

**Report of the Board of Directors to the
Ordinary General Meeting of April 27, 2006**

Dear Shareholders,

We convened the Ordinary Meeting to vote, *inter alia*, on the following agenda item:

- **Authorization to be granted to the Board of Directors to purchase and sell the company's own shares; subsequent and related resolutions.**

At the General Meeting of April 26, 2005 you authorized the Board of Directors to purchase and sell the company's own shares for a period of one year from the date of the shareholders' resolution and in any case up until the date of the General Meeting convened to approve the financial statements for the year 2005.

Considering that said authorization – of which the Board of Directors has not availed itself so far - will expire on the date of the General Meeting convened to approve the financial statements for the year 2005, we take the opportunity to propose you to authorize the Board of Directors to purchase and sell up to 8,000,000 own shares, corresponding to 1.10% of share capital (€7,759,692.80), within the limit amount of €80 million, for a period of one year and in any case up until the date of the General Meeting convened to approve the financial statements for the year 2006. That limit shall be absolute, i.e. it shall not take into account any own shares which might have been resold over the same period of time.

That authorization would enable the Board of Directors to invest in the company's own shares according to stock performance and available liquidity, should the Board consider it appropriate in the interest of the company.

Purchases shall be effected at a price which fulfils the requirements of article 5, paragraph 1 of Commission Regulation (EC) 2273/2003 of December 22, 2003.

Purchases shall be effected on-exchange in accordance with the rules established by Borsa Italiana S.p.A. and in compliance with art. 132 of Legislative Decree 58/98 and article 144-bis, paragraph 1, letter b) of Consob Resolution 11971/99 as subsequently amended.

Sales of own shares held in portfolio shall be effected in the manner which is considered most appropriate to the best interest of the company, including on-exchange, block trading or by exchanging own shares with equity investments or other assets at a price not lower than the average price recorded on the electronic trading system of the stock exchange in the last 5 trading days preceding the sale.

The €80 million amount indicated above with respect to the purchase of shares, for which we request your authorization, is broadly covered by the company's reserves as reported in the latest approved financial statements.

Basiglio - Milano 3, March 1, 2006

For the Board of Directors
The Chairman
Roberto Ruozi