

## Report of the Board of Directors to the General Shareholders' Meeting

### **Amendments to Articles 15 (Board of Directors) and 20 (Board of Statutory Auditors) of the Articles of Association; relevant and ensuing resolutions**

Shareholders,

We called this extraordinary shareholders' meeting so as to submit to you the proposal for the amendment of some clauses of the Articles of Association. More specifically, you are invited to approve amendments to Articles 15 (regarding procedures and deadlines for the submission of lists for the election of the Board of Directors) and 20 (regarding procedures and deadlines for the submission of lists for the election of the Board of Statutory Auditors) of the Articles of Association. The proposed changes are due to the entry into force of Italian Law No. 120 of 12 July 2011, which, in a manner similar to other European legal systems, introduced "gender quotas" for the composition of the boards of directors and boards of statutory auditors of listed companies in Italy as well. In a perspective of substantial equality, the Law aims to promote gender balance and better access of the under-represented gender to board member positions. The foregoing is also consistent with the recommendations laid down in Article 1 of the latest edition of the Corporate Governance Code for Listed Companies, presented to the Italian financial community on 5 December 2011.

This affirmative action is to be implemented over a period of three terms of office of the corporate bodies in question, on the assumption that a practice, albeit initially introduced pursuant to a specific legislative mandate, leads healthier corporate behaviour to become irreversible even after the legislative mandate no longer applies.

The changes are to be phased in on a step-by-step basis, so that, the first time a new Board of Directors or Board of Statutory Auditors is appointed after the introduction of the legislative mandate, the number of members belonging to the gender previously less represented on the same, must account for at least one fifth of its overall membership, such quota being subsequently raised to one third of the overall membership of the corporate bodies in question, appointed for the two terms of office immediately following thereafter.

The law introducing the legislative mandate amended the provisions on the same subject-matter set forth in Legislative Decree No. 58 of 24 February 1998, specifically, by adding paragraphs 1-*ter* to Article 147-*ter* and 1-*bis* to Article 148: by virtue of powers delegated

through the aforesaid law introducing the mandate, CONSOB subsequently completed the related regulatory framework, by amending its Rules for Issuers to require listed issuers to update their Articles of Association as appropriate in light of the said legislative amendments.

The amendments that you are invited to bring to the Articles of Association and that are illustrated in detail below, will be applicable for the first time in 2015, when a new Board of Directors and a new Board of Statutory Auditors are to be appointed.

With regard to the approval procedure to which the proposed amendments must be subjected, it must be borne in mind that Order No. 311041 issued by the Governor of the Bank of Italy on 23 March 2007 (that brought amendments to Title III, Chapter I of Bank of Italy Circular No. 229 of 21 April 1999 entitled “Supervisory Instructions for Banks”) requires the Bank of Italy to be given advance notice of any and all motions submitted for shareholder approval by the Board of Directors and entailing amendments to the Articles of Association. The said motions will be assessed by the Bank of Italy, which will issue its findings in such regard, prior to shareholder approval of the related resolutions.

It must also be pointed out that the proposed amendments to the Articles of Association do not invest shareholders with any right of withdrawal within the meaning and for the intents and purposes of Article 2437 of the Italian Civil Code and Article 7 of the Articles of Association insofar as they do not give rise to any of the situations warranting shareholder withdrawal pursuant to applicable regulations.

In light of the considerations illustrated above, you are therefore invited to amend the text of Articles 15 and 20 of the current Articles of Association, as highlighted in greater detail in the tables below showing, in the column to the left, the text of the paragraph of the article of the Articles of Association as currently worded, and in the column to the right, the proposed amendments to the said text, that are graphically highlighted:

Current text	Proposed amendments
<p style="text-align: center;">ARTICLE 15</p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.</p> <p style="text-align: center;">.....omissis.....</p> <p>6. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p style="text-align: center;">.....omissis.....</p> <p>10. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree No. 58 of 24 February 1998, as further amended, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) is entitled to vote for only one list. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting — with rounding down in the case of split number — will be elected Board members. The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest</p>	<p style="text-align: center;">ARTICLE 15</p> <p>1. The Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members. <b>The composition of the Board of Directors shall comply with the criteria for establishing gender balance, as contemplated under applicable regulations.</b></p> <p style="text-align: center;">.....omissis.....</p> <p>6. The lists contain a number of candidates, <b>capable of ensuring gender balance</b>, no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.</p> <p style="text-align: center;">.....omissis.....</p> <p>10. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree No. 58 of 24 February 1998, as further amended, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) is entitled to vote for only one list. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting — with rounding down in the case of split number — will be elected Board members. <b>In the case where the number of Board members belonging to the gender less represented, and appearing on the list that obtained the highest number of votes,</b></p>

number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

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13. If, during the term of office, one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the leaving director and willing to accept office or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office, and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

**is lower than the number required under applicable statutory provisions, the elected candidate with the highest serial number, and belonging to the more represented gender, is to be excluded. The excluded candidate is to be replaced by the following candidate belonging the gender less represented and appearing on the same list as the excluded candidate. In the case where it is not possible to draw from the list obtaining the highest number of votes, the required number of Directors belonging to the gender less represented, the Board seats in question will be filled by appointments made by the General Shareholders' Meeting, by majority vote.**

The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

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13. If, during the term of office, one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law **in compliance with the principle of mandatory gender representation imposed under applicable regulations.** If the leaving Director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the leaving Director and willing to accept office **and belonging to the same gender** or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office **and belonging to the same gender** and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

ARTICLE 20

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6. The lists are made up of two sections: one for the appointment of the regular Auditors and the other for the appointment of the alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each candidate may appear on only one list, upon penalty of ineligibility.

In order to produce any and all documentation proving the entitlement to submit lists, the provisions herein stated under article 15, paragraph 9 of these Articles of Association shall be applied. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file the following documentation at the registered office:

- information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold;
- exhaustive information on the personal and professional features of the candidates included in the list;
- a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;
- the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Auditor of the Company.

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8. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree No. 58 of 24 February 1998 as further amended, or

ARTICLE 20

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6. The lists are made up of two sections: one for the appointment of the regular Auditors and the other for the appointment of the alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number.

**Each of the two sections of the lists, save for those featuring less than three candidates, must present candidates in a manner that ensures gender balance.**

Each candidate may appear on only one list, upon penalty of ineligibility.

In order to produce any and all documentation proving the entitlement to submit lists, the provisions herein stated under article 15, paragraph 9 of these Articles of Association shall be applied. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file the following documentation at the registered office:

- information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold;
- exhaustive information on the personal and professional features of the candidates included in the list;
- a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter;
- the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites of integrity and professionalism which prevailing laws require for the office of Auditor of the Company.

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8. Each shareholder (as well as (i) shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of Legislative Decree No. 58 of 24 February 1998 as further amended, or

(iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected regular Auditors; the first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes and submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected alternate Auditors. In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law.

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11. In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate will succeed him for a period conterminous with the term of the other acting Auditors in office at the time of his appointment as an Auditor. Should the outgoing Auditor be the Chairman of the Board of Auditors, his replacement on such Board shall also assume the Chairmanship of the Board of Auditors. In the case where it is not possible to proceed as indicated above, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to

(iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list. The first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected regular Auditors; the first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes and submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes shall be deemed elected alternate Auditors. **In the case where the number of regular Auditors belonging to the gender less represented falls short of the threshold established under applicable statutory provisions, the candidates appearing in the regular Auditor section of the list obtaining the highest number of votes will be replaced following the order in which the candidates were presented for election.** In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof, by majority of the votes cast, in accordance with law.

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11. In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate will succeed him for a period conterminous with the term of the other acting Auditors in office at the time of his appointment as an Auditor. Should the outgoing Auditor be the Chairman of the Board of Auditors, his replacement on such Board shall also assume the Chairmanship of the Board of Auditors. In the case where it is not possible to proceed as indicated above **and the procedure for the replacement of the members of the Board of Statutory Auditors fails to ensure gender balance on the same**, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and

the voting list system set forth in this Article 20.	accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to the voting list system set forth in this Article 20.
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With regard to all of the above, we invite you, should you agree, to approve the proposed amendments to Articles 15 and 20 of the Articles of Association, as illustrated above.

Milan, 18 December 2012

The Board of Directors