



SHAREHOLDERS' MEETING ON APRIL 23 2020

LONG TERM INCENTIVE PLAN 2020-2022
INFORMATION DOCUMENT

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Pursuant to art. 84 bis Consob Regulation no. 11971 of May 14,1999

(This document was approved by the Board of Directors on March 10, 2020 and is available on the Company's website
www.telecomitalia.com)

INTRODUCTION

On March 10, 2020 the Board of Directors of Telecom Italia S.p.A. ("TIM", the "Company" or the "Issuer"), based on the investigations made by the Nomination and Remuneration Committee, approved the proposal for the *Long Term Incentive Plan* 2020-22 (the "Plan") to be submitted to the Shareholders' Meeting called for April 23, 2020. With this initiative, we hope to open a new phase in TIM's remuneration policy, through a major overhaul of the Company's long term incentive architecture, using a rolling approach, whereby each year we will launch a separate three-year incentive cycle (2020-2022, 2021-2023, 2022-2024), homogeneous with and instrumental to the corresponding business planning cycles, it being understood that the inclusion of managerial personnel will take place separately for each incentive cycle.

This information document has been drawn up pursuant to the Issuers' Regulations (Consob resolution 11971/1999 and subsequent amendments) to disclose the terms and conditions of the Plan.

Any information that is not available at the time of approval by the Shareholders' Meeting of the proposal, will be disclosed in due time, in compliance with applicable regulations.

DEFINITIONS

- CEO – The *pro tempore* Chief Executive Officer and General Manager of the Company.
- Shares – The ordinary shares of the Company, without par value, listed on the MTA electronic share market organised and managed by Borsa Italiana.
- Base Salary – The fixed annual remuneration granted to the Beneficiary for her/his employment relationship, for the CEO integrated by the fixed component of compensation for her/his directorship role.
- Beneficiaries – The CEO and the senior executives working for the Company or the Subsidiaries who are beneficiaries of the Plan.
- Incentive Cycle – Each of the three-year periods 2020–2022 (2020-2022 Cycle), 2021–2023 (2021-2023 Cycle), 2022–2024 (2022-2024 Cycle).
- Claw-back – The recovery of all or part of the Shares allotted free of charge (less those sold in order for the Beneficiary to pay the tax charges arising from the Plan), or of their Normal Value at the Maturity date, which can be enforced by the Company in the three years following payment, if they were granted as a result of fraud or other malicious or negligent conduct by the parties concerned, or on the basis of data that later turned out to be incorrect, with consequent restatement of the financial statements.
- Continuity of Employment – the continuation of the Beneficiary's employment without a break at TIM or another Subsidiary.
- Subsidiaries – Each company that at any given time is directly or indirectly controlled by TIM, pursuant to art. 2359 of the Italian Civil Code, and based in Italy.
- ESG Factors – The payout correction factor of Performance Shares and Attraction/Retention Shares, set at +/-4% for the 2020-2022 Cycle represented by two indicators given the same weight: (i) growth in the percent of renewable energy on the total energy and (ii) and the reduction of CO2 emissions.

- Gate – The payout condition of the Performance Shares, represented by the fact that the Normal Value of the Share at the end of the vesting period of the specific Incentive Cycle is equal to or greater than the Normal Value of the Share at the start of the same Incentive Cycle.
- Group – TIM and its Subsidiaries.
- Lock-up – The period of two calendar years in which the Shares allotted at Maturity of each Incentive Cycle remain unavailable, non-transferable and blocked in the share deposit accounts created for this purpose by the Issuer, to which the Shares will be credited. The number of Shares that need to be sold in order to pay taxes owed by the Beneficiary (i.e. “sell to cover”) is excluded from the Lock-up.
- Maturity – The moment the board approves the Group's consolidated financial statements respectively at December 31, 2022 (2020-2022 Cycle), at December 31, 2023 (2021-2023 Cycle), at December 31, 2024 (2022-2024 Cycle), with the concurrent assessment of the Continuity of Employment, achievement of the Gate, the level of achievement of the Performance Parameters, achievement of the ESG Factors.
- Performance Parameters – With respect to the 2020-2022 Cycle the performance of the Shares on the stock market, compared to a basket of securities issued by a panel of peers (weight: 60%), and the target Net Financial Position/EBITDA ratio at the end of 2022, as resulting from the 2020-2022 business planning (weight: 40%).
- Performance Shares – Rights to the free allocation of Shares to the Beneficiaries upon Maturity, subject to reaching the Gate, in a number varying from a minimum to a maximum depending on the degree to which the Performance Parameters have been achieved with respect to the single Incentive Cycle, subject to the application of ESG Factors.
- Attraction/Retention Shares – Rights to the free allocation of Shares to the Beneficiaries, subject to the Continuity of Employment until the end of each Incentive Cycle, in a fixed number established at the time of attribution of the Plan, subject to the application of ESG Factors.
- Normal Value - The arithmetic mean of the official prices of Shares recorded from the trading day prior to the relevant starting date up to the thirtieth day of the previous ordinary calendar (both terms included) on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., using as a divider only the days to which the quotations taken as the basis for the calculation refer, with truncation to the second decimal place, and subject to the application of appropriate correction factors as per standard market practice.

1. BENEFICIARIES

The Plan is reserved to the Chief Executive Officer and to members of the Group's management, as identified by TIM's Board of Directors at its own discretion (at the proposal of the Chief Executive Officer), after approval of the Plan by the Shareholders' Meeting, from among those executives deemed to be deserving of incentivisation and retention based on operational considerations.

1.1. Names of the Beneficiaries who are members of the Board of Directors of the Issuer or the Issuer's controlling companies or the Subsidiary Companies

The Beneficiaries will be identified by TIM's Board of Directors only after the Plan has been approved by the Shareholders' Meeting, without prejudice to the inclusion of the CEO (on the date of approval of the Information Document: Luigi Gubitosi).

1.2. Categories of employees or collaborators of the Issuer or the Issuer's parent companies or subsidiaries

The Beneficiaries will be identified, in due time, from among executives with permanent employment contracts with the Company or its Subsidiaries based in Italy, without prejudice to the inclusion of the Chief Executive Officer (on the date of approval of this Information Document: Luigi Gubitosi).

1.3. Names of Beneficiaries in the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Schedule 7, of the Issuers' Regulations

The reader is referred to paragraphs 1.1 and 1.2. above.

1.4. Description and indication of the number of Beneficiaries, separated into the categories indicated in point 1.4, letters a), b) c) and d) of Annex 3A, Schedule 7, of the Issuers' Regulations

The reader is referred to paragraphs 1.1 and 1.2. above.

2. REASONS FOR ADOPTION OF THE PLAN

2.1. Objectives to be achieved by application of the Plan

The objective of the initiative is to provide an incentive for the Beneficiaries to achieve the strategic objectives of the Group, as defined each year in the business plan, aligning the interests of members of management who hold positions deemed crucial for the purposes of the company's business and the interests of TIM's shareholders, in terms of increasing the value of the Shares over the medium-long term. In order to ensure

- consistency of the tool with the goal of providing incentives to Beneficiaries on the strategic priorities identified over time by the Company's Board of Directors, as well as
- alignment over time of the pool of Beneficiaries with the evolution of the management team,

the Plan will be divided into three successive Incentive Cycles, homogeneous with and instrumental to the corresponding business planning cycles, it being understood that the inclusion of managerial personnel will take place separately for each Incentive Cycle.

The three-year vesting period related to the length of the Incentive Cycles and the further Lock-up period distribute the benefits of the Plan over an appropriate and consistent period of time with the aim of aligning the management's remuneration with the long-term interests of the shareholders.

It is considered that the main features of the proposed measure are consistent with market practices for share plans (3-year vesting period, balance between market/non-market performance indicators, the presence of lock-up and claw-back provisions) as well as with best practice in terms of integrating the sustainability indicators of the business activity into the corporate remuneration policy.

2.2. Key variables, including performance indicators, considered for the purpose of the application of the Plan

The bonus levels are defined in terms of pay opportunity, according to the following principles of TIM's remuneration policy, in which the Plan is seen as a key feature:

- management pay structure balanced between a fixed component (reflecting the powers and/or responsibilities assigned) and a short and long term variable component (commensurate with the performance of the individual and the company);
- consistency of total remuneration with market benchmarks, as applicable to similar positions or roles involving comparable responsibility and complexity. To this end, the Company makes its comparisons with the external market through panels of international companies in the telecommunications sector (American Movil, AT&T, BT Group, Deutsche Telekom, Koninklijke KPN, Orange, Proximus, Swisscom, Telefonica, Telekom Austria, Telenor, Telia Company, Verizon Comm., Vodafone) and Italian companies considered significant and comparable in size and/or market capitalisation (Atlantia, Campari, Enel, ENI, FCA, Leonardo, Prysmian Group, Saipem, Snam, Terna), as per the Report on the remuneration policy and the remuneration paid;
- variable remuneration of management roles with greater influence on business results characterised by a significant (and growing) incidence of the long term incentive component.

In the context of the Company's comprehensive remuneration policy, the focus of the Plan is obviously on company performance, but the quality of the Beneficiary is also important, since the target measure of the award with respect to the base salary is subject to change also based on merit and an qualitative assessment of individual staff members: see paragraph 2.3.

For the 2020-2022 Cycle, the choice of performance indicators relating to the Performance Share component (exclusive to the CEO) considers the situation regarding company stock as well as the internal strategic priorities, identifying concise parameters reflecting the growth, consolidation and leadership targets pursued, in terms of expectation of stock market return on investment of the shareholders and deleveraging. Based on similar criteria, the Board of Directors will identify the indicators in the subsequent Incentive Cycles, following analysis by the Nomination and Remuneration Committee. At the same time (for the remaining pool of Beneficiaries, other than the Chief Executive Officer), the Plan aims to provide TIM's remuneration policy with an effective retention tool to retain qualified management and increase the attractiveness of the company's remuneration policy from outside the company (Attraction/Retention Share component). In the current transformation and change management phase, it is essential that TIM is able to acquire talents from the labour market, by offering competitive remuneration packages in terms of the qualitative mix of the remuneration tools used, as well as from a quantitative standpoint. Finally, it was sought to seize the opportunity to tangibly enhance, in the form of a corrective *bonus/malus* system, the strategic ESG targets set by the Company as an essential component in defining its business strategies.

The considerations set out above, led to the proposal to structure the Plan around the two components of Attraction / Retention Shares and Performance Shares and the choice of Performance Parameters and the ESG Factors.

It should be noted that, in order to prevent overlapping with the current 2018-2020 LTI plan, managers (including the CEO in office) who qualified as beneficiaries of the 2020-2022 Incentive Cycle will be required to forgo the 2020 award share of the 2018-2020 LTI plan.

2.3. Factors involved in determining the amount of remuneration based on financial instruments, or criteria for its determination

The on-target pay opportunity for each Incentive Cycle is diversified:

- for the CEO it will be 125% of the Base Salary;
- for the remaining Beneficiaries there will be three bands based on the importance of the position held and on a qualitative evaluation of the single manager, with on-target pay opportunities corresponding to 100%, 75% and 50%, respectively, of the Base Salary.

The number of rights allocated will correspond to the quotient between pay opportunity and the normal value of the ordinary share at the time of the launch of each Incentive Cycle, and will be expressed only in Performance Shares for the CEO, in a mix of Performance Shares (70%) and Attraction/Retention Shares (30%) for the remaining Beneficiaries.

As further specified below, the payout at Maturity will be a flat rate for the Attraction/Retention Shares component, and variable for the Performance Shares component (as per paragraph 4.5 below), without prejudice to the application of the two components of the ESG Factors and without prejudice to the overall share basket available to the entire Plan, in a maximum 180,000,000 Shares.

2.4. Reasons for any decision to attribute compensation plans based on financial instruments not issued by the Issuer

Not applicable.

2.5. Evaluation of significant tax and accounting implications that have influenced the definition of the Plan.

No significant accounting or tax implications have influenced the definition of the Plan.

2.6. Any support for the Plan from the special fund for encouraging employee ownership of firms pursuant to Art. 4, subsection 112, of Law No. 350 of 24 December 2003

The Plan does not receive support from the special fund for encouraging employee ownership of firms.

3. APPROVAL PROCESS AND TIMETABLE FOR ALLOCATION OF THE INSTRUMENTS

3.1. Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for implementing the Plan

The powers delegated to the Board of Directors include:

- powers to approve (and where necessary update) the rules of the Plan;
- powers to identify, at their discretion, the Beneficiaries, on the proposal of the Chief Executive Officer;
- powers to establish the pay opportunity of each Beneficiary, within the incentive range specified in point 2.3;

- powers to select the exact indicators to be used as Performance Parameters and ESG Factors with respect to the 2021-2023 Cycle and the 2022-2024 Cycle.

3.2. Parties in charge of administering the Plan and their functions and duties

The Board of Directors is assigned responsibility for the administration of the Plan, through the corporate functions for those aspects within their competence, and may also delegate all or part of its powers to the Chief Executive Officer, with respect to Beneficiaries other than the same Chief Executive Officer.

3.3. Any procedures in place for revising the Plan also in relation to possible changes to the underlying objectives

Should any extraordinary event concerning the Company or change to the regulatory framework which could have an impact on the Plan occur, the Board of Directors will have the power, after obtaining the assent of the Nomination and Remuneration Committee and without requiring further involvement of the Shareholders' Meeting, to make amendments or additions to the rules of the Plan aimed at keeping the substantial and economic contents of the Plan unchanged, within the limits permitted by the resolutions passed by the Shareholders' Meeting of April 23, 2020 (including the maximum number of Shares to serve the Plan) and by the law as applicable at the time.

3.4. Description of how the availability and allocation of the financial instruments on which the Plan is based are established

To service the initiative the Shareholders' Meeting of April 23, 2020 will be asked to issue in several tranches, within the deadline of December 31, 2025, a maximum of 180,000,000 new Shares, with regular dividend entitlement, pursuant to Article 2349 of the Italian Civil Code and without a share capital increase, granting the Board of Directors all necessary or appropriate powers to execute the individual share issue tranches, defining the amount of Shares to allocate free of charge to the Beneficiaries.

It is also proposed to empower the Board of Directors, where deemed necessary or appropriate, to satisfy the Plan, in whole or in part, by using the Company's treasury shares in the Company's portfolio at any time. The Board of Directors therefore also asks the Shareholders' Meeting of April 23, 2020 for authorisation to use the aforementioned treasury shares.

3.5. Role played by each director in determining the features of the Plan; any conflict of interest involving the directors concerned

The analysis of the design of the Plan was carried out by the Nomination and Remuneration Committee (composed of Directors Altavilla – Chairman, Bonomo, Capaldo, Sabelli and Valensise, all qualified as independent), with support provided by the company's management and Mercer Italia.

The Board of Directors has taken the relevant decisions in view of the Shareholders' Meeting (with the Chief Executive Officer abstaining, as he is a Beneficiary), acting on the unanimous proposal of the Nomination and Remuneration Committee.

The subsequent board resolutions for the approval of the Plan rules and the application and launch of each Incentive Cycle and any other decision related to administering the Plan will be adopted in compliance with the provisions

concerning the interests of Directors, related party transactions and the remuneration of executive directors, where applicable.

3.6. Date of the decision taken by the body competent to propose the approval of the Plan to the Shareholders' Meeting and of the proposal of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has reviewed the general architecture of the Plan and the indicators to be adopted as Performance Indicators and ESG Factors in the 2020-2022 Cycle, after a preliminary analysis to assess the need to revise the corporate remuneration policy (also in light of the feedback from analysts and investors, on occasion of the Shareholders' Meeting of March 29, 2019), in the meetings held on January 22, February 19 and March 4, 2020.

The Board of Directors, which had already been informed of the preliminary analyses carried out during the review of the corporate remuneration policy guidelines (meeting on December 19, 2019), discussed the measure, making observations and suggestions, at the meetings held on January 29 and February 27, 2020, and then approved the proposal to be submitted to the Shareholders' Meeting (with unanimous approval), with the CEO abstaining, during the proceedings on March 10, 2020, alongside the approval of the 2020-2022 business plan and within the framework of the 2020 remuneration policy.

3.7. Date of the decision taken by the competent body concerning allocation of the instruments and any proposal made to such body by the Nomination and Remuneration Committee

The Plan is subject to the approval of the Shareholders' Meeting called for April 23, 2020. Subsequently, if the Plan should be approved, the Board of Directors will meet to take the relevant decisions for implementing the Plan, after the Nomination and Remuneration Committee has analysed the related rules and at the proposal of the Chief Executive Officer regarding the identification of the Beneficiaries.

3.8. Market price of the Shares recorded on the aforementioned dates

The official price of the Shares on the MTA electronic share market organised and managed by Borsa Italiana S.p.A. was as follows:

- January 22, 2020 – 0.5001 euros
- January 29, 2020 – 0.5138 euros
- February 19, 2020 – 0.5232 euros
- February 27, 2020 – 0.5245 euros
- March 4, 2020 – 0.4808 euros
- March 10, 2020 – 0.3823 euros

3.9. Time limits and procedures by which the Issuer, in identifying the calendar for the allocation of the instruments to implement the Plan, takes into account the possible timing coincidence between: (i) such award or any decisions taken in this regard by the Nomination and Remuneration Committee and; (ii) the dissemination of any relevant information pursuant to article 114, subsection 1 of the CLF

The effective transfer to the Beneficiaries of the Shares under each Incentive Cycle shall take place upon Maturity, subject to the non-discretional assessment of the Continuity of Employment, the level of achievement of the Performance Parameters (limited to the Performance Shares Plan), applicability of the ESG Factors, and without prejudice to the subsequent Lock-up, as well as the applicability of the Claw-back. In light of the foregoing, the Company does not envisage any particular provisions in relation to the situations referred to above, while respecting the applicable regulations.

4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ALLOCATED

4.1. Description of how the Plan is structured

The Plan provides for the free allocation of Shares to the Beneficiaries, the effective transfer of which shall take place on Maturity of each Incentive Cycle, depending on the applicable conditions and parameters of the two components Performance Shares and Attraction/Retention Shares (in addition to compliance with the early termination provisions set out in point 4.8).

4.2. Indication of the period of actual implementation of the Plan with reference also to any different cycles envisaged

The Plan includes three different Incentive Cycles: 2020-2022 Cycle, 2021-2023 Cycle, 2022-2024 Cycle.

The free allocation of the Shares under the Plan to the Beneficiaries, with the consequent crediting to the share accounts in their names, prepared for this purpose by the Issuer, shall take place separately for each Incentive Cycle in relation to the corresponding Maturity.

4.3. Expiration of the Plan

Each Incentive Cycle will expire upon the respective Maturity, with consequent crediting of any Shares to the share accounts of the Beneficiaries, without prejudice to their subsequent Lock-up and subject to Claw-back.

4.4. Maximum number of shares allotted in each tax year to persons identified by name or indicated by category

There is no prior allocation of the Shares basket provided for in the Plan between the three subsequent Incentive Cycles, without prejudice to the criteria for determining the pay opportunity referred to in subsection 2.3 and the maximum limit of Shares servicing the Plan (180,000,000).

Maturity shall occur separately in 2023 for the 2020-2022 Cycle, in 2024 for the 2021-2023 Cycle, in 2025 for the 2022-2024 Cycle, with the concurrent issue of the Shares for which the Board of Directors will ascertain the right of allocation to the relative Beneficiaries.

4.5. Plan-implementing procedures and clauses, specifying whether actual allocation of the Shares is subject to the fulfilment of conditions or to the achievement of specific results, including performance results

The Performance Shares of each Incentive Cycle accrue, subject to meeting the respective Gate condition, in a number varying depending on the level of achievement of the Performance Parameters as ascertained by the Board of Directors at the time of approval of the Group's consolidated financial statements for the years ended December 31, 2022 (2020-2022 Cycle), December 31, 2023 (2021-2023 Cycle), December 31, 2024 (2022-2024 Cycle). With respect to the 2020-2022 Cycle, the Performance Parameters consist of the stock relative performance and Net Financial Position / EBITDA ratio.

The relative performance of the Share (weight: 60%) will be calculated by verifying TIM's *Total Shareholders Return* ranking with respect to a basket of peers comprising BT, Deutsche Telekom, Elisa, KPN NV, Orange, Proximus, Swisscom, Telefonica, Telekom Austria, Telenor, Telia, Vodafone. With regard to this parameter, the payout metric provides for:

- minimum, when ranked at 7th,
- target, when ranked 4th,
- maximum, when ranked 1st,

with linear interpolation in case of value at intermediate levels.

For the 2020-2022 Cycle, the Performance Parameter represented by the *Net Financial Position/EBITDA* ratio (40%) sets a target for the first cycle of 2.98 with the following payout metric:

- as for the CEO
 - minimum: +0.08% with respect to the objective,
 - target: in the event of achieving 100% of the objective,
 - maximum: -0.07% with respect to the objective,
- as for the remaining managers
 - minimum: +0.25% with respect to the objective,
 - target: in the event of achieving 100% of the objective,
 - maximum: -0.07% with respect to the objective,

with linear interpolation in case of value at intermediate levels.

The payout curve is different for the CEO and the remaining Beneficiaries:

- as regards the CEO (who will only be allocated Performance Shares) the payout as a percentage of the Base Salary is 75% (minimum), 125% (target), and 200% (maximum);
- as regards the remaining Beneficiaries, a range of linear variability is envisaged 50%-100%-150% of the number of Shares subject to Performance Shares, where the Attraction/Retention component is subject to on/off conditions represented by the Continuity of Employment.

For all Beneficiaries and for both components of the Plan, the number of Shares actually assigned will be the result of the application of the ESG Factors to the sum of the accrued Performance Shares and Attraction/Retention Shares. This correction for the 2020-2022 Cycle is calculated as the arithmetic mean of the two indicators:

- growth in the percentage of renewable energy on the total energy, with a 5 pp annual growth target;
- reduction of indirect CO2 emissions, with a target of achieving at the end of the 2020-2022 Cycle -33% with respect to 2019.

The achievement (or failure of achievement) of the stated targets will determine the application of the upward (or downward) adjustment factor.

4.6. Information on any restrictions on the availability of the Shares under the Plan

Both the Performance Shares and the Attraction/Retention Shares will be allocated to the Beneficiaries on a personal basis, and cannot be transferred or subject to pledges or liens, nor may they constitute the object of any disposal act whatsoever.

After Maturity, the Shares credited to the individual share accounts of the Beneficiaries prepared for this purpose by the Issuer shall be subject to Lock-up and Claw-back mechanisms.

4.7. Description of any resolatory conditions in relation to the application of the Plan in the event that the Beneficiaries should perform hedging operations enabling the neutralisation of any bans on the sale of the Shares resulting from the vesting of the performance shares

Not provided for.

4.8. Description of the effects arising from termination of employment

In case of premature death or termination of the Continuity of Employment due to (i) retirement; (ii) consensual termination with maintenance of the Performance Shares (in any case subject to the Beneficiary's entering into a non-compete agreement for a period of no less than 6 months); (iii) placement outside the perimeter of the Group, for any reason, of the company the Beneficiary is employed by/collaborates with; (iv) dismissal for justified objective reasons; (v) total and permanent invalidity, the Performance Shares, in a number to be reduced in proportion to the portion of Incentive Cycles already passed, shall remain susceptible to Maturity (therefore without accelerated vesting), provided that the termination event takes place after January 1, 2021.

The Attraction/Retention Shares will definitively be extinguished without any form of restoration in case of death of the Beneficiary or if the Continuity of Employment requirement is no longer met for any reason.

4.9. Indication of any other grounds for cancellation of the Plan

The Plan does not have any grounds for cancellation.

4.10. Reasons for an option for the company to “buy back” the financial instruments underlying the plan, introduced pursuant to article 2357 et seq. of the Italian Civil Code

The Plan does not provide for buy back by the Company.

4.11. Any loans or other credit facilities that are to be granted for the purchase of the Shares pursuant to Article 2358, subsection 3 of the Italian Civil Code

Not applicable.

4.12. Indication of the cost the Company is expected to incur at the time of the allocation, as may be determined on the basis of the already defined terms and conditions, in total and for each financial instrument

At the date of this document, it is not possible to indicate the exact amount of the expected cost of the Plan for the Issuer, as this cost depends on the maximum number of rights actually allocated and matured in each Incentive Cycle, determined in the manner explained above.

Pursuant to IFRS 2 (Share-based payment), the Company and, where applicable, each Subsidiary, for the part pertaining to them, will measure the fair value of the allocated rights throughout the vesting period. This amount will be recognised *pro-rata temporis* in the separate profit and loss account throughout each Incentive Cycle with an item in personnel costs as a counter-entry to a net equity reserve. These expenses recognised under personnel costs may be deducted for IRES and IRAP purposes by the Company and by each Subsidiary with registered offices in Italy where IFRS 2 is applicable, for the portion pertaining to it.

4.13. Indication of any capital dilution effects caused by the Plan

A maximum of 180,000,000 Shares, subject to issuance pursuant to 2349 of the Italian Civil Code, are allocated to service the Plan, which corresponds to 0.85% of the total existing shares as at December 31, 2019, and 1.18% with respect to the existing ordinary shares only.

The Company's ordinary shares in the Company's portfolio at any time may be used towards the initiative.

4.14. Any restrictions on the exercise of voting right or the attribution of property rights

Without prejudice to the two year Lock-up period, no restrictions are placed on the exercise of voting rights or for the attribution of the economic rights inherent to the Shares subject to allocation free of charge upon Maturity.

4.15. If the shares are not traded on regulated markets, all the information needed to properly assess the value attributed to them

Not applicable.