

**REPORT OF THE BOARD OF DIRECTORS TO THE  
ORDINARY GENERAL MEETING OF APRIL 29, 2014:**

- 2. Authorisation to be granted to the Board of Directors to purchase and sell the company's own shares pursuant to art. 2357 *et seq.* of the Italian Civil Code and article 132 of Legislative Decree 58/1998**
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**Report of the Board of Directors to the Ordinary General Meeting convened on  
April 29, 2014 (single call)**

Dear Shareholders,

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

**2. Authorisation to be granted to the Board of Directors to purchase and sell the company's own shares pursuant to art. 2357 *et seq.* of the Italian Civil Code and article 132 of Legislative Decree 58/1998**

At the General Meeting of April 23, 2013 you authorised the Board of Directors to purchase and sell the company's own shares until the date of the General Meeting convened to approve the financial statements for the year 2013 and in any case for a period of no more than eighteen months. Considering that said authorisation – 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 2013, we take the opportunity to propose you to authorise – as in the prior year - the Board of Directors to purchase and sell up to 8,000,000 own shares, par value of €0.10 each, corresponding to about 1.09% of share capital (€73,600,855,70), within the limit amount of €60 million, up until the date of the General Meeting convened to approve the financial statements for the year 2014 and in any case for a period of no more than eighteen months. 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.

The €60 million amount indicated above with respect to the purchase of own shares, for which we request you authorisation, is broadly covered by the company's reserves as reported in the last



approved financial statements. That authorisation 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 European 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 144bis, paragraph 1, letter b) of Consob Resolution 11971/99. 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 onexchange, on the OTC market or in multilateral trading systems 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 managed by Borsa Italiana S.p.A. in the last 5 trading days preceding the sale. Without prejudice to the foregoing, the authorisation is also requested to buy and sell own shares -within the limits set out above and in the manner required under individual circumstances - pursuant to the market practice indicated under art. 180, paragraph 1, letter c) of the Consolidated Finance Act, approved by Consob Resolution 16839 of March 19, 2009, which relates to market liquidity shore-up facilities (the "Practice"). In accordance with the Practice, the Company may enter into agreements with third-party intermediaries, pursuant to Consob Resolution 16839/2009, to support stock liquidity over a given timeframe in order to ensure orderly trading and avoid any erratic price movements. In those circumstances as the Practice warrants, the Executive Directors shall be responsible for taking preparatory steps and making subsequent disclosures to the market and supervisory authorities.



Subject to the conditions and limits set forth in Consob Regulation 16839/2009, the authorisation to buy and sell own shares is requested also for the purposes above. Finally, you are advised that, if the resolution proposal herein is adopted by the shareholders pursuant to art. 44 bis, paragraph 2 of the Regulation for Issuers also with the favourable vote of the majority of shareholders in attendance at the General Meeting - other than the shareholder or shareholders that individually or jointly hold a majority stake, including a relative majority stake, provided that it is greater than 10 percent – own shares held will not be excluded from share capital when determining the shareholding threshold as per article 106, paragraphs 1 and 3, letter b), of the Consolidated Finance Act.

We therefore invite you to pass the following resolution:

“Accepting the proposal of the Board of Directors, recognising the company’s interest and that the €40 million amount indicated above with respect to the purchases of shares is broadly covered by the company’s reserves as reported in the last approved financial statements,

the shareholders resolve

- to authorise the Board of Directors to purchase and sell up to 8,000,000 own shares, par value of €0.10 each, corresponding to about 1.09% of share capital, within the limit amount of €60 million, up until the date of the General Meeting convened to approve the financial statements for the year 2014 and in any case for a period of no more than eighteen months. 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. Purchases shall be effected at a price which fulfils the requirements of article 5, paragraph 1 of European Commission Regulation (EC) 2273/2003. 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 the Consolidated Finance Act



and article 144-bis, paragraph 1, letter b) of the Regulations for Issuers. 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 onexchange, on the OTC market or in multilateral trading systems 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 managed by Borsa Italiana S.p.A. in the last 5 trading days preceding the sale. Without prejudice to the foregoing, the Board is also authorised to buy and sell own shares - within the limits set out above and in the manner required under individual circumstances - pursuant to the market practice indicated under art. 180, paragraph 1, letter c) of the Consolidated Finance Act, approved by Consob Resolution 16839 of March 19, 2009, which relates to market liquidity shore-up facilities (the "Practice"). In accordance with the Practice, the Company may enter into agreements with third-party intermediaries, pursuant to Consob Resolution 16839/2009, to support stock liquidity over a given timeframe in order to ensure orderly trading and avoid any erratic price movements.

In those circumstances as the Practice warrants, the Executive Directors shall be responsible for taking preparatory steps and making subsequent disclosures to the market and supervisory authorities. Subject to the conditions and limits set forth in Consob Regulation 16839/2009, the authorisation to buy and sell own shares is granted also for the purposes above.

- to confer upon the Board of Directors the broadest powers for the implementation of the resolution above."

Basiglio - Milano 3, March 4, 2014

For the Board of Directors

The Chairman (Carlo Secchi)