

Arnoldo Mondadori Editore SpA
Registered office: Via Bianca di Savoia 12, Milan
Share capital EUR 67,979,168.40 fully paid-up
Tax code and Register of Companies of Milan 07012130584 VAT number 08386600152



Shareholders' Meeting
of 21 April 2016 (1st call)
and of 22 April 2016 (2nd call)

Directors Report

Agenda Item 4

Authorization to buy back and trade treasury shares, pursuant to the combined provisions of articles 2357 and 2357-ter of the Italian Civil Code.

Ordinary Shareholders' Meeting 21 April / 22 April 2016
Report of the Board of Directors
Regarding agenda Item 4

Authorization to buy back and trade treasury shares, pursuant to the combined provisions of articles 2357 and 2357-ter of the Italian Civil Code.

Fellow Shareholders,

on 23 April 2015, the Ordinary Shareholders' Meeting granted authorization to buy back up to a maximum of 26,145,834 treasury shares, pursuant to article 2357 of the Italian Civil Code. The buyback period was authorized to last until the approval of the financial statements for the fiscal year ended 31 December 2015.

The authorisation of the shareholders' meeting to purchase a maximum amount of 26,145,834 treasury shares made it possible to reach the 10% limit of the Arnoldo Mondadori Editore S.p.A. (the "Company") share capital.

The buyback share price was determined as follows: the official share price on the day before the buyback was reduced by 20%, and the resulting price was set as the floor; whereas the same official price was increased by 10%, with the result being set as the ceiling. In any case, the conditions laid down in article 5 of Commission Regulation (EC) no. 2273/2003 regarding trading prices and daily buyback volume were fully respected.

On 23 April 2015, the Shareholders' Meeting also authorized the Board of Directors to trade bought back shares or treasury shares, pursuant to art. 2357-ter of the Italian Civil Code. The price or value of each share was not to be lower than 80% of the reference share price recorded during the trading session that took place prior to every single trade.

Subsequently to the resolution of the shareholders meeting, the Company did not purchase the treasury shares, whether directly or indirectly through subsidiaries, and therefore, as at the date of this report, the share capital is equal to 67,979,168.40 Euro divided into 261,458,340 ordinary shares with a nominal value of Euro 0.26 each and the Company holds no treasury shares, whether directly or indirectly through subsidiaries.

In view of the previously established buyback period approved by the Shareholders on 23 April 2015, and in order to preserve the power of the Board of Directors to seize upon any investment or trading opportunities regarding treasury shares, we propose renewing the Board's authorization to buy back shares and to trade bought back shares or treasury shares, effective up until the approval of the financial statements for the fiscal year ended 31 December 2016, or in any case up to a maximum of 18 months from the resolution date. The proposal is based on the following terms:

1. Reasons for requesting authorization to buy back and trade treasury shares.

In line with previous Shareholders' resolutions, the reasons for requesting authorization to buy back and trade treasury shares are based on allowing the Board of Directors:

- to use bought back treasury shares as possible consideration for equity investment, providing it falls under the company's investment policy guidelines;
- to use bought back treasury shares upon the exercise of rights, including conversion rights, that stem from financial instruments issued by the Company, subsidiaries or third parties, and use the treasury shares for exchanges or conferrals of shares or for extraordinary capital transactions or borrowing or incentives that involve assignment or disposal of treasury shares;
- to dispose of any investment or divestment opportunities when deemed to be to the strategic benefit of the Company, and in proportion to available liquidity;
- to trade treasury shares upon the exercise of stock options by beneficiaries of Shareholder-approved Stock Option Plans. The procedures applying to Stock Option Plans can be found in disclosure documents available on www.mondadori.it and published in accordance with article 84 bis of Consob (Italian Securities and Exchange Commission) Regulation no. 11971/1999.

2. Maximum number, class, and nominal value of shares that fall under the proposed authorization.

The authorization refers to the buyback of a maximum number of ordinary shares with a nominal value of EUR 0.26 per share up to 10% of the Company's present share capital. The Company's share capital currently stands at 26,145,834 ordinary shares.

3. Relevant information to fully assess whether the provisions laid down by the Italian Civil Code in article 2357, paragraph 3, have been complied with.

In reference to point 2 above, the maximum number of shares that can be acquired under the proposed authorization is based on a limit of 10% of current share capital, including treasury shares currently held by the Company, of Euro 67,979,168.40 divided into 261,458,340 ordinary shares with a nominal value of Euro 0.26.

Consequently, in compliance with the provisions of article 2357, paragraph 3 of the Italian Civil Code, as it was most recently amended with Legislative Decree of 10 February 2009, in turn converted into law 33 of 9 April 2009, it does not exceed the fifth part of the share capital.

4. Requested duration for buyback authorization.

The duration of the proposed buyback authorization is requested to be up until approval of the financial statements for the fiscal year ended 31 December 2016, and in any case up to a maximum of 18

months from the date on which the Ordinary Shareholders' Meeting passes the relative resolution. In contrast, authorization for the Board to trade treasury shares is requested without time limits.

5. Minimum and maximum consideration.

The minimum and maximum buyback price consideration is based on the same objective criteria as the previous authorization granted by Shareholders. As such, that means the share price must fall within a range that is determined as follows: the official share price on the day before the buyback is reduced by 20%, and the resulting price is set as the floor; whereas the same official price is increased by 10%, with the result being set as the ceiling. In any case, the buyback price abides by the additional conditions laid down in article 5 of Commission Regulation (EC) 2273/2003 and subsequently referred to in paragraph 6.

In accordance with the provisions laid down in article 2357, paragraph 1 of the Italian Civil Code, buybacks will be executed within the limits of the available "surplus reserve", as determined by the latest regularly-approved financial statements.

6. Procedures according to which buybacks will be executed.

Pursuant to article 132 of Legislative Decree 58/1998 and art. 144 bis, paragraph 1, letter b) of the Issuers' Regulation, buybacks shall be executed on regulated markets and in accordance with trading procedures as established by the respective market regulations, so long as these do not permit direct matching of bids with predetermined ask prices. In addition, buybacks shall be executed in full compliance with any other applicable regulations.

Furthermore, buybacks will be carried out in compliance with the conditions laid down in article 5 of Commission Regulation (EC) concerning the volumes and prices of shares. In particular:

- shares shall not be purchased at a price higher than the highest price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
- in so far as volume is concerned, the daily trading volumes shall not be more than 25 % of the average daily volume of the Arnoldo Mondadori Editore S.p.A. share traded in the 20 trading days preceding the date of purchase.

The disposal of bought back shares can take place through the sale of said shares on regulated markets or in accordance with any additional trading procedures and regulations that may apply; they can also be traded as consideration for equity investment, provided it falls under the company's investment policy guidelines. In any case, the price or value assigned to each share shall not be less than 80% of the reference share price recorded during the trading session prior to each trade.

Furthermore, authorization is requested to trade treasury shares upon the exercise of rights, including conversion rights, that stem from financial instruments issued by the company or third parties, at a price which corresponds to the respective strike price or conversion price.

Concerning the trading of treasury shares upon the exercise of options by beneficiaries of Stock Option Plans, the price shall correspond to the relative strike prices of the options.

Resolution proposals

Fellow Shareholders,

If you agree with our proposals, we invite you to approve the following resolutions:

*“The Ordinary Shareholders’ Meeting of Arnoldo Mondadori Editore S.p.A.,
in consideration of the report of the Board of Directors*

resolves

- 1. to authorise, pursuant to article 2357 of the Italian Civil Code, the buyback of a maximum number of ordinary shares with a nominal value of EUR 0.26 per share up to 10% of the company’s present share capital. The company’s share capital currently stands at 26,145,834 ordinary shares. Buybacks will be able to be executed singularly or multiple times, and the share price must fall within a range that is determined as follows: the official share price on the day before the buyback is reduced by 20%, and the resulting price is set as the floor; whereas the same official price is increased by 10%, with the result being set as the ceiling. In any case, trading volume and buyback prices shall fully comply with the conditions laid down in article 5 of Commission Regulation (EC) no. 2273/2003. The duration of this authorization is determined to be up until the meeting to approve the financial statements for the fiscal year ended 31 December 2016, and in any case up to a maximum of 18 months from the date of this resolution;*
- 2. to authorize the Board of Directors, as well as the Chairman and Chief Executive Officer on the Board’s behalf, to proceed with the buyback of shares under the conditions listed above and at the pace deemed to be in the Company’s best interests. This authorization shall apply jointly and severally to the Chairman and Chief Executive Officer, and shall allow them to act by proxy as well. Buybacks shall be executed in compliance with current regulations, and as such – pursuant to article 144 bis, paragraph 1, letter b) of Consob Regulation no. 11971/1999 – they shall be carried out on regulated markets and in accordance with trading procedures as established by the respective market regulations, so long as these do not permit direct matching of bids with predetermined ask prices;*
- 3. to establish – pursuant to the last paragraph of article 2357-ter, of the Italian Civil Code – a part of the surplus reserve as a non-distributable reserve, for an amount equal to the executed buybacks;*
- 4. pursuant to art. 2357-ter of the Italian Civil Code, to grant the Board of Directors, as well as the Chairman and Chief Executive Officer on the Board’s behalf, the authorization to trade shares – at any time, in whole or in part, on one or more occasions, and even before having exhausted all buybacks –*

which have been bought back in accordance with this resolution, in any of the following manners: through the sale of said shares on regulated markets or in compliance with any additional trading procedures and regulations that may apply; as consideration for equity investment, provided it falls under the Company's investment policy guidelines; upon the exercise of rights, including conversion rights, that stem from financial instruments issued by the Company or third parties; as a way to grant the directors themselves the power to establish terms, conditions and procedures as they see fit on each occasion, in compliance with the provisions of law and regulations. The price or value assigned to the shares to be traded shall not be less than 80% of the reference share price recorded during the trading session prior to each transaction. Specifically, this means that upon the exercise of rights, including conversion rights, that stem from financial instruments issued by the Company or third parties, the share price or value shall correspond to the respective strike price or conversion price. This authorization is granted without any restrictions in terms of the time of its validity;

5. *to grant the Board of Directors, as well as the Chairman and Chief Executive Officer on the Board's behalf, the authorization to trade shares – at any time, in whole or in part, on one or more occasions, and even before having exhausted all buybacks – which have been bought back in accordance with this resolution, upon the exercise of stock options that are or will be assigned to beneficiaries of Shareholder-approved Stock Option Plans. The prices shall correspond to the relative strike prices of the options as determined by the respective regulations. This authorization is pursuant to article 2357-ter of the Italian Civil Code, and it shall apply jointly and severally to the Chairman and Chief Executive Officer, allowing them to act by proxy as well.*

This authorization is granted without any restrictions in terms of the time of its validity."

22 March 2016

Arnoldo Mondadori Editore S.p.A.
on behalf of the Board of Directors
The Chairwoman

Marina Berlusconi