

**Report of the Board of Directors to the
Ordinary General Meeting
convened on April 19, 2012 (first call), and,
if necessary, on April 20, 2012 (second call)**

Dear Shareholders,

The Ordinary Meeting is convened for you to deliberate and vote, *inter alia*, on the following agenda item:

5. Amendment to the Stock Options Plan reserved to the directors and executives of the Company and its subsidiaries ('Top Management Plan 2010') approved on April 27, 2010: increase in the number of stock options - pursuant to article 114-bis of Legislative Decree 58/1998.

With respect to the item above, the Ordinary Meeting is convened to discuss and vote on the proposal to increase the number of stock options under the Top Management Plan.

In that respect, the Board of Directors reminds you that the shareholders approved said Plan at the Ordinary Meeting held on April 27, 2010 and resolved to authorise the award of up to 5,000,000 stock options under the Plan. Said options entitle the grantees to subscribe to an equal number of dividend-bearing ordinary shares with par value of €0.10 each. At the Extraordinary Meeting held on that same date, pursuant to art. 2443, paragraphs 1 and 2, of the Italian Civil Code, the shareholders authorised the Board of Directors of the Company to increase the company share capital in one or more tranches up to €500,000.00 (nominal value) by issuing 5,000,000 shares, each with par value of €0.10, to be reserved to the beneficiaries under the Top Management Plan for the exercise of their options.

The Board of Directors notes that as of the date of this Report a total of 3,482,000 stock options have been awarded under the Top Management Plan 2010. Said stock options entitle the grantees to subscribe to an equal number of newly issued shares in the company. Therefore, in accordance with the authority delegated to it by the shareholders, the Board has proceeded to increase share capital by €348,200.00 to service said stock option awards. To-date, the residual number of stock options that can still be awarded under the Top Management Plan 2010 is 1,518,000 and the related share capital increase amounts to €51,800.00.

Considering, among other things, that the Top Management Plan expires on the fifth anniversary of the date of the general meeting resolution whereby the shareholders approved the Plan (i.e. April 27, 2015), the Board of Directors believes that the residual number of options that can still be awarded under the Plan may prove to be not sufficient to pursue the goals of the Plan. This also considering that:

- a) the Plan has been and still is an effective way to incentivise and retain key management that gives a crucial contribution to the success of the Company and the Group. This is proven by past experience and the positive performance of the Company and the Group in the past years when the market environment has been particularly tough;
- b) the Company intends to continue to use the Plan as a scheme for incentivising and retaining key resources.

Therefore, noting the recommendations of the Compensation Committee in relation to the number of stock options under the Plan, the Board of Directors proposes that the shareholders convened at this Ordinary Meeting vote for the amendment to the Top Management Plan 2010 regarding the increase in the number of stock options under the Plan from the current 5,000,000 to 11,000,000 stock options and – accordingly - the share capital increase to service the Plan. All the other terms and conditions of the Plan remain unchanged, as approved by the shareholders at the General Meeting of April 27, 2010. The Board of Directors refers readers to the documentation prepared and made available to the

public for the Ordinary and Extraordinary General Meeting of April 27, 2010 (attached hereto as Attachment A for the sake of completeness of information) for information on the Top Management Plan 2010 and the related share capital increase approved by the shareholders on that occasion.

Therefore, the Board of Directors proposes that the number of stock options reserved to directors and executives under the Top Management Plan 2010 be increased from the current 5,000,000 to 11,000,000 stock options entitling the beneficiaries to subscribe to an equal number of dividend-bearing ordinary shares, each with par value of €0.10, without changing any other terms and conditions of the Top Management Plan 2010 that are intended to be fully incorporated herein by reference.

Dear Shareholders,

We invite you vote the following resolution:

“At the Annual General Meeting (Ordinary Meeting), the shareholders:

- noted the Board of Directors Report;

resolve

1) to approve the increase in the number of stock options under the Top Management Plan 2010 from the current 5,000,000 to 11,000,000 stock options that entitle the grantees to subscribe to an equal number of newly issued company shares;

2) to keep all the other terms and conditions of the Top Management Plan 2010 unchanged, as approved by the shareholders at the General Meeting of April 27, 2010 and set out in the Document prepared pursuant to section art. 84-bis of the Regulation for Issuers, that has been amended accordingly and made available to the public as required by law.

Milano 3, March 1, 2012

For the Board of Directors

The Chairman