual implementation of the Plan**

According to the Plan, the beneficiary will be granted 33,000 phantom stock options free of charge, which may be “exercised” (i.e. will give him the right to be paid the bonus referred to above) at the end of the vesting period, subject to the fulfilment of the vesting conditions laid down in this Information Document.

The vesting period lasts from the date on which the virtual options are awarded to the end of the reference period, when the final price of Tod’s shares will be determined (one month from the approval of the consolidated financial statements for the 2018 financial year, as specified in paragraph 2.3 above).

Over-performance fees, if payable, will be paid out within 30 days from the end of the vesting period.

#### **4.3 The Plan’s term**

The Plan will last until the end of the phantom stock option exercise period (30 days from the end of the vesting period), subject to the fulfilment of the conditions for exercising the right, i.e. *(i)* that there is a positive difference between the final price and the grant price, as specified in paragraph 2.3, and *(ii)* that the beneficiary is still in the relevant relationship with the Tod’s Group as at the closing date of the 2018 financial year.

#### **4.4 Maximum limit to the number of virtual options awarded in each tax year**

The Plan does not set a maximum limit to the number of virtual options that can be awarded in a single tax year.

In any case, the maximum number of virtual options that may be awarded under the Phantom Stock Option Plan amounts to a total of 33,000.

#### **4.5 Procedures and clauses for the implementation of the Plan**

As regards the procedures and clauses for the implementation of the Plan, reference should be made to the provisions laid down in the individual paragraphs of this Information Document.

Specifically, as already stated in paragraph 2.3, the number of virtual options that will be awarded to the beneficiary will amount to a total of 33,000.

The exercise of virtual options and therefore the right to be paid a cash bonus will be subject to the fulfilment of the following conditions, i.e. *(i)* that there is a positive difference between the final price of Tod's share (arithmetical mean of the official Tod's shares prices in the month following the approval of the consolidated financial statements for the 2018 financial year) and its grant price (Euro 121.40), as specified in paragraph 2.3, and *(ii)* that the beneficiary is still in the relevant relationship with the Tod's Group as at the closing date of the 2018 financial year.

#### **4.6 Restrictions on the availability of virtual options or of the shares arising from the exercise of the same**

According to the Plan, the virtual options rights granted free of charge and on a personal basis may not be transferred for any reason except death; in this case the virtual options granted to the deceased beneficiary may be exercised by his/her successors at the time of vesting of the options, according to the procedures set out in paragraph 4.8 below.

The virtual options granted to the beneficiary will have a vesting period which is appropriate to the purpose of this Plan, also taking account of the provisions laid down in the Remuneration Policies in accordance with the recommendations laid down in Application Criterion 6.C.2 of the Self-Regulatory Code. Specifically, the vesting period set by the Board of Directors, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, lasts from the date on which the virtual options are awarded to the end of the reference period, when the final price of Tod's shares will be determined (one month from the approval of the consolidated financial statements for the 2018 financial year, as specified in paragraph 2.3 above).

As this is a Phantom Stock Option Plan, the exercise of the virtual options will not involve the beneficiary in buying shares but will only give the beneficiary the right to receive – at the end of the vesting period - a cash bonus provided *(i)* that there is a positive difference between final price and grant price, as specified in paragraph 2.3, and *(ii)* that the beneficiary is still in the relevant relationship in the governance of the Tod's Group at the end of the 2018 financial year.

**4.7 Conditions subsequent (if any) in relation to the Plan if the beneficiary carries out hedging transactions which allow him to neutralise prohibitions on selling**

Not applicable.

#### **4.8 Effects of the termination of the relevant relationship**

The right to exercise the virtual options and receive a cash bonus will be genetically and functionally linked and subject to the beneficiary still being in the relevant relationship in the governance of the Tod's Group as at the closing date of the 2018 financial year.

Consequently, the phantom stock options will be cancelled in the event of the termination of the relevant relationship for any cause before this date, except in cases of retirement, permanent invalidity or other causes of termination other than dismissal for a just cause or voluntary resignation, including the death of the beneficiary. In these cases the Board of Directors will take the action which it considers most appropriate, at its absolute discretion, with the help of the Remuneration Committee.

#### **4.9 Other causes (if any) of the cancellation of the Plan**

Except as previously stated, at present there is no provision for other causes of the cancellation of the Plan, but such causes may be stipulated when it is implemented.

At the time of the implementation of the Plan, the Board of Directors will establish claw-back mechanisms consistent with the principles laid down in the Remuneration Policies adopted by the Company, in accordance with the recommendations laid down in the Self-Regulatory Code.

#### **4.10 Reasons for including a redemption clause**

At present there is no provision for the Company to redeem the virtual options that have been awarded free of charge.

As has already been stated, at the time of the implementation of the Plan, the Board of Directors will establish claw-back mechanisms consistent with the principles laid down in the Remuneration Policies adopted by the Company.

#### **4.11 Loans (if any) or other concessions for the purchase of shares**

This provision is not applicable because, as this is a Phantom Stock Option Plan, the exercise of the virtual options will not entail the beneficiary's acquisition of shares but only his right to receive – at the terms and conditions laid down in this Information Document - a cash bonus.

#### **4.12 Assessment of the expected cost to the Issuer on the grant date**

It is impossible to calculate the maximum expected cost to the Company when all the conditions are fulfilled on the date of the payment of the cash bonus; the expected cost to the Issuer, however, will be monitored in order to follow the trend at the end of each financial year and any cost involved will be appropriately recognised in the related annual financial statements.

#### **4.13 The Plan's dilutive effects (if any) on the capital**

The Phantom Stock Option Plan will have no dilutive effect on the investments held by the Shareholders.

#### **4.14 Limits (if any) to the exercise of voting rights and granting ownership rights**

This provision is not applicable as the Plan concerns the award of virtual options.

#### **4.15 Information relating to shares not traded on regulated markets**

This provision is not applicable as the Plan concerns the award of virtual options.

#### **4.16 Number of shares underlying each option**

This provision is not applicable as the exercise of the virtual options will not entail the beneficiary's acquisition of shares but only his right to receive – at the terms and conditions laid down in this Information Document - a cash bonus.

#### **4.17 Maturity date of the options**

The maturity date of the virtual options will expire at the end of the vesting period (which lasts from the date on which the virtual options are awarded to the end of the reference period, when the final price of Tod's shares will be determined, as specified in paragraph 2.3 above); as already stated, they may be exercised subject to the fulfilment of the following conditions, i.e. (i) that there is a positive difference between the final price and grant price, as specified in paragraph 2.3, and (ii) that the beneficiary is still in the relevant relationship with the Tod's Group as at the closing date of the 2018 financial year.

#### **4.18 Procedures, time limits and clauses for the exercise of options**

At the end of the vesting period, the virtual options will be exercised automatically subject to the fulfilment of the following conditions, i.e. (i) that there is a positive difference between the final price and grant price, as specified in paragraph 2.3, and (ii) that the beneficiary is still in the relevant relationship with the Tod's Group as at the closing date of the 2018 financial year.

When the vesting conditions are fulfilled the Company will pay the bonus to the beneficiary within 30 days after the end of the vesting period.

#### **4.19 Strike price of options or procedures and criteria for its calculation**

The virtual strike price of each phantom stock option has been set by the Board of Directors – on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors - at Euro 121.40.

#### **4.20 Reasons for the difference (if any) between strike price and market price**

As already stated, the virtual strike price of each phantom stock option is the value of Tod's share at the end of the 2013 financial year, set – by the Board of Directors, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors - as the highest value recorded by the shares, as at the closing date of the financial year, in the last three years; the purpose of the incentive, therefore, is to reward over-performance.

**4.21 Criteria on the basis of which there is provision for different strike prices among various beneficiaries**

Not applicable.

**4.22 Value attributable to the financial instruments underlying the options not traded on regulated markets**

Not applicable.

**4.23 Criteria for adjustments necessary as a result of extraordinary capital transactions or other transactions entailing changes in the numbers of underlying Shares**

The Board of Directors is entitled to make all such amendments and additions to the Plan as may be necessary or appropriate at its exclusive and absolute discretion, without detriment to the beneficiary, if particular events involving the Company occur, such as, for example, capital transactions or in any case extraordinary transactions (capital increases, mergers, demergers, contributions, , etc.), and whenever such action is in the Company's interests, in compliance with the rights acquired by the beneficiary.

In making said amendments, the Board of Directors will be supported by the Remuneration Committee.

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Sant'Elpidio a Mare, 29 February 2016

For the Board of Directors  
The Chairman  
Diego Della Valle