

(Translation from the Italian original which remains the definitive version)

**MANAGEMENT & CAPITALI S.P.A.**

**ANNUAL REPORT ON THE CORPORATE GOVERNANCE  
STRUCTURE AND COMPLIANCE WITH THE CODE OF  
CONDUCT FOR LISTED COMPANIES**

**2010**

*pursuant to article 123-bis of Legislative decree no. 58/1998.*

Issuer Management & Capitali S.p.A.

Internet site [www.management-capitali.com](http://www.management-capitali.com)

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## GLOSSARY

**Board:** the Issuer's board of directors

**By-laws:** the by-laws of Management & Capitali S.p.A., adopted with the resolution taken by the shareholders in their extraordinary meeting of 15 May 2008, effective from 30 June 2008, as subsequently amended to provide for the changes in share capital (last amendment 11 May 2010).

**Civil Code:** the Italian Civil Code

**Code:** the Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and endorsed by Borsa Italiana S.p.A.

**Consob Issuer Regulation:** the Regulation issued by Consob with resolution no. 11971/1999 about issuers, and subsequent amendments and integrations.

**Consob Stock Exchange Regulation:** the Regulation issued by Consob with resolution no. 16191/2007 about stock exchanges, and subsequent amendments and integrations.

**Consolidated Banking Act:** Legislative decree no. 385 of 1 September 1993, as subsequently amended and integrated.

**Consolidated Finance Act:** Legislative decree no. 58 of 24 February 1998, as subsequently amended and integrated.

**Instructions to the Stock Exchange Regulation:** the Instructions to the Regulation of the Stock Exchanges managed and organised by Borsa Italiana S.p.A.

**Issuer:** the issuer of the listed shares to which the report refers

**Report:** the report on the corporate governance structure that companies are required to prepare pursuant to article 123-*bis* of the Consolidated Finance Act.

**Stock Exchange Regulation:** the Regulation of the Stock Exchanges managed and organised by Borsa Italiana S.p.A..

**Year:** the business year to which the report refers

## 1. ISSUER PROFILE

The corporate governance structure adopted by Management & Capitali S.p.A. (“M&C”) recognises and is based on international best practices as the fundamental basis of a good corporate governance system: the central role of the board of directors, the correct management of conflicts of interest, efficient internal controls and transparency with the market, especially with respect to communications about corporate decisions.

M&C’s corporate governance structure is currently based on the traditional administrative and control model.

It adopted this model with the shareholders’ resolution of 15 May 2008 taken in their extraordinary meeting. Previously, M&C’s corporate governance structure was based on the dualistic model with shareholders, a supervisory board and a management board.

A later section of this Report sets out the company bodies and parties comprising the current corporate governance system.

### 1.2. THE CURRENT STRUCTURE

M&C’s current traditional administrative and control structure consists of the following bodies:

- the shareholders;
- board of directors;
- chair and deputy chair of the board of directors;
- investment committee;
- internal control committee;
- remuneration committee;
- committee for related party transactions
- board of statutory auditors.

In their **meetings** (the “Meeting”), the shareholders take decisions about: (i) approval of the annual financial statements and allocation of the profit (loss) for the year; (ii) appointment and dismissal of directors and determination of their fees; (iii) appointment of the statutory auditors and chair of the board of statutory auditors and determination of their fees; and (iv) appointment of the independent auditors and determination of their fees; as well as (v) any other matters assigned to them by law.

The **board of directors** has exclusive responsibility for managing the company. It has a minimum of three and a maximum of nine members, who do not have to be shareholders, and is appointed by the shareholders for a maximum term of three years. Its members elect a **chair**, by majority vote, if not provided for by the shareholders, and a **deputy chair**. The board of directors may delegate its powers to the chair and deputy chair as well as to a **managing director** and/or one or more **executive directors** and/or an **investment committee**, setting the number of its members, duties and fees.

At the date of this report, the company has an **investment committee** which takes decisions about all the investments and divestments to be made by the company. The committee has six members, of whom three are directors and three are non-board members, company employees

or third parties with at least three years' experience in administration and/or management in companies active in the financial, securities and/or credit sectors.

The **board of statutory auditors**, with three effective and two alternate members appointed by the shareholders for three years, supervises compliance with the law and the by-laws and the company's management. Its duties do not include the legally-required audit which is carried out by **independent auditors** included in the special register held by Consob. The independent auditors audit the separate and consolidated annual financial statements and review the interim financial reports (half year). They are also required to check the proper keeping of the accounts and correct recording of events in the accounting records. They also check that the data included in the separate and consolidated financial statements match the accounting records and checks thereof and the compliance of financial reporting with the relevant regulations.

At the date of this report, the company also has an internal control committee, a remuneration committee and a lead independent director.

The **internal control committee**, comprising non-executive, independent directors, advises and assists the board of directors to define guidelines for the internal controls. It also expresses its opinion on the independent auditors' audit plan and monitors the effectiveness of the audit.

The **remuneration committee** mostly consists of non-executive directors. It advises and assists the board of directors with issues relating to the remuneration of directors and, possibly, key managers. Specifically, it presents the board of directors with proposals about the remuneration of the managing directors and other directors with special duties. It also monitors application of the decisions taken by the board. The committee regularly assesses the criteria adopted to determine the key managers' remuneration (when present), monitors their application based on the information provided by the managing directors and makes general recommendations to the board of directors.

The **committee for related party transactions**, comprising independent directors, advises the board of directors and, when necessary, the shareholders, providing reasoned opinions for and against related party transactions.

The duties and working of the company bodies are regulated by law, the by-laws and resolutions taken by the relevant bodies, as well as sometimes specific regulations.

The by-laws are available for consultation at the company's registered office or on its internet site ([www.management-capitali.com](http://www.management-capitali.com) in the "Investor Relations" - "Corporate documents" section).

M&C's corporate governance structure includes other parties and/or functions which, in accordance with self-regulation and national and international best practices of listed companies, have specific control duties. Specifically:

- an Executive director in charge of supervising internal controls and risk manager;
- a Manager in charge of financial reporting;
- an Internal Control Manager;
- a General Manager (from 21 January 2011).

Specific sections of this Report detail each body and/or party included in the company's corporate governance structure.

The company has always been inspired by principles of ethical integrity and has adopted a Code of Ethics which embodies these values and sets out the principles and rules of conduct which the company bodies, management, employees and consultants are required to comply with.

## **2. INFORMATION ON THE SHAREHOLDING STRUCTURE (article 123-bis.1 of the Consolidated Finance Act)**

Pursuant to article 123-bis of the Consolidated Finance Act, information about the company's shareholding structure at the date of this Report is provided in this section.

### **a) Share capital (article 123-bis-1.a) of the Consolidated Finance Act)**

M&C's subscribed and paid-up share capital amounts to € 80,000,000 and consists of 474,159,596 ordinary shares without a nominal amount.

	<b>No. of shares</b>	<b>% of share capital</b>	<b>Listed (indicate market)</b>	<b>Rights and obligations</b>
<b>Ordinary shares</b>	474,159,596	100.00%	Investment vehicles market (MIV) segment set up for investment companies organised and managed by Borsa Italiana S.p.A..	All rights provided for by the Civil Code and by-laws.

In their extraordinary meeting of 24 November 2005, the shareholders resolved to increase share capital by a maximum € 55,500,000 in more than one instalment pursuant to article 2439.2 of the Civil Code, excluding the option provided for by article 2441.5/8 of the Civil Code, with the issue in one or more instalments of a maximum 55,500,000 ordinary shares. This share capital increase is to be used for a stock option plan for the members of the company's management board and the employees and consultants of the company and/or its subsidiaries and associates, identified on a case-by-case basis by the supervisory board or the management board. Pursuant to article 2439.2 of the Italian Civil Code, the closing date for subscription is the thirtieth day after approval of the company's 2015 financial statements (see section 10).

In their extraordinary meeting of 24 May 2006, the shareholders resolved to increase share capital by a maximum nominal € 16,700,000 in more than one instalment pursuant to article 2439.2 of the Civil Code, excluding the options, with the issue in one or more instalments of a maximum 16,700,000 ordinary shares. This share capital increase is to be used for a stock option plan for the members of the company's management board and the employees and consultants or the company and/or its subsidiaries and associates, identified on a case-by-case basis by the management board. Pursuant to article 2439.2 of the Italian Civil Code, the closing date for subscription is the thirtieth day after approval of the company's 2015 financial statements, providing that, should the share capital increase not be fully subscribed at that date, it will be taken to have been increased by the amount of the collected subscriptions (see section 10).

In their extraordinary meeting of 18 December 2007, the shareholders resolved to eliminate the unit nominal amount of all the outstanding shares (ordinary and preferred) and to decrease the

share capital from € 551,000,000 to € 501,000,000 by allocating € 50,000,000 to a specific “available reserve”.

On 15 September 2008 and pursuant to articles 2365.2 and 2437-*quater*.6 of the Civil Code, the board of directors resolved to decrease the share capital from € 501,000,000, consisting of 545,500,000 ordinary shares and 5,500,000 preferred shares, to € 444,122,733, consisting of 468,659,596 ordinary shares and 5,500,000 preferred shares, in order to reimburse 76,840,404 ordinary shares arising from exercise of the withdrawal option (at the unit value of € 0.7402 being the withdrawal value established in accordance with article 2437-*ter*.3 of the Civil Code) and remaining after the previous offers of options, the stock exchange listing and repurchase of treasury shares by using available reserves, pursuant to article 2437-*quater* of the Civil Code.

The company had given this withdrawal option to the holders of ordinary shares that had not adhered to adoption of the resolution taken by the shareholders in their extraordinary meeting of 15 May 2008 about adoption of new by-laws setting out new ways of appointing company bodies as part of the modification of M&C’s corporate governance structure.

On 9 June 2009, in an extraordinary meeting, the shareholders resolved to decrease M&C’s share capital from € 444,122,733 to € 80,000,000 by: (i) covering the losses carried forward of € 89,232,668, (ii) distributing € 0.62 per share for a total of € 254,067,747; and (iii) setting up a reserve for the share capital decrease of € 20,822,317.

During the first half of 2010, all the 5,500,000 preferred shares issued by M&C were converted into ordinary shares. During approval of the 2009 financial statements, 3,118,555 preferred shares held by former directors were converted into ordinary M&C ordinary shares, as provided for by the by-laws and contracts; on 30 April 2010, the company purchased the remaining 2,381,445 preferred shares held by Messrs. Ariaudo and Frau (the managing director and executive director when the sales contracts were signed, respectively) which, following transfer of title, as provided for in the by-laws and contracts, were converted into ordinary M&C shares.

\*\*\*\*\*

At the date of this Report, M&C held 66,754,352 ordinary treasury shares, equal to 14.08% of the ordinary share capital, including 64,372,907 purchased as part of the withdrawal procedure, as resolved by the board of directors on 15 September 2008 (see above) and 2,381,445 purchased from Messrs Ariaudo and Frau, the managing director and executive director at the time of the sales contracts, respectively (see above).

\*\*\*\*\*

Section 10 provides details of the company’s stock option plans.

***b) Restrictions to transfer of securities (article 123-bis.1.b) of the Consolidated Finance Act)***

There were no restrictions to the transfer of company’s shares at the date of this report.

***c) Significant investments in share capital (article 123-bis.1.c) of the Consolidated Finance Act)***

The company’s shares are included in the centralised management system provided for by the Consolidated Finance Act.

Based on the information available, the shareholders that, at the date of this Report, hold investments of more than 2% of the share capital with voting rights directly or indirectly, including through nominees, trustees and subsidiaries, are listed below:

<b>Declarant</b>	<b>Direct shareholder</b>	<b>% of total voting rights (*)</b>
Carlo De Benedetti	PER S.p.A.	53.28%
Management & Capitali S.p.A.	Management & Capitali S.p.A.	14.08%
La Luxembourgoise SA	La Luxembourgoise SA	8.46%
Veneto Banca S.c.p.A.	Banca Intermobiliare di Investimenti e Gestioni S.p.A.	2.05%
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.	3.47%
Mantra Gestion S.A.S	Mantra Gestion S.A.S	2.17%

(\*) The percentages are calculated including treasury shares held by the company at the date of this Report; treasury shares do not have voting rights at shareholders' meetings.

***d) Securities that give special rights (article 123-bis.1d) of the Consolidated Finance Act)***

No securities have been issued with special control rights.

***e) Employees' investments in the company: exercise of voting rights (article 123-bis.1.e) of the Consolidated Finance Act)***

At the date of this Report, the company does not have stock option plans for its employees.

***f) Restrictions to voting rights (article 123-bis.1.f) of the Consolidated Finance Act)***

Pursuant to article 11 of the by-laws, shareholders with voting rights, that have provided the company with the communication from the authorised broker confirming their legal right at least two business days before that of the meeting, may participate at meetings.

As provided for by article 5 of the by-laws, parties that do not document their possession of reputation requirements, as per the ruling legislation, may not become shareholders and, if they have, do not have any rights, including those of participating and voting at meetings and receiving dividends.

***g) Shareholder agreements (article 123-bis.1.g) of the Consolidated Finance Act)***

At the date of this Report and as far as the company is aware, there are no shareholder agreements affecting the company's shares.

***h) Change of control (article 123-bis.1.h) of the Consolidated Finance Act)***

There are no significant agreements that become effective, are amended or terminate should control of the company be changed.

***i) Powers to increase share capital and authorisations to repurchase treasury shares (article 123-bis.1.m) of the Consolidated Finance Act)***

The board of directors is not authorised to increase the share capital pursuant to articles 2443 and 2420-ter of the Civil Code.

On 18 December 2007, the shareholders authorised the repurchase of a maximum 50,000,000 treasury shares to be used for existing or future stock option plans, pursuant to article 2357 of the Civil Code, or to be used as the consideration for the exchange and/or contribution of investments. As resolved by the shareholders, the repurchase programme start date was set for 28 May 2008 following approval of the interim financial statements at 31 March 2008 which included a new available income-related reserve, in accordance with article 2357 of the Civil Code necessary for the repurchase of treasury shares.

On 9 June 2009, the shareholders decided to cancel the resolution to repurchase treasury shares taken by them in the meeting of 18 December 2007 and authorised the repurchase of a maximum 89,000,000 ordinary shares and a maximum 5,500,000 preferred shares over the subsequent 18 months, pursuant to article 2357 of the Civil Code or, if less, another number equal to 20% of the shares making up share capital, up to a maximum of € 10 million; the planned unit price of each purchase of ordinary shares was to be: i) not less than 10% of the average stock exchange price for the ordinary shares in the ten stock exchange sessions before that in which the purchase is made; and ii) not more than € 0.50 per share; the planned unit price for each purchase of preferred shares was to be: i) not less than € 0.10 and ii) not more than € 1.50; these prices are after the distribution of € 0.62 to decrease share capital.

At the date of this Report, the company had repurchased 2,381,445 treasury shares as part of these buy back plans and 64,372,907 as part of the withdrawal procedure, as described in section 2.a).

***1) Compensation to directors in the case of their dismissal, retirement or discontinuation of their relationship after a public purchase offer***

At the date of this Report, there are no agreements with the company's directors covering their resignation in the case of a public purchase or exchange offer.

**3. COMPLIANCE (article 123-bis.2.a) of the Consolidated Finance Act)**

M&C's ordinary shares are listed on the stock exchange organised and managed by Borsa Italiana in the investment vehicles market (MIV) segment set up for investment companies. As a listed company, M&C adheres to the Code of Conduct and its comply or explain regime, where applicable given its requirements and characteristics. Its corporate governance structure complies with the Code's recommendations.

M&C's corporate governance structure is compared to the Code indications later in this report, explaining any differences.

**4. MANAGEMENT AND COORDINATION (article 2497 and subsequent articles of the Civil Code)**

At the date of this Report, the company is managed and coordinated by PER S.p.A., pursuant to article 2497 and subsequent articles of the Civil Code.

**5. BOARD OF DIRECTORS**

In accordance with ruling legislation and pursuant to the Code's self-regulation instructions, the board of directors plays a central role in the company's corporate governance system.

Article 14 of the by-laws establishes that the board of directors has the widest powers for the company's ordinary and extraordinary management, with no exceptions, and has the power to undertake all those actions suitable to implement and achieve the business objects, excluding solely those that the law has reserved exclusively for the shareholders.

Article 20 of the by-laws reserves solely for the board of directors, in addition to the matters covered by article 2381.4 of the Civil Code, resolutions about: (i) mergers or demergers pursuant to articles 2505, 2505-*bis* and 2506-*ter* of the Civil Code; (ii) setting up or closing branches; (iii) relocating the registered office within Italy; (iv) indicating which directors have legal representation; (v) reducing share capital following a shareholder's withdrawal; and (vi) aligning the by-laws to regulations; these resolutions may also be taken by the shareholders in extraordinary meetings.

The composition and role of the board of directors are described below.

### **5.1. APPOINTMENT AND REPLACEMENT OF DIRECTORS (article 123-*bis*.1.1) of the Consolidated Finance Act)**

Pursuant to article 14 of the by-laws, the board of directors has a minimum of three and a maximum of nine members and is appointed by the shareholders that also decide their number when appointing them. The directors have a term of office of three years and may be re-elected. Their term of office expires at the shareholders' meeting called to approve the financial statements for the last year of their term.

The directors must meet the eligibility, professional and reputation requirements and certain of them must also be independent, as required by law and other applicable regulations (sections 5.5, 5.7.1 and 5.7.2 provide more information about the directors' required characteristics).

In accordance with article 15 of the by-laws, the directors are elected using lists presented by the shareholders (section 8 provides details of the list voting system).

The rules provided for by the relevant legislation and article 13 of the ruling by-laws regulate amendments to the by-laws.

### **5.2. COMPOSITION OF THE BOARD OF DIRECTORS (article 123-*bis*.2.d) of the Consolidated Finance Act)**

Pursuant to article 14 of the by-laws, the board of directors has a minimum of three and a maximum of nine members, appointed by the shareholders that also decide their number when appointing them. The directors have a term of office of three years and may be re-elected. Their term of office expires at the shareholders' meeting called to approve the financial statements for the last year of their term.

The current board of directors has nine members and was elected by the shareholders on 30 June 2008 with a term of office until approval of the financial statements at 31 December 2010. Pertinent information about each member of the current board of directors is provided below.

<b>BOARD OF DIRECTORS AND COMMITTEES</b>																				
Board of directors											Internal control committee		Remuneration committee		Investment committee		Related party transactions committee			
Position	Member	In office since	In office until approval of financial statements at	List (M/ m/ NA) *	Exec.	Non-exec.	Ind. as per Code	Ind. as per Consolidated Finance Act	(%) **	No. of other positions ***	*** *	**	*** *	**	*** *	**	*** *	**		
Chair	Franco Girard	12:11:09	31:12:10	NA	X				100	2			X	100						
Deputy chair	Giovanni Tamburi	30:06:08	31:12:10	NA		X			80	5			X	100						
Director	Corrado Ariaudo	30:06:08	31:12:10	NA					100	-					X	N/A				
Director	Orazio Mascheroni	27:04:10	31:12:10	NA		X	X	X	100	-							X	N/A		
Director	Alessandra Gritti	30:06:08	31:12:10	NA		X			80	1										
Director	François Pauly	31:06:08	31:12:10	NA		X	X	X	60	2	X	100					X	N/A		
Director	Giovanni Cavallini	30:06:08	31:12:10	NA		X	X	X	60	4	X	100								
Director	Massimo Segre	30:03:09	31:12:10	NA		X			100	2										
LID	Giorgio Alpeggiani	30:06:08	31:12:10	NA		X	X	X	100	1	X	100	X	100			X	N/A		
<b>DIRECTORS WHO RESIGNED DURING THE YEAR</b>																				
Director with proxies	Carlo Frau	30:06:08	27:04:10	NA	X				100						X	N/A				
Shows the quorum necessary to present lists the last time:																				
No. of meetings held during the year:											BoD: 5		ICC: 3		RC: 2		NC:		EC: 0	

\* This column shows M/m depending on whether the director has been elected from a list voted by the majority (M) or a minority (m), NA = not applicable.

\*\* This column shows the percentage of participation by directors at board and committee meetings (no. of attendance/no. of meetings during their effective term of office).

\*\*\* This column shows the number of positions as directors or statutory auditors held in other listed companies, including foreign companies, in financial companies, banks, insurance companies or significant size companies.

\*\*\*\* An “x” in this column shows that the director is on the committee

Only one list was filed for the election of the board of directors with the result that, pursuant to article 15.7.b) of the by-laws, the board of directors has been taken from the sole list presented.

The director Alberto Franzone resigned on 31 December 2008. The board of directors co-opted Massimo Segre on 30 March 2009, who was subsequently appointed by the shareholders on 29 April 2009.

On 12 November 2009, the chair Carlo De Benedetti resigned from his position as director and chair of M&C. The board of directors acknowledged his decision and co-opted Franco Girard as chair and appointed Mr. De Benedetti as honorary chair.

In April 2010, the executive director, Carlo Frau, resigned and the managing director, Corrado Ariaudo, resigned from his position as managing director, maintaining his position as director. On 27 April 2010, the shareholders appointed Franco Girard as chair of the board of directors, confirming the previous co-option and appointed Orazio Mascheroni as director.

\*\*\*\*\*

Annex 2 to this Report gives a brief description of the directors' professional and personal profiles.

\*\*\*\*\*

Article 19.1 of the by-laws establishes that the board of directors appoint a secretary who does not have to be one of its members. Accordingly, it appointed Massimo Segre as secretary on 15 July 2008.

\*\*\*\*\*

### **5.2.1. Maximum number of positions held in other companies**

Given the particular nature of the company's activities, the board of directors has not deemed it necessary to set a maximum number of positions.

### **5.3. ROLE OF THE BOARD OF DIRECTORS (article 123-bis.2.d) of the Consolidated Finance Act)**

Article 18.1 of the by-laws establishes that the board of directors meets whenever the chair (or his deputy) deems it necessary or when at least two of its members or the board of statutory auditors requests a meeting.

The board of directors meets regularly as per its work calendar, which is defined once a year.

It met five times in 2010.

During these meetings, the board of directors took decisions about, *inter alia*:

- the sale of 96.8% of Comital S.p.A. to Aholding S.r.l., controlled by the managing director, Corrado Ariaudo; repurchase of preferred shares issued by M&C and held by the director Carlo Frau and the managing director Corrado Ariaudo (the latter via Aholding S.r.l.); approval of the Treofan incentivisation plan for Corrado Ariaudo; approval of the draft separate financial statements and consolidated financial statements as at and for the year ended 31 December 2009 (meeting of 26 March 2010);
- cancellation of the guidelines for investments of liquidity defined by the management board on 27 July 2006, which were more restrictive than those defined by the by-laws (meeting of 27 April 2010);
- reduction of the deputy chair's remuneration and acknowledgement of the non-executive directors' intention to waive part of their annual remuneration, as communicated in a specific letter; reduction of the remuneration of the members of the remuneration committee, the internal control committee and of the remunerated member of the investment committee; approval of the interim financial report at 31 March 2010 (meeting of 13 May 2010);
- approval of the interim financial report at 30 June 2010 (meeting of 3 August 2010);
- approval of the interim financial report at 30 September 2010 and decision to relocate the company's head offices. Approval of the procedure for related party transactions and appointment of a committee for related party transactions (meeting of 11 November 2010).

A board meeting was held on 21 January 2011 which approved the Issuer Communication pursuant to article 103.3 of the Consolidated Finance Act following the mandatory PER S.p.A. public purchase offer and appointed Giovanni Canetta, the current Operations Manager, as general manager. Another four meetings are scheduled for 2011, including that of 18 March 2011 when, *inter alia*, this Report was approved together with the board of directors' self assessment report.

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Pursuant to Criterion 1.C.1.b)/d)/e) and g) of the Code, the board of directors assessed the adequacy of the company's organisational, administrative and accounting structure in its meeting of 18 March 2011, especially as regards the internal controls and management of conflicts of interest.

They also assessed the company's general performance, considering the information received from the delegated bodies, pursuant to article 20.4 of the by-laws.

In this meeting of 18 March 2011, the board of directors assessed its size, composition and working and those of its committees finding that the shareholders should approve a more stream-lined structure at their next meeting given the company's changed size.

Specifically, the board of directors: (i) expressed a positive opinion on its composition as four of its members (François Pauly, Giovanni Cavallini, Giorgio Alpeggiani and Orazio Mascheroni) meet the independence requirements, as required by article 147-*quater* of the Consolidated Finance Act and all the directors have the reputation characteristics of Ministerial decree no. 162 of 30 March 2000 (referred to by article 147-*quinquies* of the Consolidated Finance Act) and meet the reputation, professional and eligibility requirements of Ministerial decree no. 516 of 30 December 1998 for individuals who carry out administration, management and control duties for financial brokers (sections 5.5, 5.7.1 and 5.7.2 provide more information about the directors' self assessments); and (ii) positively evaluated the internal controls' structure and working as a whole.

### ***5.3.1 Role of the chair of the board of directors***

Article 19.1 of the by-laws establishes that, when not appointed by the shareholders, the board of directors elects a chair by majority vote. The chair is the company's legal representative as per article 22.1 of the by-laws.

On 30 June 2008, the shareholders appointed Carlo De Benedetti as chair of the board of directors. He resigned as director and chair of M&C on 12 November 2009. The board of directors acknowledged his decision and co-opted Franco Girard, appointing him as chair and making Mr. De Benedetti honorary chair. On 27 April 2010, the shareholders confirmed and appointed Franco Girard as chair of M&C.

### ***5.3.2. Role of the deputy chair of the board of directors***

Article 19 of the by-laws establishes that the board of directors appoints a deputy chair by majority vote from among its members if this position has not already been filled by the shareholders. The deputy chair is given all the powers to stand in for the chair, in the case of his absence or impediment, as per the methods established when he was appointed.

Pursuant to article 22.2 of the by-laws, the deputy chair acts the company's legal representative together with the other parties with jointly exercised powers (managing director, executive directors or other parties appointed by the board of directors) or separately within the limits of the powers attributed to them.

Accordingly, the board of directors appointed Giovanni Tamburi as the deputy chair on 15 July 2008 giving him certain specific powers and proxies such as, for example, coordination of external communications to the media and the market.

All the proxies given to the deputy chair, Giovanni Tamburi, were waived by him and given to the chair during the meeting of 30 March 2009.

## ***5.4. DELEGATED BODIES***

Pursuant to article 20.1 of the by-laws, the board of directors may delegate its powers, within the limits allowed by law and excluding the decisions reserved for it, to the chair and deputy chair, to the managing director and/or one or more executive directors and/or an investment committee, setting their composition, duties and remuneration.

In addition to the matters listed in article 2381.4 of the Civil Code, resolutions about the following may only be taken by the board of directors and may not be delegated: a) mergers or demergers pursuant to articles 2505, 2505-*bis*, 2506-*ter* of the Civil Code; b) opening or closing of branches; c) relocating the registered office in Italy; d) indicating which directors have legal representation; e) reducing share capital following a shareholder's withdrawal; f) adjusting the by-laws to regulations, provided that such resolutions may also be taken by shareholders in extraordinary meetings.

As established by article 20 of the by-laws, on 15 July 2008, the board of directors gave Corrado Ariardo, the managing director, and Alberto Franzone and Carlo Frau, the executive directors, operating proxies. Moreover: (i) Alberto Franzone resigned on 31 December 2008 and his substitute Massimo Segre was not given operating proxies; (ii) Carlo Frau resigned on 27 April 2010 and his substitute Orazio Mascheroni was not given operating proxies; (iii) Corrado

Ariaudo resigned from his position as managing director on 27 April 2010 maintaining his position as director; and (iv) these proxies were given to the chair, Franco Girard.

#### **5.4.1. Managing director**

Following his waiver of all his proxies on 27 April 2010, Corrado Ariaudo resigned from his position as managing director and his proxies were given to the chair Franco Girard, whose powers are described in Annex 3 to this Report.

#### **5.4.2. Investment Committee**

Pursuant to article 20.1 of the by-laws, the board of directors may delegate its powers to an investment committee.

In accordance with the by-law requirements referred to above, on 15 July 2008, the board of directors set up an investment committee, fixing its composition, duties and working as described below. Its term of office expires with the expiry of the term of office of the board of directors which appointed it. The board of directors may revoke one or more committee members at any time before the expiry date without any compensation for damage. The committee initially had six members and subsequently decreased to four following resignations. It currently comprises:

<b>Name</b>	<b>Position</b>
Corrado Ariaudo	Director - committee chair
Claudio Berretti	Executive director of SeconTip S.p.A., shareholder of M&C (*)
Giovanni Canetta	M&C employee and general manager since 21 January 2011 (*)

*\* Person with at least three years' experience in administration and/or management with companies active in the financial, securities and/or credit sectors.*

Without prejudice to the possibility to call committee meetings by the chair or as requested by at least one of its members, the investment committee is competent to decide about all investments and divestments that the company intends to make. The committee expresses its opinion: (i) with a simple majority vote for each investment or divestment transaction of not more than € 25,000,000; and (ii) unanimously for investments and divestments of between € 25,000,000 and € 75,000,000.

The company's chair may execute the investments and divestments approved by the committee and may authorise the directors and managers to do so, including with single signatory powers.

The investment committee members are required to make the statements provided for by article 2391 of the Civil Code and may not take part in meetings even when a conflict of interest is only potential.

Remuneration for the committee members has not been specifically provided for, except for Claudio Berretti, whose annual remuneration was decreased from € 10,000 to € 5,000 with the board of directors' resolution of 13 May 2010.

#### ***5.4.3. Reporting to the board of directors***

Pursuant to article 20.4 of the by-laws, all the directors with proxies are required to report to the board of directors and board of statutory auditors at least every three months during board meetings or, when preferable due to time constraints, directly in writing or verbally and/or by telephone, on the company's performance, outlook and the key transactions carried out by it and its subsidiaries, especially as regards transactions in which the directors have an interest either directly or on behalf of third parties.

#### ***5.5. OTHER EXECUTIVE DIRECTORS***

There are no other directors with executive duties while a general manager was appointed on 21 January 2011, Giovanni Canetta, the former operations manager, who was given, inter alia, the power to: (i) execute investments and divestments and provide the consultancy services the chair and/or the investment committee and/or the board of directors have approved; and (ii) invest liquidity, authorise the divestment of invested resources in accordance with the guidelines set by the board of directors. Annex 3 to this Report provides a complete description of the general manager's powers assigned with the board of directors' resolution of 21 January 2011.

#### ***5.6. INDEPENDENT DIRECTORS***

At the date of this Report, the company has four independent directors, François Pauly, Giovanni Cavallini, Orazio Mascheroni and Giorgio Alpeggiani as per the definition of independence given in article 148.3 of the Consolidated Finance Act and article 3 of the Code.

Therefore, the number of independent directors complies with the requirements of Criterion 3.P.1 of the Code and article 147-ter of the Consolidated Finance Act that establish, respectively, the presence of an adequate number of independent directors and, in the case of a board of directors with more than seven members, the presence of at least two directors with the independence characteristics as per article 148.3 of the Consolidated Finance Act (see section 5.7.2 for more information about the directors' independence).

As recommended by Criterion 3.C.6 of the Code, a meeting of just the independent directors was held on 15 December 2010 called by the lead independent director.

#### ***5.7. COMPOSITION OF THE BOARD OF DIRECTORS (article 123-bis.2.d) of the Consolidated Finance Act)***

##### ***5.7.1. The directors' reputation and professional requirements***

Pursuant to article 14 of the by-laws, persons who do not meet the reputation and/or professional requirements of the ruling and applicable laws and regulations may not be elected director (and if elected fall from office).

Specifically:

- (i) in accordance with the provisions of articles 2.2.37.9.11/2.2 and 2.6.3.2.2.6 of the Regulation for markets organised and managed by Borsa Italiana S.p.A., at least three of the directors and managers and, moreover, all those with investment proxies, must have at least

three-years' experience in the strategic management of investments of the same size and nature as those in the company's portfolio;

- (ii) in accordance with the Regulation no. 516 dated 31 December 1998 of the Ministry for Treasury, Budget and Economic Planning, the directors shall be chosen from persons who have at least three-years' experience in: (a) administration or supervisory activities or management duties in a company; (b) professional activities in the credit, financial, securities or insurance sectors or related to financial brokerage activities; (c) university lecturing about legal or economic subjects; or (d) administration or supervisory activities with state bodies or local governments related to the credit, financial, securities or insurance sectors or with state bodies or local governments that do not involve these sectors as long as their duties included management of financial resources. The board of directors' chair shall have at least five years' experience in the above activities; and
- (iii) in accordance with article 147-*quinquies* of the Consolidated Finance Act and the Ministry for Justice's Regulation no. 162 of 30 March 2000, the directors shall meet the reputation requirements set for members of control bodies.

The board of directors checked the directors' compliance with the above requirements in the meeting in which they were appointed, as shown in the board's report on its self assessment, carried out in accordance with article 3.C.4 of the Code and approved by it on 18 March 2011.

#### ***5.7.2. Independence requirements***

In addition to that set out above in section 5.5 and as required by articles 3.C.1 and 3.C.4 of the Code, the board of directors checked that the directors met the independence requirements both when they were appointed on 30 June 2008 by the shareholders and subsequently in the meeting of 15 July 2008 and for subsequent appointments and lastly in the board meeting of 18 March 2011.

As a result of this check, performed in accordance with the Code, the board of directors acknowledged the independence of the directors François Pauly, Giovanni Cavallini, Orazio Mascheroni and Giorgio Alpeggiani as per the related definition provided in article 148.3 of the Consolidated Finance Act (referred to by article 147*ter*.4 of the Consolidated Finance Act) and article 3.C.1 of the Code. The board of directors did not use additional or different criteria to those set out in the aforesaid article 3.C.1 to check independence.

#### ***5.8. LEAD INDEPENDENT DIRECTOR***

Article 2.C.3 of the Code recommends listed companies appoint a lead independent director when the chair of the board of directors is the chief executive officer or when the chair also controls the company. Although M&C does not fall into one of the above categories, the board of directors appointed Giorgio Alpeggiani as lead independent director for the period from 2008 to 2010 in its meeting of 15 July 2008.

The lead independent director acts as the representative of the non-executive directors (especially the independent directors) and facilitates their contribution to the board's activities and working. The lead independent director works with the chair to ensure that the directors always have timely and complete information.

He has the power, *inter alia*, to call meetings of the independent directors to discuss issues of interest pertinent to the working of the board of directors or the company either on his own or as requested by other directors.

In accordance with Criterion 3.C.6 of the Code, a meeting of the independent directors was held on 15 December 2010, called by the lead independent director, in which they acknowledged that the company has taken the steps to prepare board meeting minutes and that these minutes are circulated to the board members in a shorter period of time than in the past, as noted in the previous meeting of 16 December 2009, in a very acceptable period of time; better time management has also improved the time involved in sending documentation about the matters on the agenda for board meetings.

## **6. TREATMENT OF CORPORATE DISCLOSURES**

### ***6.1 PRIVILEGED INFORMATION***

Paragraph 4.P.1 of the Code requires that directors and statutory auditors are required to keep confidential documents and information acquired as part of their duties and to comply with the company's procedure for the internal management and external communication of such documents and information.

Accordingly and as required by article 114.1/12 and article 115-*bis* of the Consolidated Finance Act and article 66 and subsequent articles and article 152-*bis* and subsequent articles of the Issuer Regulation, the management board approved a Code of Conduct for the management and communication of privileged information to the public on 17 March 2006, subsequently amended with its resolution of 16 March 2007 (the "Privileged information code"). Additional changes to the Code to comply with the new administration and control system were approved by the board of directors in its meeting of 13 November 2008.

The Code's aim is to regulate the obligations of those persons that have regular or occasional access to privileged information about M&C and/or its subsidiaries due to their positions.

The Code sets out specific rules for the treatment of corporate disclosures in order to: (i) avoid the abuse of information and market manipulation; (ii) regulate the management and treatment of information; and (iii) establish the methods for the internal and external communication of documents and information about the company and/or its subsidiaries, especially as regards Privileged Information. The Code was also drawn up to: (i) avoid that Privileged Information can be treated not on a timely basis, incompletely or inadequately or that could lead to information gaps; and (ii) safeguard the market and investors ensuring they have adequate information about the issues or events affecting the company and which they can use as a basis for their investment decisions.

Privileged information is: (a) concise information, ie, that (i) refers to existing circumstances or circumstances that it is reasonable to assume will exist or an event that has already happened or that it is reasonable to assume will take place; (ii) is sufficiently specific to allow conclusions to be drawn about the possible effect of the circumstances or event as per point (i) on the price of financial instruments; (b) information that has not been made public; (c) information that directly relates to M&C or its subsidiaries and that, if made public, could significantly affect the price of M&C's financial instruments, that presumably investors would reasonably use as a basis for their investment decisions.

The following persons are required to comply with the Code procedures: (i) the members of

the boards of directors and statutory auditors, managers and employees of M&C; (ii) the members of the boards of directors and statutory auditors and managers of M&C's subsidiaries and all the employees that managements of M&C's subsidiaries deem have access to privileged information; and (iii) informed persons, being those who have regular or occasional access to privileged information about M&C or its subsidiaries due to their work or professional activities (the "Informed Persons").

Pursuant to the Privileged Information Code, the company members and Informed Persons are required to keep confidential and to adopt all suitable measures to ensure that the circulation of confidential information that they may become aware of as part of their duties is used within the company and by the subsidiaries without affecting its confidential nature.

The Code also regulates the management and internal communication of privileged information and provides for the appointment of a Designated Person to ensure compliance with the procedures, to report to the board of directors and to handle the company's relationships with the media, under the supervision of the board of directors, to set up and keep a register of the persons with access to privileged information and to check the contents of and to manage the company's internet site.

The company has also: (i) set up a Register of Informed Persons pursuant to article 115-*bis* of the Consolidated Finance Act; (ii) adopted the procedure for the keeping of this Register; and (iii) appointed the Designated Person to be in charge of keeping the Register. This position is supervised by the chair, Franco Girard, and was given by the board to Marco Viberti, the CFO, on 15 July 2008.

## **6.2. INTERNAL DEALING**

Pursuant to article 114.7 of the Consolidated Finance Act and article 152-*sexies* and subsequent articles of the Issuer Regulation, the management board approved a Code of Conduct on 17 March 2006 for internal dealing, subsequently amended with its resolution of 16 March 2007 (the "Internal Dealing Code"). Additional changes to the Code to reflect the new administration and control system were approved by the board of directors on 13 November 2008.

This Code defines "Relevant Parties" and parties closely related to them ("Persons closely related to Relevant Parties") who are required to inform the company, Consob and the market of any "Significant transactions" (as defined later) carried out by them, also by nominees or trustees, involving shares issued by the company or other related financial instruments.

The Internal Dealing Code defines Significant Transactions as purchases, sales, subscriptions or exchanges of the company's shares or related financial instruments, including by nominee or trustee, by Relevant Parties or Persons closely related to the Relevant Parties.

The following transactions are excluded from the definition of Significant Transactions:

- (i) those performed by Relevant Parties and Persons closely related to them;
- (ii) those performed by the company and its subsidiaries.

The Internal Dealing Code regulates the management, treatment and communication of information about these transactions.

The Code also recognises the board of directors' possibility (not currently used) to forbid or limit purchases, sales, subscriptions, exchanges or other transactions that transfer title to the

company's shares or related financial instruments, including by nominee or trustee, by Relevant Parties in particular periods of the year and/or when specific events take place.

## **7. BOARD COMMITTEES (article 123-*bis*.2.d) of the Consolidated Finance Act)**

As provided for by the Code which recommends listed companies have board committees with expertise about specific matters, article 20.3.h) of the by-laws gives the board of directors the possibility to set up internal committees or commissions with advisory duties, setting the number of their members, their term of office, duties and powers. These committees have the aim of improving the board's working.

Pursuant to the above by-laws provision, the board of directors set up an investment committee (as per section 5.3.2), a remuneration committee and an internal controls committee (see sections 9 and 11) on 15 July 2008.

## **8. COMMITTEE FOR THE APPOINTMENT OF DIRECTORS**

The board of directors has not deemed it necessary to set up an appointment committee as the current applicable regulations and its by-laws (see later) provide for appointments using a list voting system which is transparent and ensures, *inter alia*, timely and adequate information about the candidates' personal and professional profiles.

Pursuant to article 147-*ter* of the Consolidated Finance Act and related regulations and article 6 of the Code, article 15 of the by-laws establishes that the shareholders appoint the directors in ordinary meetings using the lists presented by them in accordance with the terms and conditions set in the by-laws and described below.

Shareholders that individually or together with other shareholders hold shares equal to at least the percentage set by the law and/or ruling *pro tempore* regulations may present lists. Each shareholder may present or join in presenting, directly or by nominee or trustee, just one list. Additional lists are not accepted. The lists may not be linked, not even indirectly, as defined and established by the applicable laws and regulations. In the case of linked lists, the candidates in the list linked to the list that got the most votes cannot be elected.

The lists shall be deposited at the company's registered office at least 25 days before the date set for the shareholders' meeting on first call to elect the directors and published in the form and timeframe set by the ruling and applicable laws and regulations at least 21 days before the shareholders' meeting is called.

In order for lists to be valid, each one should have the following attachments to be provided by the shareholder depositing the list and under its responsibility: a) a list of the shareholders presenting the list, showing their investment percentage and the unauthenticated signature of the shareholders who are individuals (or their legal or voluntary representatives) and those who legally represent the other shareholders on a legal or voluntary basis; b) the communication or certification issued by an authorised broker, showing subscription of the number of shares by each of the shareholders that present a list; c) the statement whereby each candidate accepts their candidature and provides, under their own responsibility, their professional and personal profiles and states, under their own responsibility, the inexistence of any reasons for ineligibility or incompatibility and the satisfaction of the requirements of reputation and professionalism required by the ruling legislation for directors and whether they qualify as independent as per

the applicable laws and regulations. These statements should be signed by the candidate with an unauthenticated signature.

Shareholders with voting rights (and (i) shareholders belonging to the same group, i.e., the controlling party, also not a company, pursuant to article 93 of the Consolidated Finance Act and all subsidiaries of the same parent or jointly controlled by the same parent, or (ii) shareholders that have signed the same shareholder agreement pursuant to article 122 of the Consolidated Finance Act or (iii) shareholders that are linked among themselves due to a relevant link as per the ruling and applicable laws and/or regulations) may vote for just one list. Votes expressed by the same shareholder for more than one list are not considered.

The board of directors is elected as set out below.

- a) If no lists are presented, the shareholders elect the directors by majority vote pursuant to the law without prejudice to the mandatory election of a number of independent directors pursuant to article 147-ter.4 of the Consolidated Finance Act.
- b) If just one list is presented, all the directors are elected from that list.
- c) When two or more lists are presented: (i) all the directors to be elected less one are taken from the list that received the most votes in the order in which they are set out in the list; (ii) the other director is taken from the list that received the second largest number of votes and that is not linked in any way (directly or indirectly) to the shareholders that presented or voted for the list that got the most votes, using the same order in which the candidates are included in the list. All the other directors who for any reason could not be elected from the list that received the most votes are taken from the second list to the extent of the number of directors to be elected or candidates on the list. In the latter case, the remaining directors are taken from the first on the subsequent lists that received fewer votes than those indicated in point g) below. This procedure is repeated until all the directors are elected or the lists are finished. If there are still directors to be elected, they are appointed by the shareholders in an ordinary meeting by relative majority vote, without using the list voting system.
- d) If the second list in terms of the number of votes receives the vote of one or more parties considered as linked to the list that obtained the most votes, these votes are not considered.
- e) If the votes are the same (ie, when two lists have both received the same largest number of votes or the second largest number of votes), the shareholders vote again to elect the entire board of directors, using the list voting system.
- f) If, when the voting has finished, a number of directors with the independence requirements set by the ruling legislation has not been elected, the candidate elected last using the consecutive order of the list with the most votes without the independence requirement will be replaced by the first unelected candidate of the same list with the required characteristics or the first unelected candidate with the required characteristics from the list that got the second most number of votes or, if this is not possible for any reason, votes not less than those indicated in point g) below. This procedure is repeated until all the independent directors are elected or the lists are finished. Should it not be possible to complete the number of directors to be elected using the above procedure, the shareholders appoint the missing directors by simple majority vote from those presented by the attending shareholders.

- g) Should none of the lists other than that in point (i) receive votes at least equal to that necessary to present lists as described earlier, all the directors to be elected are taken from the list that receives the most votes from the shareholders in the consecutive order in which they are included in the list.

Directors fall from office immediately should they no longer comply with the legal, regulatory and/or by-laws requirements.

## 9. REMUNERATION COMMITTEE (article 123-*bis*.2.d) of the Consolidated Finance Act)

At the date of this Report, the remuneration committee comprised:

Name	Position
Franco Girard	Committee chair Chair of the board of directors
Giovanni Tamburi	Committee member Deputy chair of the board of directors
Giorgio Alpeggiani	Committee member Non-executive, independent director

In accordance with Criterion 7.C.3, this committee:

- (i) presents proposals to the board of directors for the remuneration of the managing directors and other directors with special duties and monitors application of the decisions taken by the board; and
- (ii) periodically assesses the criteria applied to determine the remuneration of the key managers, monitors their application based on information provided by the managing directors and makes appropriate recommendations to the board of directors.

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The remuneration committee met twice in 2010 to express its opinion on the Treofan incentivisation plan for the director Corrado Ariaudo and on the decrease in the remuneration of the board and committee members.

## 10. DIRECTORS' REMUNERATION

Article 17.2 of the by-laws establishes that the board of directors decides the remuneration of the directors who act as chair, deputy chair and executive directors with the approval of the board of statutory auditors.

Further to that described for the setting up of the remuneration committee and its duties (see section 9), at the date of this report and in accordance with article 7.C.2 of the Code, the non-executive directors' remuneration is not tied to the company's performance; the sole exception is the director Corrado Ariaudo, who has a deferred incentivisation plan tied to the creation of value for the investment in Treofan Holdings GmbH and due in the case of its sale. The board's decision is based on the fact that, after waiving his proxies, Mr. Ariaudo has remained as

a director with the task of enhancing the value of the Treofan investment and continues to be a member of Treofan's advisory board.

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On the other hand and to obtain the more direct involvement of the executive directors and key managers in achieving strategic results, M&C approved a stock option plan (the "Plan") on 24 November 2005 in line with the Code's recommendations for the members of the management board at that date as well as for M&C's employees and consultants and/or those of its associates and subsidiaries to be identified on a case-by-case basis by the supervisory board or the management board from the personnel with key positions for the creation of value. The Plan provides for the allocation of options to the beneficiaries to subscribe a maximum 55,500,000 ordinary shares at a price to be determined when the options are assigned pursuant to the criteria set out in article 9.4 of Presidential decree no. 917 of 22 December 1986 and without prejudice to the provisions of article 2441.6 of the Civil Code.

On the same date, the supervisory board assigned the executive members of the then management board 44,400,000 options, setting the share subscription price as € 1.00 per share.

On 24 May 2006, the company also approved an integrating stock option plan (the "Integrating Plan") and the related regulation at the same terms and conditions as those of the above Plan's regulation. The beneficiaries were the executive members of the management board. The integrating plan provides for the assignment of options to subscribe 16,700,000 ordinary shares.

On the same date, the supervisory board gave four executive members of the then management board 13,360,000 options, setting the share subscription price as € 1.00 per share.

Subsequently with its resolution of 23 October 2006 and following the appointment of Alberto Franzone as a member of the management board, the supervisory board resolved to give him 12,274,000 options, including 9,435,000 from the Plan and 2,839,000 from the Integrating Plan, confirming the share subscription price of € 1.00.

Finally, with its resolution of 16 March 2007, the management board gave the manager Giovanni Canetta 907,000 options from the Plan and 273,000 options from the Integrating Plan (again to subscribe ordinary shares at € 1.00 each).

Following the resignation of the management board members Pierantonio Nebuloni and Simone Arnaboldi at the end of 2007 and as part of their agreements, M&C gave the two former directors the right to keep 50% of the options provided for under the Plans at normal terms and conditions. When Alberto Franzone resigned, he was given the right to hold on to 100% of his options.

The options may be exercised in four instalments: from 25 November 2008, 25 November 2009, 25 November 2010 and 25 November 2011 and, moreover, up until the thirtieth day after the date of approval of the Issuer's financial statements as at and for the year ended 31 December 2015.

Beneficiaries of the two plans may not have an investment of more than 10% of the company's share capital after exercising their options.

On 7 July 2009, the board of directors resolved to decrease the conversion ordinary share subscription price from € 1.00 to € 0.38, in relation to the stock option plans, in order to reflect the effects of the share capital reduction authorised by the shareholders on 9 June 2009.

When Carlo Frau resigned from his position as director in April 2010, his vested options were cancelled.

At the date of this Report, none of the Plans' beneficiaries had exercised their options.

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The ordinary M&C shares held by the directors, statutory auditors, general managers and key managers are shown below.

Name	Position held	Term of office	Company in which the investment is held	Ordinary shares held at 31.12.2009	Ordinary shares purchased in 2010	Ordinary shares sold in 2010	Ordinary shares held at 31.12.2010
Carlo De Benedetti	Honorary chair	01/01/2010 - 31/12/2010	M&C S.p.A. (1)	115,620,000	94,999,970	-	210,619,970
Franco Girard	Chair of BoD	01/01/2010 - 31/12/2010	M&C S.p.A.	1,000,000	-	-	1,000,000
Corrado Ariaudo	Managing director Director	01/01/2010 - 27/04/2010 28/04/2010-31/12/2010	M&C S.p.A. (2)	7,910,029	-	-	7,910,029
Carlo Frau	Executive director	01/01/2010 - 27/04/2010	M&C S.p.A.	500,000	-	500,000	-
Orazio Mascheroni	Director	28/04/2010 - 31 /12/2010	M&C S.p.A. (3)	7,039,395	-	-	7,039,395
François Pauly	Director	01/01/2010 - 31/12/2010	M&C S.p.A.	330,000	-	-	330,000

(1) Indirectly held via PER S.p.A.

(2) Indirectly held via Abolding S.r.l.

(3)Held on the appointment, including 1,860,000 directly and 5,179,395 indirectly via Consulta S.p.A.

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The fees received by the directors during the year are shown below:

Name	Position held	Term of office	Expiry of term of office	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees
Franco Girard	Chair	1/1/2010 - 31/12/2010	2010 financial statements	50,000	-	7,068 (1)	-
Giovanni Tamburi	Deputy chair	1/1/2010 - 31/12/2010	2010 financial statements	64,821	-	7,068 (1)	-
Giorgio Alpeggiani	Director	1/1/2010 - 31/12/2010	2010 financial statements	21,205	-	14,136 (1) (2)	-
Corrado Ariaudo	Managing director	1/1/2010 - 27/04/2010	2010 financial statements	130,000	9,174	-	167,000 (4)
	Director	28/04/2010 - 31/12/2010		11,589			
Giovanni Cavallini	Director	1/1/2010 - 31/12/2010	2010 financial statements	21,205	-	7,068 (2)	-
Alessandra Gritti	Director	1/1/2010 - 31/12/2010	2010 financial statements	21,205	-	-	-
Carlo Frau	Executive director	1/1/2010 - 27/04/2010	2010 financial statements	113,747	10,920	70,000 (3)	-
Orazio Mascheroni	Director	28/04/2010 - 31/12/2010	2010 financial statements	11,589	-	-	-
François Pauly	Director	1/1/2010 - 31/12/2010	2010 financial statements	21,205	-	7,068 (2)	-
Massimo Segre	Director	1/1/2010 - 31/12/2010	2010 financial statements	21,205	-	-	-

(1) Fee received as member of the remuneration committee.

(2) Fee received as member of the internal control committee.

(3) Amount paid as part of his resignation package.

(4) Fees for the position as chair and managing director of Comital S.p.A. up until 30 April 2010 (when the investment was sold)

The director Massimo Segre has provided ongoing consultancy and corporate office assistance to M&C since its incorporation via Studio Segre and Studio Segre S.r.l.; the related fees for 2010 were € 142,975.

M&C signed an agreement with the director Corrado Ariaudo in May 2010 covering enhancement of the value of the Treofan investment; it provides for a premium should the investment be sold before 30 December 2019 for more than € 55 million. The premium terms are as follows:

Price collected by M&C (P)	Premium due
€m	
55 < P < 75	4% of the amount exceeding € 55 million.
75 < P < 95	€ 0.8 million + 5% of the amount exceeding € 75 million.
P > 95	€ 1.8 million + 6% of the amount exceeding € 95 million.

M&C's board of directors decided to appoint Giovanni Canetta, the current Operations Manager, as General Manager on 21 January 2011. It resolved not to increase his salary which already consists of: a gross annual salary of € 250,000, a variable annual component tied to objectives decided from year to year and an incentive plan with a premium should Treofan be sold before 31 December 2012 for more than € 60 million; the premium terms are as follows:

Price collected by M&C (P)	Premium due
€m	
60 < P < 90	75% of 5% of the amount exceeding € 60 million.
P > 90	€ 1.1 million + 6% of the amount exceeding € 90 million.

#### 11. INTERNAL CONTROL COMMITTEE (article 123-bis.2.d) of the Consolidated Finance Act)

The internal control committee in office at the date of this report was appointed by the board of directors on 15 July 2008. In accordance with Criterion 8.P.4, which recommends boards of directors of listed companies set up an internal control committee consisting of non-executive directors, most of whom are independent, M&C's internal control committee has three non-executive, independent members, as shown below:

Name	Position
Giorgio Alpeggiani	Committee chair Non-executive, independent director

François Pauly	Committee member Non-executive, independent director
Giovanni Cavallini	Committee member Non-executive, independent director

During its first meeting on 10 September 2008, the committee appointed Giorgio Alpeggiani as its chair.

### ***11.1. FUNCTIONS OF THE INTERNAL CONTROL COMMITTEE***

The committee advises the board of directors on internal control issues. Specifically, it assists the board of directors to determine guidelines for internal controls, to periodically check their adequacy and effective working, ensuring, inter alia, that the main business risks (credit, liquidity, operational) are identified and managed appropriately, together with the relevant internal units. The committee also ensures that board of directors' assessments and decisions about the internal controls, approval of annual and interim financial statements and the company's relationship with its independent auditors, are based on adequate preliminary activities.

Accordingly and pursuant to Criterion 8.C.3 of the Code, the board of directors has given the internal control committee the following duties and functions:

- (i) to assist the board of directors in carrying out its duties in relation to: (a) setting guidelines for the internal controls; (b) regularly assessing their adequacy and efficiency and their effective working; and (c) checking that key business risks are properly identified and managed;
- (ii) to assess, together with the manager in charge of financial reporting and the independent auditors, the correct application of the accounting policies and, in the case of the group, their consistent application for preparation of the consolidated financial statements.
- (iii) to express its opinion on specific issues related to the identification of the key business risks and the design, implementation and management of internal controls, when so requested by the chair of the board of directors or other directors with the suitable powers of attorney;
- (iv) to examine the internal audit plan drawn up by the internal control personnel and their periodic reports;
- (v) to assess the proposals made by the independent auditors to obtain the related engagement, their audit programme and findings set out in their report and management letter (if any);
- (vi) to monitor the effectiveness of the audit procedures;
- (vii) to carry out any additional work requested of it by the board of directors;
- (viii) to report to the board of directors, at least every six months, during approval of the company's annual and interim financial statements, on its activities and the adequacy of the internal controls.

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The internal control committee met three times in 2010 (on 2 March, 26 March and 19 July). Its meetings were attended by the internal control manager, one or more members of the board of statutory auditors and the CFO. Minutes were drawn up as required by article 5 of the Code.

Specifically, on 26 March 2010, the internal control committee assessed and provided the board of directors with its non-binding approval of: (i) the purchase offer for the Comital S.p.A. investment made by Aholding S.r.l., a related party as it is controlled by Corrado Ariaudo, the then managing director of M&C; (ii) the offer to sell 1,417,515 M&C preferred shares made by Aholding S.r.l.; and (iii) the offer to sell 963,930 preferred shares made by the director Carlo Frau.

On 17 February 2011, the internal control committee provided the board of directors with its annual report on its activities. It did not identify any particular issues with respect to the internal controls, deeming them adequate and suitable for the company's structure and activities.

The committee and the internal control manager were in favour of the board of directors approving the new internal procedures, updated from the version prepared by the management board. The committee also acknowledged Regulation no. 89073/11 issued by Banca d'Italia on 1 February 2011, cancelling M&C from the general and special lists as per articles 106 and 107 of Legislative decree no. 385/93, as requested by the company on 14 December 2010. It also analysed and approved the 2011 audit plan presented by the internal control manager.

## **12. INTERNAL CONTROLS**

In accordance with the Civil Code and the Code's recommendations, the company has suitable internal controls to monitor and constantly supervise the risks typical of its activities.

Specifically, as required by the Code, the internal controls comprise the company's rules, procedures and organisational structures aimed at ensuring the proper carrying out of business in line with the company's set objectives through the appropriate assessment and management of key risks. Therefore, these controls are an integral part of its operations and involve all the sectors and structures to achieve the above objectives.

Therefore, M&C has defined its internal controls so that they guarantee attainment of its operating, information and compliance objectives with reasonable certainty. Specifically:

- the operating objective relates to the company's effectiveness and efficiency in using resources to protect itself from losses and to protect its assets; these controls aim at ensuring that employees act in accordance with the company's objectives, without putting other objectives before those of M&C;
- the information objective relates to the preparation of timely and reliable reports to allow decisions to be taken within and outside the company;
- the compliance objective guarantees that all the transactions and actions are carried out in accordance with the law and regulations, supervisory requirements and internal procedures.

The internal controls cover all the business sectors by segregating operating duties from control duties in order to eliminate as far as possible any conflicts of interest.

Specifically, the internal controls are based on the following elements:

- a formalised and concise system for the allocation of responsibilities;

- procedures;
- IT systems based on the segregation of duties;
- management controls and controls over the subsidiaries' reporting;
- authorisation and signatory powers assigned in line with responsibilities;
- specific structured units for external communications.

Furthermore, in accordance with international and national best practices, M&C's internal controls are based on the following principles:

- each transaction and action must be true, checkable, consistent and documented;
- no one should be able to manage an entire process independently (segregation of duties);
- the internal control system should be able to document the controls, including those of a supervisory nature.

With respect to business controls, the company's internal controls require that they be differentiated by type, each for a different requirement and, therefore, the controls are carried out differently. Specifically, M&C has the following:

- line controls, performed by the individual operating units on processes for which they are responsible, aimed at ensuring their correct performance;
- monitoring, carried out by department heads and aimed at ensuring the correct performance of the underlying activities, using hierarchical-type controls;
- identification, assessment and monitoring of administrative-accounting processes and systems that are relevant for the financial statements, in accordance with sector best practices.

Without prejudice to one of the key principles of M&C's internal controls, i.e., accountability whereby each organisational unit is in charge of the correct working of the processes for which it is accountable for in line with the relevant regulations and article 8 of the Code, ultimate accountability lies with the company's senior body.

Accordingly and under the dualistic administration and control system, the management board took on responsibility for the company's internal controls with its resolution of 15 May 2006 and, specifically, the following duties:

- a) identification of the key business risks, based on the activities performed by the company and its subsidiaries;
- b) definition of guidelines for internal controls by designing, creating and managing such controls, checking their adequacy and efficiency constantly; ensuring that the controls meet operating conditions and the legislative and regulatory scenario.

Following the change to a traditional-type administration and control system, the company's board of directors took over this responsibility.

The bodies and/or persons (such as, *inter alia*, the Executive director in charge of the internal controls, the internal control committee and the internal control manager described in other sections of this report), that carry out specific internal control functions within the company and periodically assess the working, effectiveness and efficiency of the internal controls and the

adoption of any remedial actions if necessary, all report to the board of directors.

### ***12.1. EXECUTIVE DIRECTOR IN CHARGE OF THE INTERNAL CONTROLS***

In accordance with the provisions of article 8.C.5 of the Code and in order to properly map and efficiently manage and monitor business risks, the board of directors gave the director Alberto Franzone the duty of supervising the working of the internal controls and identifying company risks and reporting suspect transactions, in line with the anti-money laundering legislation, on 15 July 2008.

Specifically, his duties include:

- (1) proposing to the board of directors an efficient and appropriate risk monitoring system of the core business activities of acquiring and holding investments and the granting of loans;
- (2) monitoring the adequacy of the risk monitoring system with respect to the company's activities, proposing any necessary and relevant amendments;
- (3) supervising the effective implementation of the risk monitoring system;
- (4) proposing organisational actions to prevent involvement (also unwittingly) in money recycling transactions; adopting internal procedures for customer identification; managing the Centralised Computer Archive required by current regulations and applicable for anti-money laundering issues and sending of combined data; identifying potential suspect transactions in line with the "Instructions for the identification of suspect transactions" issued by Banca d'Italia;
- (5) proposing and monitoring compliance with organisational and procedural rules aimed at increasing familiarity with customers, ensuring their proper and independent management, preventing disloyalty by employees and consultants and identifying customers' irregular transactions.

Following the resignation of the Executive director, who was in charge of supervising the working of the internal controls and identifying business risks, in 2009, the board of directors took over his duties pursuant to article 8 of the Code of Conduct for listed companies. On 3 August 2010, it assigned this duty to the chair, Franco Girard.

### ***12.2. INTERNAL CONTROL MANAGER***

In accordance with article 8.C.6 of the Code, the management board appointed Giorgio Pellati, a chartered accountant included in the register of certified auditors, as the internal control manager with its resolution of 15 May 2006. His duties were to assist the management board (and the board of directors from 30 June 2008) and to monitor, inter alia, the efficiency of the company's operations, reliability of financial reporting, compliance with the law and regulations and to report on his activities to the internal control committee.

The internal control manager:

- (1) checks that the internal controls are always adequate, fully operational and working;
- (2) is not in charge of any operating unit and does not report to any operating head, including the CFO;
- (3) has direct access to all information useful to carry out his activities;

- (4) has the necessary means to carry out his activities;
- (5) reports to the internal control committee; specifically, he reports on how risks are managed, compliance with the plans defined to contain risks and the suitability of the internal controls to ensure an acceptable level of risk.

During the year, the internal control manager prepared and presented the internal control committee with an “audit plan” setting out the procedures necessary to obtain the related objectives.

Based on this plan presented to and approved by the internal control committee, the internal control manager carried out the provided for procedures, the results of which were reported in the relevant register and in two half yearly reports (one dated 12 July 2010 for the activities carried out from 1 January to 30 June 2010 and one dated 27 January 2011 for the activities carried out from 1 July to 31 December 2010). Mr Pellati reported that the internal controls were substantially adequate and that the internal procedures had been revised as approved by the management board. However, he found that the internal controls were too many and complex considering the company’s current organisational structure and operations.

The board of directors approved the new procedures in its meeting of 21 January 2011.

### ***12.3 KEY CHARACTERISTICS OF THE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLS OVER FINANCIAL REPORTING***

The internal controls of M&C and the group companies consist of the rules and procedures aimed at allowing attainment of the objectives of reliable, accurate, proper and timely financial reporting through the appropriate identification of the main risks related to the preparation and circulation of such financial reporting.

Financial reporting (including group information) should provide its users with a true and fair view of the company/group’s operations, allow the issue of statements and representations required by law about compliance with the accounting records, entries and ledgers of documents and communications made to the market and related to the company’s accounts (including interim).

Financial reporting should also be suitable to allow the issue of statements about the adequacy and effective application of administrative and accounting procedures during the period to which the documents refer (annual financial statements and interim financial reports) and their preparation in accordance with the relevant IFRS.

The assessment, monitoring and updating of internal controls over financial reporting involve the identification and assessment of the risk of significant errors, also due to fraud, in the financial reporting data and of assessing whether the existing controls are able to identify such errors and the adequacy of controls.

At group level, the different businesses and types of corporate governance systems make the implementation of ad hoc procedures necessary to facilitate the standardisation of financial reporting flows in line with the parent’s requirements.

Upon its incorporation, M&C had set up an administrative and accounting procedures system such to ensure reliable financial reporting. As a result of discontinuities due to exercise of the withdrawal option by shareholders and the share capital reduction by distributing € 0.62 per

share, this system is too complex for the structure's current size and operations. The occurrence of only a few significant transactions allows the accounting system to fully and complete record operations given the new structure that has come about as a result of the above discontinuities.

With respect to investments/divestments and investment management, the scrupulous application of the adopted procedures implies that strategic investment and investment management decisions are taken at a suitable level and in accordance with the guidelines defined in the past. The efficient exchange of data and information with the subsidiaries is guaranteed through the directors and managers in charge of the individual investments such to satisfy the different management requirements, monitor trends and for financial reporting purposes.

The controls in place to prevent significant errors when preparing and publishing financial reporting comprise:

- group level or individual consolidated company level controls such as the assigning of responsibilities, powers and proxies, segregation of duties and assigning of privileges and rights to access IT applications;
- process level controls, such as the issue of authorisations, reconciliations and tests of consistency.

The working of these controls is checked regularly by the internal control manager and the manager in charge of financial reporting.

#### ***12.4. ORGANISATIONAL MODEL AS PER LEGISLATIVE DECREE NO. 231/2001***

Legislative decree no. 231 of 8 June 2001 (the "Decree") introduced the concept of administrative liability for companies for certain crimes (mainly crimes against the public administration and corporate crimes) that, although committed by persons with representative, administrative or management responsibilities or by persons subject to the management or supervision by the former persons, are directly related and chargeable to the company as committed in its interests or to its advantage.

The Decree also provided for the exemption from this form of liability for companies that have adopted and effectively implemented an organisational and management model (the "Model") suitable to prevent the crimes covered by the Decree and the assignment of supervisory duties of compliance with and updating of the Model to a body, specially set up by the company, independent, qualified and with independent powers (the "supervisory body" or the "body").

Given its extremely small size, M&C deems that adoption of this theoretically convincing model would be difficult to implement as reference would have to be made to apical persons. It trusts in the intellectual and professional honesty of its employees and consultants and their commitment to adopting conduct consistent with that set out in its Code of Ethics. Given the non-proportional cost/benefits ratio and the greater bureaucracy that would be required by introduction of a model compliant with the regulations, M&C has decided to be liable for any fines it might be subject to due to non-adoption of an organisational model, also from an ethical point of view, that complies with the obligations, including of a formal nature, of Legislative decree no. 231/2001.

### **12.5. INDEPENDENT AUDITORS**

Pursuant to article 155 and subsequent articles of the Consolidated Finance Act, the shareholders engaged KPMG S.p.A. with their resolution of 24 February 2006 to audit the company's separate and consolidated annual and interim financial statements for the period from 31 December 2006 to 31 December 2011.

Following the amendment to article 159 of the Consolidated Finance Act, which extended audit engagements by three years, the engagement given to KPMG S.p.A. was extended until approval of the separate and consolidated financial statements as at and for the year ending 31 December 2014 by the shareholders in their ordinary meeting of 28 May 2007.

### **12.6 MANAGER IN CHARGE OF FINANCIAL REPORTING**

Pursuant to article 154-*bis* of the Consolidated Finance Act, article 21 of the by-laws requires that the board of directors appoint a manager in charge of financial reporting with the favourable vote of at least two thirds (rounded up to the nearest whole number) of its members and the mandatory approval of the board of statutory auditors. This manager is given the powers provided for by the above article 154-*bis* of the Consolidated Finance Act and the related implementing regulations.

As required by the above regulations of the Consolidated Finance Act, article 21 of the by-laws establishes that persons who do not meet the following professional requirements may not be appointed or, if appointed, fall from office:

- (i) a degree in economics, finance or business management and organisation;
- (ii) at least three-years' experience in: (a) administration or control or management duties as manager with companies, or (b) administration or management duties with entities active in the credit, financial or insurance sectors or in sectors closely related to or linked to the company's activities that entailed the management of financial resources.

Persons who do not meet the reputation requirements of article 147-*quinquies* of the Consolidated Finance Act may not be appointed as manager in charge of financial reporting or, if appointed, fall from office.

Pursuant to article 19 of the then by-laws (which reflects article 21 of the current by-laws), the management board appointed Marco Viberti as manager in charge of financial reporting on 30 November 2007. He is also the company's CFO. The board of directors confirmed his appointment on 15 July 2008 and established that the remuneration paid to him as manager included the fee for this position.

Moreover, on 21 January 2011, the board of directors appointed Giovanni Canetta, the then operations manager, as general manager of M&C without increasing his remuneration. Specifically, the general manager was given the power to execute investments and divestments and to provide the consultancy services approved by the chair and/or the investment committee and/or the board of directors, without prejudice to the powers reserved exclusively for the board of directors. In addition and in line with the technical forms and level of risk of the treasury investments determined by the chair, Mr. Canetta was given the power to invest liquidity and authorise the freeing of invested resources in accordance with the guidelines (if any) set by the board of directors.

### 13. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In accordance with article 2391-*bis* of the Civil Code and the recommendations in article 9 of the Code, on 17 March 2006, the management board approved the code of conduct for related party transactions and the procedure for compliance with the obligations of article 150 of the Consolidated Finance Act, aimed at regulating the execution (including via subsidiaries) of transactions in which a director has an interest either directly or on behalf of third parties or related party transactions to ensure transparency and substantial and procedural correctness (the "Related party transactions code"). The management board subsequently amended this Code on 16 March 2007 specifying the advisory functions of the internal control committee for more important related party transactions. The board of directors approved further amendments to the Code following the company's new administration and control system on 13 November 2008. The Related party transactions code's purpose is specifically to: (i) define internal rules suitable to ensure the transparency, substantial and procedural correctness of these transactions, and to (ii) establish how to comply with the related disclosure requirements, including those required by law and the ruling, applicable regulations.

On 3 August 2010 and in accordance with Consob resolution no. 17221, subsequently amended with resolution no. 17389 (new regulation covering related party transactions), the board of directors appointed a Committee for related party transactions, which prepared the reasoned opinion on the reference regulations for this procedure, as prepared by the company bodies. After the expression of a binding opinion from the committee, the board of directors approved the procedure for related party transactions (the "Procedure") on 11 November 2010 and appointed a Committee for related party transactions which will provide reasoned opinions for or against possible transactions with related parties. The committee members are the independent directors Giorgio Alpezziani, Orazio Mascheroni and François Pauly.

The Code for related party transactions and the Procedure establish that resolutions about related party transactions are usually to be taken solely by the board of directors with the expression of a reasoned opinion (in favour or against) by the committee for related party transactions. Pursuant to article 10 of the new Consob regulation about related party transactions and given its capitalisation and asset parameters, M&C has adopted the procedure for "less significant transactions" also for the "more significant" transactions (see article 5.2.e) of the Procedure).

For the purposes of the above resolutions and as required by the recommendations of the Code for related party transactions and the Procedure, the board of directors shall be sufficiently informed about: (i) the nature of the relationship; (ii) how the transaction is to be executed; (iii) the terms and conditions (timing and financial); (iv) the assessment procedure performed; (v) interests and reasons for the transactions; and (vi) any risks for the company arising from execution of the transaction.

Should there be a relationship between the related party and more than one member of the body taking the decision or should one or more members of the relevant body have an interest (including potential or indirect) directly or on behalf of third parties in the transaction, these persons are required to inform the company's boards of directors and statutory auditors on a timely basis, providing complete information about the nature, origin, scope and terms of their interest.

Where the nature, value or other characteristics of the transactions with related parties so requires and to avoid that conditions different to those that would have been agreed by unrelated parties are agreed, the Committee for related party transactions may avail of the

services of independent experts, with the relevant professional skills and expertise in the issues being resolved on. Their independence and the lack of conflicts of interest must be acknowledged.

The Related party transactions code also establishes that the company's board of directors reports on related party transactions undertaken during the year, including via other companies involved, pursuant to article 2428 of the Civil Code.

The Related party transactions code and the Procedure for related party transactions can be found on the company's internet site in the "*Corporate documents*" section.

#### **14. APPOINTMENT OF STATUTORY AUDITORS**

In accordance with article 148.2 of the Consolidated Finance Act and the related regulations, as well as with article 10 of the Code, article 23 of the by-laws establishes that statutory auditors are appointed by the shareholders using lists presented by them as described below.

Shareholders that individually or together with other shareholders that hold shares equal to at least the percentage set by the law and/or ruling regulations may present lists. This percentage is indicated in the notice calling the shareholders' meeting which will resolve on the appointment of the statutory auditors.

Shareholders and (i) shareholders belonging to the same group, i.e., the controlling entity, also not a company, pursuant to article 93 of the Consolidated Finance Act and all subsidiaries of the same entity or jointly controlled by the same entity, or (ii) shareholders that have signed the same shareholder agreement pursuant to article 122 of the Consolidated Finance Act or (iii) shareholders that are linked among themselves due to a significant connection as per the ruling and applicable laws and/or regulations may present or jointly present just one list directly or by nominee or trustee. Lists presented that do not comply with the provisions of this section are taken not to have been presented regardless of the order in which they have been deposited.

The lists have two sections, one setting out the candidates for the position as standing statutory auditor and the other, the alternate candidates. At least one candidate for the position as standing statutory auditor and one for the position as alternate statutory auditor should be presented for a total number of not more than the number of statutory auditors to be elected. They are elected using the consecutive order method. Each candidate may be included in just one list to be eligible.

The lists, signed by the shareholders presenting them, shall be deposited at the company's registered office at least 25 calendar days before that set for the meeting on first call. Within this deadline and together with the lists, the following are presented: (a) a list of the shareholders presenting the list, showing their investment percentage in M&C and signed by them (unauthenticated signature) when the shareholders are individuals (or their legal or voluntary representatives) or by the persons legitimately authorised to represent shareholders that are not individuals either legally or voluntarily; (b) the communication or certification issued by the financial broker showing the share capital subscribed by each shareholder presenting the list; (c) the statement, with the unauthenticated signature of the candidate, accepting their candidature, illustrating under their own responsibility their professional profile and positions held as directors and statutory auditors in other companies and stating, under their own responsibility, the inexistence of reasons for incompatibility or ineligibility and the satisfaction of the reputation, professional and independence requirements required by current

regulations for positions as statutory auditors of the company; and (d) the statement of shareholders other than those that hold, also jointly, a controlling or relative majority investment in the company, confirming the absence of links (as defined and identified in the ruling applicable regulations) with the latter.

Lists, the presentation of which does not comply with the above sections, are taken not to have been presented.

If just one list has been presented or lists only by shareholders linked to each other pursuant to the ruling applicable legislation 25 days before the date set for the first call of the shareholders' meeting to resolve on the appointment of the board of statutory auditors, other lists may be presented up until the third day after expiry of this time limit. This will be communicated in the forms set by the ruling regulations and the minimum percentage set out above for the presentation of lists will be halved.

Shareholders with voting rights and (i) shareholders belonging to the same group, ie, the controlling entity, also not a company, pursuant to article 2359 of the Civil Code and all subsidiaries of the same entity or jointly controlled by the same entity, or (ii) shareholders that have signed the same shareholder agreement pursuant to article 122 of the Consolidated Finance Act or (iii) shareholders that are linked among themselves due to a significant link as per the ruling and applicable laws and/or regulations) may vote for just one list. Votes expressed by the same shareholder for more than one list are not considered.

If no lists are presented, the shareholders appoint a board of statutory auditors and a chair by majority vote in accordance with the law.

If just one list is presented, the board of statutory auditors is taken entirely from this list and the first candidate on the list becomes the chair. If two or more lists are presented, the statutory auditors are elected as follows:

- (i) (a) the first two candidates are elected standing statutory auditors; and (b) the first candidate as the alternate statutory auditor from the list with the most votes in consecutive order;
- (ii) the list with the second most votes and that is not linked in any way with the shareholders that have presented or voted for the list that received the most votes, will be used for the (a) first candidate to act as effective statutory auditor and who will also be appointed as chair, and (b) the first candidate as effective statutory auditor in consecutive order as per the list.

If the votes are the same (ie, when two lists have both received the same highest number of votes or the second highest number of votes), the shareholders vote again to elect the entire board of statutory auditors, using the list voting system provided hereby.

Should one or more standing statutory auditors from the list that received the most votes (the "Majority Statutory Auditors") fall from office for any reason during the year, the alternate statutory auditor on the same list takes over the position or, if this is not possible, the other alternative statutory auditor. When this is not possible, a shareholders' meeting is called so that it can provide for the integration of the board of statutory auditors in a normal fashion and by relative majority vote without using the list voting system, pursuant to article 2401.3 of the Civil Code.

Should the standing statutory auditor from the list that received the second most votes (the "Minority Statutory Auditor") fall from office during the year, the alternate statutory auditor from the same list takes over their position and their term of office expires with that of the

other statutory auditors in office when they take on the position and also acts as chair. When it is not possible to do this, a shareholders' meeting is called so that it can provide for the integration of the board of statutory auditors in a normal fashion and by relative majority vote without using the list voting system, pursuant to article 2401.3 of the Civil Code, and following presentation of candidatures by the shareholders that, individually or together with other shareholders, hold an investment that would allow presentation of a list pursuant to the ruling regulations and/or legislation. Votes cast by shareholders that, as per the communications made in accordance with the ruling, applicable legislation, hold, including indirectly, individually or jointly with other shareholders as part of a shareholder agreement pursuant to article 122 of the Consolidated Finance Act, the relative majority of the share capital with voting rights at ordinary shareholders' meetings and shareholders controlled by, that control or are subject to joint control thereby, are not included in the calculation.

When the shareholders are required to elect alternate statutory auditors pursuant to article 2401.1 of the Civil Code to replace other statutory auditors, it takes its decision in a normal fashion and by majority vote, without using the provided vote listing system in order that the minorities, that would be allowed to present lists under the ruling regulations and/or legislation, are properly represented.

#### **15. BOARD OF STATUTORY AUDITORS (article 123-*bis*.2.d) of the Consolidated Finance Act)**

In accordance with article 23 of the by-laws, the company's management is supervised by a board of statutory auditors, comprising three standing members and two alternate members, elected and operational pursuant to the law and that have the requirements set by ruling legislation.

Pursuant to article 148.2 of the Consolidated Finance Act and related implementing regulations, the by-laws provide that the minority shareholders elect a standing statutory auditor, who acts as chair of the board of statutory auditors, and an alternate statutory auditor. Such minority shareholders are not linked in any way, including indirectly or significantly. Except when a statutory auditor is being replaced, the Minority Statutory Auditor is elected with the other members.

The current board of statutory auditors was appointed by the shareholders on 30 June 2008 with a term of office until approval of the separate annual financial statements as at and for the year ended 31 December 2010.

The following table shows the significant information for each member of the board of directors in office at year end.

**BOARD OF STATUTORY AUDITORS**

Board of statutory auditors							
Position	Member	In office since	In office until	List (M/m) *	Ind. as per Code	(%) **	***
Chair	Vittorio Ferreri	30:06:08	approval of 2010 financial statements	N/A	X	100	2
Standing statutory auditor	Angelo Rocco Bonisconi	30:06:08	approval of 2010 financial statements	N/A	X	67	15
Standing statutory auditor	Emilio Fano	30:06:08	approval of 2010 financial statements	N/A	X	100	9
Alternate statutory auditor	Maurizio Barbieri	30:06:08	approval of 2010 financial statements	N/A	X	-	-
Alternate statutory auditor	Stefano Gorgoni	30:06:08	approval of 2010 financial statements	N/A	X	-	-
STATUTORY AUDITORS WHO RESIGNED DURING THE YEAR							
	Name						
Shows the quorum necessary to present lists the last time: N/A							
No. of meetings held during the year: 6							

\* M = majority list, m = minority list, N/A= not applicable

\*\* Statutory auditor qualified as independent as per the Code's independence criteria

\*\*\* Attendance at board meetings as a percentage, considering the number of meetings held during the year (3).

\*\*\*\* Total number of positions, specifying those held by each statutory auditor in companies listed on regulated markets, including foreign markets, as shown in the list in Annex 4 as per article 144-quinquiesdecies of the Issuer Regulation.

Just one list was deposited for the election of the statutory auditors with the result that, as provided for by article 23.15 of the by-laws, the board of statutory auditors was elected from one list presented and the chair is the first candidate on the list.

Annex 5 to this Report gives a brief description of the professional and personal profiles of each statutory auditor, as required by article 144-*decies* of the Issuer Regulation.

The board of statutory auditors met six times in 2010 and once in the period from the reporting date to the date of this Report.

It has regularly carried out its legally-required procedures.

In accordance with Criterion 10.C.5, the board of statutory auditors supervised the independence of the independent auditors, their compliance with the related regulations and the nature and scope of the non-audit services provided to the company and its subsidiaries by the independent auditors and its network companies.

In accordance with Criteria 10.C.6 and 10.C.7, the board of statutory auditors coordinated its activities with the internal control committee. Specifically, statutory auditors attended the

meetings of the internal control committee held in 2010.

## 16. RELATIONSHIPS WITH SHAREHOLDERS

The company deems it to be in its interests and its duty to have an ongoing dialogue with its shareholders and institutional investors in accordance with the procedure for the external disclosure of company documents and information and the more general compliance with the legislative and regulatory provisions applicable to listed companies. With specific reference to the shareholders and pursuant to paragraph 11.P.1 of the Code, the board of directors' regulation provides that the board is obliged to facilitate and assist the widest participation of the shareholders at meetings, taking all measures to facilitate their exercise of their rights and to ensure they have suitable information to take informed decisions about matters on their agendas. Pursuant to Criterion 11.C.2 of the Code, relationships with institutional investors are maintained by the Investor Relator, Marco Viberti, appointed by the management board on 30 November 2007 and confirmed by the board of directors in its meeting of 15 July 2008, as supervised by the chair.

The Investor Relator's details are set out below.

<b>INVESTOR RELATOR</b>
Marco Viberti
Tel.: 02 727371
Fax: 02 72737177
E.mail: <a href="mailto:viberti@management-capitali.com">viberti@management-capitali.com</a>

In accordance with Criterion 11.C.1 of the Code, the company has developed a section "*Press releases*" on its internet site to provide the market with all the press releases about the main company events, financial figures and up to date information about the company. It is updated promptly to ensure transparent and effective information for the market.

As well as presenting the company and group and its/their background, the internet site has a specific section "*Corporate documents*" which sets out the most important corporate governance documents (including the by-laws, the Privileged information code, the Internal dealing Code, the Code of Conduct for related party transactions and the Related party transaction code).

The events calendar can be found in the relevant "*Financial Calendar*" section and provides information about the dates of the meetings of the company bodies, such as the shareholders and the board of directors, held to approve the draft separate financial statements, the consolidated financial statements, the interim financial report at 30 June and the interim financial reports at 31 March and 30 September as well as financial documents.

## 17. SHAREHOLDERS' MEETINGS (article 123-bis.2.c) of the Consolidated Finance Act)

In accordance with article 11.C.4 of the Code, which recommends the directors participate in shareholders' meetings as they are an important venue for discussion between the directors and the shareholders, the directors usually all attend such meetings. Specifically, the board of directors reports on the activities carried out and scheduled and takes steps to ensure the shareholders have adequate information to be able to take informed decisions.

In addition to that disclosed in section 16 about the importance of the shareholders' attendance at meetings, article 11.1 of the by-laws establishes that shareholders with voting rights, which have sent the company the authorised broker's communication confirming their legal ability at least two business days before that of the meeting, may participate in meetings.

Article 11.2 of the by-laws also clarifies that each shareholder with the right to participate in meetings may be represented by another person with a written proxy pursuant to the law.

#### **18. CHANGES SINCE THE YEAR END**

No changes have been made to the company's corporate governance structure since the year end.

Milan, 18 March 2011

BOARD OF DIRECTORS

## Annex 1

### LIST OF POSITIONS HELD BY EACH DIRECTOR IN COMPANIES LISTED ON REGULATED MARKETS (INCLUDING FOREIGN MARKETS)

Name	Listed company (including foreign)	Membership of the group headed by or to which M&C belongs	Non-membership of the group headed by or to which M&C belongs
<b>Franco Girard</b>	Cofide S.p.A. (director)	X	
	Cir S.p.A. (director)	X	
<b>Giovanni Tamburi</b>	Tamburi Investment Partners S.p.A. (deputy chair and managing director)		X
	Datalogic S.p.A. (director)		X
	Interpump Group S.p.A. (director)		X
	De Longhi S.p.A. (director)		X
	Zignago Vetro S.p.A.		X
<b>Corrado Ariaudo</b>	-	-	-
<b>Giorgio Alpeggiani</b>	I Grandi Viaggi S.p.A. (director)		X
<b>Giovanni Cavallini</b>	Migros Turk TSA (director)		X
	Interpump Group S.p.A. (chair)		X
	Metrologic S.p.A. (director)		X
	Freni Brembo S.p.A. (director)		X
<b>François Pauly</b>	BIP Investments Partners S.A. (director)		X
	Elcoteq S.E. (director)		X
<b>Alessandra Gritti</b>	Tamburi Investment		X

	Partners S.p.A. (deputy chair and managing director)		
<b>Orazio Mascheroni</b>	-	-	-
<b>Massimo Segre</b>	Cir S.p.A. (director)	X	
	Cofide S.p.A. (director)	X	

*Annex 2*

**DIRECTORS' PROFESSIONAL AND PERSONAL PROFILES**

## CURRICULUM VITAE OF FRANCO GIRARD

Born in Turin on 15 August 1934.

Graduated from the University of Turin in 1958 with a degree in Economics and Commerce.

- Worked at OLIVETTI until 1983, holding different positions.
- Moved to CIR S.p.A. in 1983 as CFO until 1986.
- Appointed general manager of CIR S.p.A. in 1986, position held until 31 December 1993.

Current positions:

- Director of Cofide S.p.A.
- Director of CIR S.p.A.
- Director of CIR International S.A.
- Chair of Management & Capitali S.p.A.
- Director of Montaigne 51 S.A.S.
- Chair of Rueil Danton S.A.S.
- Chair of Arlington 77 S.A.S.
- Chair of Residence Branly S.A.S.
- Director of Fidefrance S.A.S.

## CURRICULUM VITAE OF GIOVANNI TAMBURI

Born in Rome on 21 April 1954

Graduated from the La Sapienza University of Rome with a degree in Economics and Commerce (110 cum lode)

January 1992 - Present

### **Tamburi Investment Partners S.p.A.**

- Founder and chair of T.I.P. - Tamburi Investment Partners S.p.A., an independent investment/merchant bank working with mid-sized Italian companies listed on the STAR segment of the Italian stock exchange managed by Borsa Italiana.
- Founder and chair of Tamburi & Associati, a company specialised in corporate finance transactions (M&A, IPO, general advisory services). Tamburi & Associati was merged into Tamburi Investment Partners S.p.A. in 2007.
- Founder, chair and managing director of SeconTip S.p.A., set up in 2006 and specialised in secondary private equity activities.

October 1980 - December 1991

### **Euromobiliare (Midland Bank group):**

Over the last few years of that period:

- Director and deputy general manager of Euromobiliare S.p.A., director of Banca Euromobiliare S.p.A. and other group companies.
- General manager of Euromobiliare Montagu S.p.A., the group's investment banking company.

September 1977 - September 1980

### **Bastogi group**

February 1975 - July 1977

### **S.O.M.E.A. S.p.A.**

Other current positions:

Deputy chair of Management & Capitali S.p.A., director of Interpump S.p.A., director of De Longhi S.p.A., director of Datalogic S.p.A., director of Zignago Vetro S.p.A., director of Data Holding 2007 S.r.l., chair of Gruppo IPG Holding S.r.l., chair of Clubtre S.r.l., sole director of Lippiuno S.r.l.

Previous (public) positions:

Member of the commission for Law no. 35/92 set up by the Ministry of Budget (Privatisation Commission)  
Member of the privatisations advisory board for the Milan municipality.

## CURRICULUM VITAE OF CORRADO ARIAUDO

**Corrado Ariaudo**, born in Ivrea in 1960 and a graduate of the University of Turin (degree in Economics and Commerce), began his career as an auditor with Ernst & Young (1984-1985). At the end of 1985, he moved to Olivetti S.p.A. for 17 years, where he moved up the ranks in Italy and abroad, as the head of group restructuring projects, audit manager, investor relator, group CFO, managing director of Olivetti Tecnost and general manager of Olivetti S.p.A. in 1999.

He was directly involved in the far-reaching transformation from IT to telecommunications and, especially, in the more important transactions undertaken by the group, such as:

- telecommunications sector: tender for the mobile telephony licence (1994) and subsequent start-up of Omnitel and Infostrada; their subsequent sale to Mannesmann (now Vodafone) and organisation of public purchase and exchange offers for Telecom Italia (1999);
- IT sector: management of numerous transactions and negotiations (mergers, joint ventures, disposals of businesses and companies, etc.) undertaken to achieve the drastic business restructuring;
- gaming sector: development and listing of Lottomatica (2001), then 35% controlled by Olivetti group, also through international alliances, in order to create value.

He left Olivetti at the end of December 2002, when Olivetti S.p.A. merged with Telecom Italia, to set up his own businesses.

In 2005, he took part in the start-up of the investment company M&C, invested directly and organised fund raising for its capitalisation to be listed on the Milan stock exchange; managing director of M&C for five years.

In March 2010, he resigned from his executive position in M&C and acquired its controlling investment in Comital S.p.A., becoming the latter's chair and managing director and engaging in the difficult procedure for Comital's industrial and financial restructuring negotiated with its lending banks.

## CURRICULUM VITAE OF ALESSANDRA GRITTI

Born in Varese on 13 April 1961.

Degree in Business Economics. Specialisation in Corporate Finance at the Milan Bocconi University in 1984 (110 cum lode).

December 1994 - Present

### **Tamburi Investment Partners S.p.A.**

Deputy chair and managing director of Tamburi Investment Partners S.p.A., an independent investment/merchant bank working with mid-sized Italian companies listed on the STAR segment of the Italian stock exchange managed by Borsa Italiana.

Founding partner and managing director of Tamburi & Associati - Finanza e Privatizzazioni S.p.A., specialised in corporate finance transactions (M&A, IPO, general advisory services). Tamburi & Associati S.p.A. was merged into Tamburi Investment Partners S.p.A. in 2007.

Managing director of SeconTip S.p.A.

May 1986 - November 1994

**Euromobiliare Montagu S.p.A.**, the investment-merchant banking company of the Midland Hong Kong & Shanghai Bank per l'Italia group. Director and head of M&A sector since 1991.

October 1984 - May 1986

**Mediocredito** Lombardo: Milan, research office.

January 1984 - October 1984

**Sopaf group (Vender family)** analyst for companies specialised in venture capital operations.

Current positions:

Deputy chair and director of Tamburi Investment Partners S.p.A., managing director of SeconTip S.p.A. and director of Management & Capitali S.p.A.

Consultant for institutions and specialist finance journals.

Author of numerous financial articles and publications.

## CURRICULUM VITAE OF GIORGIO ALPEGGIANI

Name: Giorgio Alpeggiani  
Place and date of birth: Voghera, 9 May 1939  
Address: Via San Marco, 18 - Milan (20121)  
Work address: Corso Venezia, 10 – 20121 – Milan  
Tel. 02 / 76021082  
Fax 02 / 76000049  
E-mail g.alpeggiani@alpeggianiassociati.com

### Education

1963 – Degree in Law from the University of Pavia;  
1967 – Inclusion in the Milan Register of Lawyers;  
1981 – Inclusion in the Register of Lawyers allowed to practice before the Supreme Court

### Legal activities and qualifications

Founder of the law firm Alpeggiani & Associati, expert in corporate law and contracts, in M&A (with many years of experience) and all aspects related to insolvency proceedings, apportionment of payables and company restructurings, out-of-court settlements between creditors and insolvent companies.

### Professional experience and positions held

1971	Founder of the law firm Alpeggiani & Zanzi;
1987/2000	Director of Euromobiliare S.p.A.;
1990/1993	Director of Banca Bovio;
1995/1996	Director of Cartiere Sottrici Binda S.p.A.;
1996	Director of Adriasebina Cementi S.r.l.;
1996/2000	Chair of Centro Cardiologico Monzino;
1996/2009	Director of Fondazione Monzino;
1997/1998	Director of Banknord Gepafi S.p.A.;
1999/2000	Director of Banca Euromobiliare;
2000/present	Director of I Grandi Viaggi S.p.A.;
2001/present	Director of PM & Partners S.p.A.;
2005/present	Chair of Fingefran S.p.A.;
2008/present	Director of Management & Capitali S.p.A.;
2008/present	Director of CG & Associati S.p.A.;
2002	Founder and partner of the law firm Alpeggiani & Associati, specialised in corporate law.

### Academic experience

1964	Voluntary assistant lecturer at the University of Pavia - Law faculty - Commercial law chair
1966	Voluntary assistant lecturer at the University of Pavia - Law faculty - Commercial law chair
1981	Commercial law lecturer at the University of Pavia - Economics and Commerce faculty

**Foreign languages**

English, French.

**Publications:**

Many articles in legal and other journals.

## CURRICULUM VITAE OF GIOVANNI CAVALLINI

Born in Milan on 28 December 1950  
Resident in Via Privata Maria Teresa 11, Milan  
Married since 1982 with Beryl Lassaussois

### Education

- 1969: Classics high school diploma from the state school Cesare Beccaria, Milan  
Grade 60/60.
- 1969-74: Civil Engineering Degree from the Milan Polytechnic  
Grade 100 cum lode
- 1976-78: Master in Business Administration from Harvard Business  
School, Boston, USA.
- 1975-76: Reserve officer, Air Force, Florence/Novara.

### Professional career

- 1978-87: The Boston Consulting Group, Paris (1978-1984) and Milan (1984-87).  
From 1984 deputy chair and partner.
- 1988-94: S.I.C. – Società Iniziative Commerciali, Milan (bricolage centres).  
Founder and managing director.  
S.S.C. – Società Sviluppo Commerciale, Milan (supermarkets).  
Co-founder and director.
- 1994-96: OBI - Italy (Tengelmann group, Germany)  
Chair.
- 1996-2005: Interpump Group S.p.A.  
Managing director.
- 2005-present: Chair.

## CURRICULUM VITAE OF ORAZIO MASCHERONI

Born in Como on 18 June 1935  
Resident in Via Europa Unita 7, 22030 Montorfano (CO)

Classics high school diploma from Gallio school, Como.  
Milan Cattolica University, degree in Economics and Commerce from the University of Perugia.  
Master course (I.S.E.O.)

After initial experience at a legal and accountancy firm in Como and with Carlo Pessina Costruzioni, he worked in the mineral waters sector from 1967 to 1972, launching the Norda label on the market and earning promotions up to the position as general manager.

In 1972, he commenced a long-term relationship with the construction company Cattaneo with the task of developing its commercial strategies. Accordingly, he set up Redilco, active in the real estate sector, as its sole director.

In 1989, he acquired a significant investment and subsequently all the shares of Redilco S.p.A. through a MBO.

In the 1980's, he brokered an average Lit 200 billion thanks to his in-depth knowledge of the sector and a motivated sales force.

In 1999, the Mazzi family, active in the construction sector, became shareholders of Redilco.

In 2001, he set up Redilco Real Estate with the Mazzi family with a share capital of € 50 million. He managed to involve Credito Artigiano, thanks to his long-standing relationship with this bank, creating synergies between real estate know-how and the financial world.

In 2003, the relationship with the Mazzi family was terminated on a friendly basis with his sale of his investments in Redilco and Redilco Real Estate while keeping an investment in a real estate operation and remaining as directors of Redilco R.E..

In 2004, via the Consulta family's company, of which he is the sole director, he began working with Sircom R.E. building shopping centres, the most important of which was built in Termoli (Molise), managing its financing and sale.

Since 2009, chair of CVA Redilco.

Since 2010, director of Management & Capitali, listed on the Milan stock exchange.

## CURRICULUM VITAE OF FRANÇOIS PAULY

### Personal data:

Name: François PAULY  
Home address: 11, rue Auguste Liesch, L-1937 Luxembourg  
GSM: +352 621 164 768  
Date of birth: 30 June 1964  
Civil status: married, 3 children  
e-mail: Frpauly@hotmail.com

### Education:

1984-1987: Graduate of «ESCP-EAP» Ecole des Affaires (Paris, Oxford, Berlin);  
1983-1984: First year economics certificate from “Centre Universitaire Luxembourg”;  
1983: High school diploma, biological section of the Athénée high school, Luxembourg.

Languages: French, English, German, Italian, Portuguese, Luxembourgish.

### Professional experience:

#### director of many companies (April 2011)

- Director of La Luxembourgeoise (Luxembourg)
- Director of Cobepa /Cobehold (Brussels)
- Director of e[ato]BIP Investments Partners (Luxembourg)
- Director of Elcoteq (Luxembourg)
- Chair of Pharma wÆ {ealth Sicav (Luxembourg)
- Director of M&C Management e Capitali (Milan)

**From 2004 to 2010** Bank Sal’ Oppenheim Luxembourg Managing director.  
Services Généraux de Gestion S’A’ (SGG) Chair

#### **From 2003 to June 2004** **Dexia Banque Internationale à Luxembourg**

- Member of the executive committee of Private Banking of Dexia group.
- Director of o’Expertd’a Luxembourg, DexiaCrediop, Rome and Société Monégasque de Banque Privée, Monaco.

### Duties in Dexia group:

From the end of 2001 to the end of 2002:

- Italian head of private banking, asset management and investment fund administration;
- deputy general manager of Dexia-Crediop Rome;
- managing director of Dexia SIM Italia Milan;
- deputy chair of DFS Italia;
- manager of the Dexia-Bil Milan Branch;

#### **From 1987 to 2001 Banque Internationale à Luxembourg**

## CURRICULUM VITAE OF MASSIMO SEGRE

Massimo SEGRE

born in Turin on 16 November 1959

resident in Via Valeggio 41, Turin

Married with 2 children.

**Education:** Degree in Economics and Commerce - University of Turin  
Accountancy and commercial expert high school diploma - Istituto  
Quintino Sella di Torino

### Work experience:

- \* from January 1984 included in the Register of Chartered Accountants
  - \* from 9 January 1985 included in the Register of Certified Auditors
  - \* from 8 April 1991 Turin Court appointed expert
  - \* from 20 September 1991 Ivrea Court appointed expert
  - \* from 4 June 1992 included in the Register of Journalists (List of advertisers)
  - \* from 15 November 1993 included in the Register of Chartered Accountants
  - \* from 19 November 1993 included in the *"List of Experts for inspections of Trustee companies"* set up with the Ministry for Industry, Commerce and Trade's decree of 18 June 1993
  - \* from 21 April 1995 included in the Register of Auditors.
  - \* from 19 June 1996 registered as an expert of the Interbank Guarantee Fund.
  - \* from 10 November 1999 included in the Register of Experts at the Turin Court as per article 67 implementing measures Code of Criminal Procedures
  - \* from 6 November 2010 included in the List of Mediators held by the Mediation and Arbitration Chamber with Consob
  - \* from 7 November 2010 included in the List of Arbitrators held by the Mediation and Arbitration Chamber with Consob
- \* Co-owner of Studio Segre, various directorships and positions as statutory auditor, including with CIR S.p.A., COFIDE S.p.A., MANAGEMENT & CAPITALI S.p.A., all listed on the Italian stock exchange.  
Director of BORSA ITALIANA S.p.A.  
Chair of DIRECTA S.I.M.p.A  
Deputy chair and managing director of IPI S.p.A.

Fluent English, good knowledge of German and familiarity with French, Spanish and Portuguese.

### Annex 3

#### LIST OF POWERS GIVEN BY THE BOARD OF DIRECTORS TO THE CHAIR, THE GENERAL MANAGER AND MANAGING DIRECTOR

The powers and proxies as approved by the board of directors on 21 January 2011 when it appointed the general manager are set out below:

· The general manager **Giovanni CANETTA** is given the following powers, to be exercised by **individual signature**, and the possibility to delegate individual or groups of transactions:

- a) management and control over the company employees and execution of the general instructions issued by the chair and the board of directors;
- b) without prejudice to that reserved exclusively for the board of directors, the power to execute investments and divestments and to provide the consultancy services approved by the chair and/or the investment committee and/or the board of directors;
- c) in line with the technical forms and risk level of liquidity investments set by the chair, invest liquidity, divest invested resources in line with the guidelines (if any) of the board of directors;
- d) hire, redeploy, transfer and let go employees with positions as junior managers and white collars, amend their employment conditions and implement disciplinary measures;
- e) give mandates, agree, amend or terminate consultancy contracts with financial and legal advisors and other consultants in relation to the company's operations for amounts of not more than € 100,000.00 per contract;
- f) agree insurance contracts entailing the company's payment of annual premiums of not more than a total € 100,000.00;
- g) agree, terminate, amend lease agreements of not more than nine years with annual payments of not more than € 100,000.00;
- h) agree, amend, terminate sales contracts for goods and services, including software licences, services, administration, supplies, hire, transportation, free loan, courier, mandate, agency and agree deeds for the purchase, sale, exchange of machinery, vehicles and motorcycles, products and all materials for not more than € 100,000.00 per contract;
- i) execute payment orders, issue and transfer bank cheques and drafts drawn on the company's current accounts, including overdrafts (as long as they are within the credit limits) for amounts of not more than (including if they are split into instalments) € 100,000.00; accept receipts and commercial paper, sign current account statements with banks, companies and other bodies, issue, endorse, transfer bills of exchange and sign debit notes on all open accounts, account statements, letters for the transfer of guarantees, documents, cheques, bills of exchange, securities, all within the limit of € 100,000.00 for each transaction, it being understood that this ceiling is not applied for transfers among the company's different accounts and for liquidity investments;
- j) take decisions about ordinary costs necessary to run the company's offices;
- k) sign correspondence;
- l) sign the periodic statements and all the documentation the company is required to present by law for direct and indirect taxes, duties, concessions and levies;
- m) collect amounts from private individuals and state offices, Banca d'Italia, banks and the treasury agency for principal and interest and related amounts, issuing the related receipts;

- n) collect sums from all parties for any reason due, collect post and telegraph money orders, mandates, cheques, promissory notes from local governments, corporate bodies, credit institutions, banks, companies and private individuals and issue the related receipts; collect goods, packages, envelopes, securities, letters, postal bills, including registered and insured post from post offices, railway stations or shipping or airport offices or any other offices, issuing receipts and making claims or complaints;
- o) undertake all transactions to deposit, release, transfer of certificates and all other transactions involving state treasury bonds with the Cassa Depositi e Prestiti, Treasury funds, regional and central offices of the tax authorities and the local agencies and governments;
- p) endorse for collection or discounting bills of exchange, postal and telegraphic money orders issued or endorsed by third parties in the company's favour, endorse to banks for crediting to the company's account, current account cheques, bank drafts, orders issued or endorsed by third parties in the company's favour;
- q) issue abstracts from payroll registers and certifications for employees and pension, social security and insurance bodies and other private bodies; ensure compliance with the relevant regulations such as the tax withholding agent with the option to, inter alia, sign statements, certifications and any other deed or certificate including the certificate as per articles 1 and 3 of Presidential decree no. 600/73;
- r) deposit for any reason, release the deposits with the state authorities and public offices with the possibility to sign discharges and exemption from liability for the relevant officers;
- s) have bills of exchange, money orders and cheques protested and provide for their execution, in relation to securities and properties, and, in general, undertake executive, protective and urgent deeds and monitor them, with the total or partial waiver if necessary.
- t) represent the company at ordinary and extraordinary meetings of the shareholders and investees, with all powers for representation.

Specifically, the general manager **Giovanni CANETTA** is required to:

- a) act as "Manager in charge of processing personal data" pursuant to the ruling legislation;
- b) act as "Employer" pursuant to Legislative decree no. 81/08 with individual signature and the possibility to delegate and to appoint a Prevention and Protection Manager or to carry out the duties directly. In extremely urgent cases and where the safety of the persons is at risk, this Manager has unlimited expenditure powers, with the obligation to document them.

Moreover, the general manager, **Giovanni CANETTA**, with **joint signature** with the CFO, **Marco VIBERTI**, has the power to, with the possibility to delegate for individual transactions or groups of transactions:

- (a) give mandates, agree, amend or terminate consultancy contracts with financial and legal advisors and other consultants in relation to the company's operations for amounts of not more than € 250,000.00 per contract;
- (b) agree insurance contracts entailing the company's payment of annual premiums of not more than a total € 250,000.00;
- (c) agree, terminate, amend lease agreements of note more than nine years with annual payments of not more than € 250,000.00;
- (d) agree, amend, terminate sales contracts for goods and services, including software licences, services, administration, supplies, hire, transportation, free loan, courier, mandate, agency and agree deeds for the purchase, sale, exchange of machinery, vehicles and motorcycles, products and all materials for not more than € 250,000.00 per contract;
- e) execute payment orders, issue and transfer bank cheques and drafts drawn on the company's current accounts, including overdrafts (as long as they are within the credit limits) for amounts of not more than (including if they are split into instalments) € 250,000.00; accept receipts and

commercial paper, sign current account statements with banks, companies and other bodies, issue, endorse, transfer bills of exchange and sign debit notes on all open accounts, account statements, letters for the transfer of guarantees, documents, cheques, bills of exchange, securities, all within the limit of € 250,000.00 for each transaction, it being understood that this ceiling is not applied for transfers among the company's different accounts and for liquidity investments.

· the chair **Franco GIRARD** has ordinary administration powers with individual signature and, without prejudice to that reserved exclusively for the board of directors, the possibility to delegate individual transactions or groups of transactions. For example and not limited to, Franco Girard has the following powers with the possibility to delegate individual transactions or groups of transactions:

- (a) sign, terminate or amend bank and financing agreements (long, medium or short-term) of any type and form (especially, without limitation, the opening of credit facilities, loans, advances on securities, invoices and goods, factoring agreements) for amounts of up to € 50,000,000.00;
- (b) negotiate, agree or terminate agreements for the construction, purchase, sale and/or exchange of real property for amounts of up to € 50,000,000.00;
- (c) develop third party's bankruptcy statements, adhere to arrangements with creditors, accept apportionments and liquidations;
- (d) give collateral and personal guarantees, also in favour of subsidiaries and/or third parties for amounts not exceeding € 5,000,000.00;
- (e) take part in tenders, public auctions and restricted adjudications called by any administrative bodies and Italian, foreign, international or supranational public or private body;
- (f) accept or reject proposed arrangements, define and refer to arbitrations, including friendly arrangements, any litigation, either based on arbitration clauses or separate agreements, appointing arbitrators and executing all formalities related to and inherent in the related arbitration awards;
- (g) agree settlements for ongoing disputes between the company and third parties for amounts of not more than € 500,000.00;
- (h) determine the type and risk level of liquidity investments, invest available liquidity, authorise the divestment of invested resources in line with the guidelines (if any) of the board of directors;
- (i) hire, redeploy, transfer and fire employees with positions as managers, amend their employment conditions and implement disciplinary measures;
- (j) give mandates, agree, amend or terminate consultancy contracts with financial and legal advisors and other consultants in relation to the company's operations for amounts of not more than € 500,000.00 per contract;
- (k) agree insurance contracts entailing the company's payment of annual premiums of not more than a total € 500,000.00;
- (l) agree, terminate, amend lease agreements, including of more than nine years with annual payments of not more than € 500,000.00;
- (m) agree, amend, terminate sales contracts for goods and services, including software licences, services, administration, supplies, hire, transportation, free loan, courier, mandate, agency and agree deeds for the purchase, sale, exchange of machinery, vehicles and motorcycles, products and all materials for not more than € 500,000.00 per contract;
- (n) execute payment orders, issue and transfer bank cheques and drafts drawn on the company's current accounts, including overdrafts (as long as they are within the credit limits) for amounts of not more than (including if they are split into instalments) € 500,000.00; accept

receipts and commercial paper, sign current account statements with banks, companies and other bodies, issue, endorse, transfer bills of exchange and sign debit notes on all open accounts, account statements, letters for the transfer of guarantees, documents, cheques, bills of exchange, securities, all within the limit of € 500,000.00 for each transaction, it being understood that this ceiling is not applied for transfers among the company's different accounts and for liquidity investments;

(o) take decisions about ordinary costs necessary to run the company's offices;

(p) sign correspondence;

(q) sign the periodic statements and all the documentation the company is required to present by law for direct and indirect taxes, duties, concessions and levies;

(r) collect amounts from private individuals and state offices, Banca d'Italia, banks and the treasury agency for principal and interest and related amounts, issuing the related receipts;

(s) collect sums from all parties for any reason due, collect post and telegraph money orders, mandates, cheques, promissory notes from local governments, corporate bodies, credit institutions, banks, companies and private individuals and issue the related receipts, collect goods, packages, envelopes, securities, letters, postal bills, including registered and insured post from post offices, railway stations or shipping or airport offices or any other offices, issuing receipts and making claims or complaints;

(t) undertake all transactions to deposit, release, transfer of certificates and all other transactions involving state treasury bonds with the Cassa Depositi e Prestiti, Treasury funds, regional and central offices of the tax authorities and the local agencies and governments;

(u) endorse for collection or discounting bills of exchange, postal and telegraphic money orders issued or endorsed by third parties in the company's favour, endorse to banks for crediting to the company's account, current account cheques, bank drafts, orders issued or endorsed by third parties in the company's favour;

(v) issue abstracts from payroll registers and certifications for employees and pension, social security and insurance bodies and other private bodies; ensure compliance with the relevant regulations as tax withholding agent with the option to, inter alia, sign statements, certifications and any other deed or certificate including the certificate as per articles 1 and 3 of Presidential decree no. 600/73;

(w) deposit for any reason, release the deposits with the state authorities and public offices with the possibility to sign discharges and exemption from liability for the relevant officers;

(x) have bills of exchange, money orders and cheques protested and provide for their execution, in relation to securities and properties and, in general, undertake executive, protective and urgent deeds and monitor them, with the total or partial waiver if necessary.

(y) request building concessions, permits and authorisations, execute the related requirements with the works approved by the relevant company bodies;

(z) represent the company at ordinary and extraordinary meetings of the shareholders and investees, with all powers for representation;

(aa) undertake all transactions with the public debt authorities, Banca d'Italia, Cassa Depositi e Prestiti, the head office and provincial offices of the Treasury, Ferrovie dello Stato, the postal and telegraph services and, in general terms, all administrative bodies, treasuries and offices of the state and semi-state bodies and the regions, provinces, municipalities, public charities, corporate bodies, associations, companies and entities;

(ab) represent the company with the tax authorities, both local and central, with the explicit authorisation to agree settlement of any assessments, the tax commissions at all levels, with the possibility to appoint lawyers to represent them at court settlements, the administrative authorities, supervisory authorities, trade unions and political organisations and all public

administrative offices, presenting appeals, briefs, petitions (including regular ones) and complaints, and to sign and present communications, certifications, documents and statements of all types to any office or body;

(ac) represent the company with sector organisations and trade unions and with all institutions, associations and consortia;

(ad) represent the company in court as claimant or defendant at all levels (including criminal, special, administrative as well as revocation and cassation) with the possibility of appearing in court and appointing lawyers, agents and experts as necessary;

(ae) take and oppose legal action at civil and administrative level and object to any criminal actions against the company;

(af) defer and refer oaths, reply to accusations or questions also with respect to civil falsehoods, represent the company in criminal proceedings as the civil party and elect domicile;

(ag) represent the company in liquidation proceedings and other bankruptcy proceedings, propose the related receivables, intervene and vote at creditors' meetings and demonstrate the accuracy of the company's receivables;

(ah) represent the company in all labour disputes, both individual and collective, and with the labour inspectors, social security, accident and insurance institutions for the employees.

The duty of coordinating media and market relations was confirmed for the chair, **Franco GIRARD**, with the possible assistance of external consultants.

· the CFO, **Marco VIBERTI**, has the following powers, to be exercised with **individual signature** and the possibility to delegate individual transactions or groups of transactions:

(a) agree insurance contracts entailing the company's payment of annual premiums of not more than a total € 20,000.00;

(b) agree, terminate, amend lease agreements of more than nine years with annual payments of not more than € 20,000.00;

(c) agree, amend, terminate sales contracts for goods and services, including software licences, services, administration, supplies, hire, transportation, free loan, courier, mandate, agency and agree deeds for the purchase, sale, exchange of machinery, vehicles and motorcycles, products and all materials for not more than € 20,000.00 per contract;

(d) execute payment orders, issue and transfer bank cheques and drafts drawn on the company's current accounts, including overdrafts (as long as they are within the credit limits) for amounts of not more than (including if they are split into instalments) € 20,000.00; accept receipts and commercial paper, sign current account statements with banks, companies and other bodies, issue, endorse, transfer bills of exchange and sign debit notes on all open accounts, account statements, letters for the transfer of guarantees, documents, cheques, bills of exchange, securities, all within the limit of € 20,000.00 for each transaction, it being understood that this ceiling is not applied for transfers among the company's different accounts and for liquidity investments;

(e) take decisions about ordinary costs necessary to run the company's offices;

(f) sign correspondence;

(g) collect amounts from private individuals and state offices, Banca d'Italia, banks and the treasury agency for principal and interest and related amounts, issuing the related receipts;

(h) collect sums from all parties for any reason due, collect post and telegraph money orders, mandates, cheques, promissory notes from local governments, corporate bodies, credit institutions, banks, companies and private individuals and issue the related receipts; collect goods, packages, envelopes, securities, letters, postal bills, including registered and insured post

from post offices, railway stations or shipping or airport offices or any other offices, issuing receipts and making claims or complaints;

(i) undertake all transactions to deposit, release, transfer of certificates and all other transactions involving state debt instruments with the Cassa Depositi e Prestiti, Treasury funds, regional and central offices of the tax authorities and the local agencies and governments;

(j) endorse for collection or discounting bills of exchange, postal and telegraphic money orders issued or endorsed by third parties in the company's favour, endorse to banks for crediting to the company's account, current account cheques, bank drafts, orders issued or endorsed by third parties in the company's favour;

(k) issue abstracts from payroll registers and certifications for employees and pension, social security and insurance bodies and other private bodies; ensure compliance with the relevant regulations as tax withholding agent with the option to, inter alia, sign statements, certifications and any other deed or certificate including the certificate as per articles 1 and 3 of Presidential decree no. 600/73;

(l) deposit for any reason, release the deposits with the state authorities and public offices with the possibility to sign discharges and exemption from liability for the relevant officers;

(m) have bills of exchange, money orders and cheques protested and provide for their execution in relation to securities and properties and, in general, undertake executive, protective and urgent deeds and monitor them, with the total or partial waiver if necessary.

(n) represent the company at ordinary and extraordinary meetings of the shareholders and investees, with all powers for representation;

(o) represent the company in the incorporation, modification, transformation and dissolution of companies, consortia, associations, joint ventures and other bodies, related to the business object, including secondary offices, with the authority to sign on behalf of the company all deeds and documents and to engage or give special mandates with representation;

(p) represent the company in the incorporation, modification, transformation and dissolution of companies, consortia, associations, joint ventures and other bodies, related to the business object, including secondary offices, with the authority to sign on behalf of the company all deeds and documents and to engage or give special mandates with representation; TWICE?

aa) undertake all transactions with the public debt authorities, Banca d'Italia, Cassa Depositi e Prestiti, the head office and provincial offices of the Treasury, Ferrovie dello Stato, the postal and telegraph services and, in general terms, all administrative bodies, treasuries and offices of the state and semi-state bodies and the regions, provinces, municipalities, public charities, corporate bodies, associations, companies and entities;

**Marco VIBERTI** also has the following duties:

(a) to act as the "Information reference person" and Investor Relator, reporting to the chair;

(b) to act as the Manager in charge of financial reporting pursuant to article 21 of the by-laws, with the provision that his remuneration received as manager of the company includes this duty.

The CFO, **Marco VIBERTI**, with **joint signature** with the general manager, **Giovanni CANETTA**, has the same powers listed above for Mr. Canetta with joint signature with Mr. Viberti, with the possibility to delegate individual transactions or groups of transactions.

## Annex 4

**LIST OF POSITIONS HELD BY EACH STATUTORY AUDITOR  
TO BE ATTACHED TO THE REPORT PREPARED AS PER ARTICLE 153 OF THE  
CONSOLIDATED FINANCE ACT  
(ARTICLE 144-QUINQUIESDECIES OF THE ISSUER REGULATION)**

**Vittorio Ferreri (Chair and standing statutory auditor):**

Company	Position (statutory auditor, director, etc.)	Term of office	Company listed on regulated market (including foreign)
Centrale del Latte di Vicenza S.p.A.	Chair of board of statutory auditors	31.12.11	
Performance Investments S.p.A.	Statutory auditor	31.12.11	

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**Angelo Rocco Bonisconi (statutory auditor):**

Company	Position (statutory auditor, director, etc.)	Term of office	Company listed on regulated market (including foreign)
CFP Flexible Packaging S.p.A.	Chair of board of directors	31.12.12	
Limoni S.p.A.	Director	31.12.10	
JVK S.r.l.	Director	31.12.10	
C & B S.r.l.	Sole director	31.12.11	

Mabel P.T. S.p.A.	Chair of board of statutory auditors	31.08.12	
SEA Industries S.p.A.	Chair of board of statutory auditors	31.08.12	
S.E.A. Company Europea Autocaravan S.p.A.	Chair of board of statutory auditors	31.08.12	
Vestar Capital Partners Italia S.r.l.	Standing statutory auditor	31.12.12	
C.A.P.A. S.r.l in liquidation	Standing statutory auditor	Ongoing	
Unicar S.r.l. in liquidation	Standing statutory auditor	Ongoing	
Panels S.p.A.	Chair of board of statutory auditors	31.12.11	
Egon Zehnder International S.p.A.	Alternate statutory auditor	31.12.12	
Dunlop Hiflex Holding S.r.l.	Alternate statutory auditor	31.12.11	
Num S.p.A.	Alternate statutory auditor	31.12.12	
Motion S.r.l. in liquidation	Alternate statutory auditor	31.12.12	
Toyota Motors Italia S.p.A.	Alternate statutory auditor	31.12.12	
Alfagomma Real Estate S.p.A.	Alternate statutory auditor	31.12.11	
ISTV Service S.r.l	(Chair of board of statutory auditors)	31.12.12	
Istv S.p.A.	Standing statutory auditor	31.12.11	
Ethica Corporate Finance S.p.A.	Standing statutory auditor	31.12.12	
Co.Import S.p.A	Chair of board of directors	31.12.12	
Toyota Motors Italia Leasing S.p.A.	Alternate statutory auditor	31.12.11	

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**Emilio Fano (standing statutory auditor):**

Company	Position (statutory auditor, director, etc.)	Term of office	Company listed on regulated market (including foreign)
GRC Parfum S.p.A.	Chair of board of statutory auditors	Approval of 2010 financial statements	
Cairo Pubblicità S.p.A.	Standing statutory auditor	Approval of 2012 financial statements	
Corporate Express S.r.l.	Standing statutory auditor	Approval of 2012 financial statements	
BSI Wealth & Family SIM S.p.A.	Standing statutory auditor	Approval of 2012 financial statements	
Istituto delle Vitamine S.p.A.	Standing statutory auditor	Approval of 2011 financial statements	
Gotam SGR S.p.A.	Standing statutory auditor	Approval of 2011 financial statements	
Macchine e Accessori per l'Industria Grafica - Macchingraf S.p.A.	Standing statutory auditor	Approval of 2012/2013 financial statements	
Nespresso Italiana S.p.A.	Standing statutory auditor	Approval of 2010 financial statements	

**Maurizio Barbieri (alternate statutory auditor):**

Company	Position (statutory auditor, director, etc.)	Term of office	Company listed on regulated market (including foreign)
GRC Parfum S.p.A.	Standing statutory auditor	Approval of 2010 financial statements	
Dorado Centro Internazionale Guida Sicura S.p.A.	Standing statutory auditor	Approval of 2010/2011 financial statements	
Power Solutions S.r.l.	Standing statutory auditor	Approval of 2010 financial statements	
Corporate Express Italia Holding S.p.A.	Standing statutory auditor	Approval of 2012 financial statements	
Givaudan Italia S.p.A.	Standing statutory auditor	Approval of 2010 financial statements	
Macchine e Accessori per l'Industria Grafica - Macchingraf S.p.A.	Standing statutory auditor	Approval of 2012/2013 financial	

		statements	
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**Stefano Gorgoni (alternate statutory auditor):**

Company	Position (statutory auditor, director, etc.)	Term of office	Company listed on regulated market (including foreign)
Holding Romana S.r.l.	Chair of board of statutory auditors	Approval of 2012 financial statements	
Rancè e C S.r.l.	Statutory auditor responsible for the legally-required audit	Approval of 2012 financial statements	
Metalimmobiliare S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2009/2010 financial statements	
Medic4all Italia S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2012 financial statements	
Synkronos Italia S.r.l.	Statutory auditor responsible for the legally-required audit	Approval of 2011 financial statements	
Fincaf S.r.l.	Statutory auditor responsible for the legally-required audit	Approval of 2011 financial statements	
Libarna Gas S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2012 financial statements	
Finanziaria Romana S.p.A.	Chair of board of statutory auditors	Approval of 2012 financial statements	
Centro Grafico DG S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2011 financial statements	
Inge S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2010 financial statements	
Mauden S.p.A.	Statutory auditor responsible for the	Approval of 2012 financial statements	

	legally-required audit		
Metacolor S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2013 financial statements	
UCB Metalli S.p.A.	Statutory auditor responsible for the legally-required audit	Approval of 2010 financial statements	

**Annex 5**

**STATUTORY AUDITORS' PROFESSIONAL AND PERSONAL PROFILES**

## CURRICULUM VITAE OF VITTORIO FERRERI

- Born in Turin on 20 November 1940 and resident in via Gobetti 19, Turin.
- “Classics” high school diploma in 1958, followed by military service, degree in Law in 1965 and passing of the state law exams at the Turin Appeal Court in 1967.
- Lawyer and corporate law, financial markets, corporate finance and M&A advisor, mostly active on behalf of companies operational in Italy and abroad.
- Included in the Register of Certified Auditors at no. 116176 as published in the Italian Official Journal, IV special series, no. 17 of 29 February 2000 pursuant to article 30 of Presidential decree no. 99 of 6 March 1998.

He has held the following positions to date:

### LISTED COMPANIES

Management & Capitali S.p.A.

Chair of board of statutory auditors

### UNLISTED COMPANIES

Centrale del Latte di Vicenza S.p.A.

Chair of board of statutory auditors

Performance Investments S.p.A.

Statutory auditor

## CURRICULUM VITAE OF EMILIO FANO

Born in Milan on 19 January 1954, resident in via Borgogna 5, Milan.

### Education

Degree in Economics and Commerce at the Bocconi University in 1979

Included in the Register of chartered accountants of Milan since 9 June 1982

Certified auditor with Ministerial decree of 12 April 1995, published in the Italian Official Journal no. 31-bis of 21 April 1995

Included in the Register of experts at the Milan Court since 1991

### Professional experience

Chartered accountant at Studio Reboa & Associati, Milan (now bfc & associati), of which he has been a partner since 1982.

His activities mainly consist of:

- corporate, contractual and strategic issues: assistance with corporate matters, acquisitions and sales of companies and investments, mergers, demergers, transfers and spin-offs;
- business consultancy: consultancy and ongoing assistance with the preparation of financial statements, valuations of business units and investments, analyses of the feasibility of non-recurring transactions;
- tax issues: company tax planning, assistance with tax litigation, tax due diligences, consultancy and assistance with tax requirements and relationships with the relevant bodies.

Current positions

*Listed companies:*

- Standing statutory auditor of MANAGEMENT & CAPITALI S.p.A. - Milan - since 2008
- Member of the supervisory body of TAMBURI INVESTMENT PARTNERS S.p.A. - Milan - since 2005

*Public interest companies:*

- Standing statutory auditor of BSI Wealth & Family SIM S.p.A. - Milan - since 2010
- Standing statutory auditor of GOTAM Società di Gestione Risparmio S.p.A. - Milan - since 2009

*Other companies:*

- Chair of board of statutory auditors of GRC PARFUM S.p.A. - Milan - since 1999
- Standing statutory auditor of CAIRO PUBBLICITA' - Milan - since 2008
- Standing statutory auditor of CORPORATE EXPRESS S.r.l. - Cologno Monzese - since 2000
- Standing statutory auditor of EOS Servizi Fiduciari S.p.A. - Milan - since 2003
- Standing statutory auditor of FINASTER S.p.A. in liquidation - Milan - since 2007
- Standing statutory auditor of GIVAUDAN ITALIA S.p.A. - Milan - since 1993
- Standing statutory auditor of ICMESA - Industrie Chimiche Meda S.p.A. in liq. - Milan - since 1993
- Standing statutory auditor of ISTITUTO DELLE VITAMINE S.p.A. - Milan - since 1997

- Standing statutory auditor of Macchine e Accessori per l'Industria Grafica - MACCHINGRAF S.r.l. - Ospiate di Bollate - since 1995
- Standing statutory auditor of NESPRESSO ITALIANA S.p.A. - since 2002
- Standing statutory auditor of PVM FIDUCIARIA S.r.l. - Milan - since 2007
- Director of ASSIST CONSULTING S.r.l. - Milan
- Sole director of VESTIMENTA PARTECIPAZIONI S.p.A. - Mattarello di Trento - since 2004
- Alternate statutory auditor of AHSI ANGELANTONI KENDRO S.p.A. - Cornate d'Adda
- Alternate statutory auditor of BIG S.r.l. - Melzo
- Alternate statutory auditor of DORADO - Centro Internazionale Guida Sicura S.p.A. - Varano de' Melegari
- Alternate statutory auditor of S.P.A. EGIDIO GALBANI - Melzo
- Alternate statutory auditor of HERCULES Italia S.p.A. - Bollate
- Alternate statutory auditor of GRUPPO LACTALIS ITALIA S.p.A. - Melzo
- Alternate statutory auditor of NESTLE' ITALIANA S.p.A. - Milan
- Alternate statutory auditor of OSRAM S.p.A. - Milan
- Alternate statutory auditor of UNIGEL S.p.A. - Ceserano

*No-profit associations*

- Auditor of ASSOCIAZIONE AMICI of MUSEO NAZIONALE DELLA SCIENZA E DELLA TECNOLOGIA LEONARDO DA VINCI - Milan

Director and statutory auditor positions held in the past:

- Chair of board of statutory auditors of COMOCALOR S.p.A. - Como - from 2001 to 2005
- Chair of board of statutory auditors of RAGAM Ricerche Agricole Ambientali S.p.A. - Milan - from 1994 to 2005
- Standing statutory auditor of ALCAN PRODOTTI SPECIALI S.p.A. - Milan - from 1994 to 2005
- Standing statutory auditor of ALMET ITALIA S.r.l. - Bologna - from 2003 to 2008
- Standing statutory auditor of CASA BUITONI S.p.A. - Perugia - from 2000 to 2002
- Standing statutory auditor of CASTELGARDEN S.p.A. - Castelfranco Veneto - from 1996 to 2000
- Standing statutory auditor of FIMPA S.p.A. - Milan - from 1993 to 2002
- Standing statutory auditor of FINANZIARIA ITALGEL S.p.A. - Parma - from 1995 to 2003
- Standing statutory auditor of INRA DEMOSKOPEA S.p.A. - Milan - from 2000 to 2001
- Standing statutory auditor of LONZA COMPOUNDS S.p.A. - Bergamo - from 1998 to 2004
- Standing statutory auditor of POLYNT S.p.A. - Scanzorosciate - from 1997 to 2006
- Standing statutory auditor of VILLA AMOROSA S.p.A. - Rome - from 2002 to 2006
- Director of TAMBURI & ASSOCIATI - FINANZA E PRIVATIZZAZIONI S.p.A. - Milan - from 1996 to 2007
- Auditor of U.T. COMMUNICATIONS S.p.A. - Milan - from 2004 to 2007

## CURRICULUM VITAE OF ANGELO BONISSONI

**Name:** Angelo Rocco Bonisconi

**Place and date of birth:** Bollate, 13 April 1959

**Address:** Via Mascheroni 25, Milan

**Domiciled at:** Galleria San Carlo 6, Milan

### Education

Degree in Business Economics from Milan Cattolica University in 1984

Included in the Register of Chartered Accountants since 19 February 1986

Included in the Register of Certified Auditors - Ministerial decree of 12 April 1995 Italian Official Journal no. 31-*bis* of 21 April 1995

### Professional experience

- Five years' work experience during his time at university with the independent auditors PEAT MARWICK MITCHELL (now KPMG), the international audit and consultancy firm, in the audit and consultancy sectors.
- Immediately after university, he worked as an applied researcher on the technical banking course held by Professor E. Ballerini.
- He then worked with a leading Milan chartered accountancy company for two years, gaining experience in the tax and corporate consultancy sector for mid and large size companies.
- Since 1984, partner of the CBA Studio Legale e Tributario (formerly Camozzi Bonisconi) with offices in Galleria San Carlo 6, Milan, Rome, Padua, Venezia Mestre and Munich. Currently head of the extraordinary operations tax sector.
- CBA Studio Legale e Tributario has approximately 250 Italian and foreign professionals covering all legal areas.

Angelo Bonisconi currently holds the following positions:

- technical member at AIFI for tax and corporate issues;
- member of technical and ethical committees of private equity funds;
- expert in procedures as per articles 67 and 182 of the Finance Act; ??
- statutory auditor of listed companies and director of unlisted companies.

### His more important positions include:

- Limoni (director)
- Management & Capitali (statutory auditor)
- Tecno (chair of the board of directors)
- Moleskine (chair of the board of directors)
- CFP (chair of the board of directors)
- Gruppo SEA (chair of the board of statutory auditors)

With respect to extraordinary transactions (i) he has assisted most Italian and foreign private equity funds during their start-up stage and investment/disinvestment stages and (ii) he has assisted the banks and companies in financial restructurings depending on the procedures.

### Certain deals:

- Ferretti (acquisition)

- Technogym (acquisition)
- D'Orsogna (LBO)
- Finalba
- Pininfarina (restructuring)
- Moleskine (acquisition)
- Gruppo Argenta (LBO)
- Limoni (acquisition)
- Burani

## **CURRICULUM VITAE OF MAURIZIO BARBIERI**

**Maurizio Barbieri** born in Ponte dell'olio (PC) on 17 May 1947, domiciled at Via Borgogna 5, Milan, Tax code BRB MRZ 47E17 G842J

Degree in Economics and Commerce from the Milan Bocconi University in 1986/1987

Included in the Milan Register of Chartered Accountants since 15 September 1993

Included in the Register of Certified Auditors as per Ministerial decree of 1995, published in the Italian Official Journal IV special series no. 31-bis of 21 April 1995

since 1970, associate of the law firm "bfc & associati", formerly "Studio Reboa e Associati", focusing on tax issues, especially direct and indirect taxes and litigation.

He holds many positions as statutory auditor and auditor in different companies.

## CURRICULUM VITAE OF STEFANO GORGONI

Born in Pavia on 17 March 1964  
Resident in Pavia, C.so Garibaldi 57/a  
Offices in Pavia, Piazza of Carmine 1  
Military service with the “Carabinieri”  
Civil status: married  
Tax code: GRGSFN64C17G388R

### Qualifications

Chartered accountant (registered since 11 April 1989 as no. 130/A in the Pavia Register)  
Technical expert at the Pavia Court (registered since 25 May 1994)  
Auditor (registered as no. 28746 with Ministerial decree of 12 April 1995, Official Journal no. 31-bis of 21 April 1995)  
Expert in Tax Law at the Economics faculty of the Varese Insubria University (since the academic year 1997-1998 to date)

### Education

Degree in Economics and Commerce from Pavia University on 18 April 1988 (grade: 103/110).  
Degree thesis in Commercial Law “*Transfer of business units by limited companies*” - supervisor Professor Massimo Cartella.  
1988 - Preparatory course for chartered accountants organised by the Istituto Superiore di Didattica Avanzata e di Formazione, Pavia.  
1994/1995 - Specialisation course in Arbitration organised by the Law faculty of the Milan State University, the Milan National and International Arbitration Chamber and the Milan Tourism and Services Union.  
2002 - Course on court and out-of-court settlements for companies’ financial crises organised by Fondazione Aristeia (Italian Accounting Profession), Milan.

### Positions held in foundations, public bodies and state-owned entities

Chair of the Pavia auditors association for the three years 2006, 2007 and 2008.  
Pavia provincial auditor for the three years 1997, 1998 and 1999.  
Director of Aeroporto della Provincia di Pavia for the two years 1997 and 1998.  
Chair of the board of statutory auditors of “*La Nuova Certosa S.r.l.*” with its registered office in Pavia for the three years 2001, 2002 and 2003.  
Auditor of Fondazione Maria Corti from 2007 to 2010 and from 2011 to 2013.  
Alternate auditor of Fondazione della Banca del Monte di Lombardia since 2001 and for the four years from 2008 to 2012.

### Positions held in companies with supervisory bodies

2004 - 2010: chair of the board of statutory auditors of FINANZIARIA ROMANA S.p.A. (registered office in Rome), financial company included in the general list held by Banca d’Italia as per article 107 of Legislative decree no. 385/1993 (the Consolidated Banking Act)  
1993 - 2010: standing statutory auditor of FINCAF S.r.l. (registered office in Piacenza), financial company included in the general list held by the Italian Foreign Exchange Office pursuant to article 106 of Legislative decree no. 385/1993 (the Consolidated Banking Act)

2000 - 2010: liquidator of FACTOR INDUSTRIALE S.P.A. (registered office in Rome), company active in the factoring and lease sectors, already included in the special list held by Banca d'Italia pursuant to article 107 of Legislative decree no. 385/1993 (the Consolidated Banking Act)

February 2009 - December 2009: standing statutory auditor of AON CREDIT BROKER S.p.A. (registered office in Milan), insurance broker of the international AON group, supervised by ISVAP

June 2010 - October 2009: standing statutory auditor of CLARIS BROKER (registered office in Montebelluna), insurance broker of the international AON group, supervised by ISVAP

2009 - 2010: standing statutory auditor of SYNKRONOS S.r.l. (registered office in Milan), insurance broker owned by REALE MUTUA S.p.A. and MUNCHENER RUCK, supervised by ISVAP

2008 - 2010: alternate statutory auditor of MANAGEMENT & CAPITALI S.p.A., listed on the Milan stock exchange.

### **Activities performed for the judicial authorities and as part of criminal and judicial proceedings**

Technical expert for the Public Prosecutor in criminal proceedings at the Courts of Verona, Pavia, Voghera, Vigevano and Tortona

Technical expert for the Public Prosecutor in criminal proceedings at the Pavia Prefecture

Technical expert for the Judge for Preliminary Investigations in criminal proceedings at the Pavia Criminal Court

Assistant technical expert for the Public Prosecutor in criminal proceedings at the Courts of Milan, Padua and Verona

Expert for the defendant in criminal proceedings at the Pavia Court

Court-appointed expert in civil proceedings at the Pavia and Vigevano courts

Expert for the defendant in civil proceedings at the Voghera and Vigevano courts

### **Professional activities performed as part of executive procedures and bankruptcy proceedings**

Liquidator, Official receiver and Court-appointed administrator at the Pavia and Voghera courts

Expert for the Enforcement Judge at the Pavia court for the preparation of voluntary arrangements for real estate enforcement procedures

Expert for the Enforcement Judge at the Vigevano Court for the estimate of investments in companies as part of real estate enforcement procedures

### **Positions currently held in commercial companies**

Chair of board of statutory auditors of FINANZIARIA ROMANA S.P.A. (registered office in Rome)

Standing statutory auditor of LIBARNA GAS S.p.A. (registered office in Montebello della Battaglia - PV)

Standing statutory auditor of DG CENTRO GRAFICO S.p.A. (registered office in Bergamo)

Standing statutory auditor of INGE S.p.A. (registered office in Garbagnate Milanese - MI)

Standing statutory auditor of MAUDEN S.p.A. (registered office in Milan)

Standing statutory auditor of METALCOLOR S.p.A. (registered office in Milan)

Standing statutory auditor of METALIMMOBILIARE S.p.A. (registered office in Milan)

Standing statutory auditor of UCB METALLI S.p.A. (registered office in Milan)

Standing statutory auditor of SYNCRONOS S.r.l. (registered office in Milan)  
Standing statutory auditor of MEDIC 4 ALL ITALIA S.p.A. (registered office in Milan)  
Standing statutory auditor of FINCAF S.r.l. (registered office in Piacenza)  
Standing statutory auditor of RANCE' S.r.l. (registered office in Milan)

#### **Previous positions held in commercial companies**

Chair of board of statutory auditors of USC EUROPE ITALIA S.r.l. (registered office in Parma)  
Chair of board of statutory auditors of LEADER S.P.A. (registered office in Gazzada - VA)  
Chair of board of statutory auditors of LA NUOVA CERTOSA S.r.l. (registered office in Pavia)  
Standing statutory auditor of AON CREDIT BROKER S.p.A. (registered office in Milan)  
Standing statutory auditor of CLARIS BROKER S.P.A. (registered office in Montebelluna)  
Standing statutory auditor of FUTEC EUROPE S.R.L. (registered office in Gallarate - VA)  
Standing statutory auditor of ANGLO ITALIANA PELLICCE S.p.A. (registered office in Milan)  
Standing statutory auditor of LUDOVICO S.P.A. (registered office in Rottofreno - PC)  
Standing statutory auditor of IMMOBILIARE LAURENTIANA S.r.l. (registered office in Milan)  
Standing statutory auditor of ORO S.R.L. in liquidation (registered office in Milan)  
Standing statutory auditor of FICHET S.p.A. (registered office in Novate Milanese – MI)  
Standing statutory auditor of FICHET-BLINDART S.r.l. (registered office in Pomezia - RM)  
Standing statutory auditor of TELEDITORI S.p.A. (registered office in Milan)  
Auditor of INVENTO Società cooperativa (registered office in Pavia)

#### **Other professional experience**

Experience with a major tax and business consultancy company in Milan, from May 1990 to October 1996  
Ongoing consultancy about tax and business issues to industrial and commercial companies that are market leaders in Italy and abroad in the household electrical appliances, aluminium semi-finished products, industrial cooling, fine chemicals, security (safes and alarm systems) and precision mechanics sectors.

#### **Main publications**

*“Anti-avoidance regulations. Spin-offs and the generation handover”*, in Summa no. 222, 2006, page 2, publishers Fondazione Luca Pacioli;  
*“The concept of pertinence is not applicable to interest expense on bank loans and borrowings in the case of shareholder withdrawals in excess of profit - Rulings”*, in Il Fisco no. 23, folder 1, 2005, page 3,600, publisher ETI-De Agostini;  
*“Not all sales representatives are required to pay IRAP”* in Informatore Pirola no. 40, 2003, page 63, publisher Il Sole-24 Ore;  
*“Avoidance profiles of particular company restructuring transactions”*, in Contabilità, Finanza e Controllo no. 4, 2002, page 395, publisher Il Sole-24 Ore;  
*“Partial spin-offs: Application of article 37-bis of Presidential decree no. 600/1973”*, in Contabilità, Finanza e Controllo no. 2, 2000, page 174, publisher Il Sole-24 Ore;  
*“Deadlines for presenting form 760”* in Contabilità, Finanza e Controllo no. 4, 1998, page 329, publisher Il Sole-24 Ore;

*“Treatment of gains on business transfers”*, in *Contabilità, Finanza e Controllo* no. 12, 1997, page 1,131, publisher Il Sole-24 Ore;

*“Treatment of dividends paid by Italian companies to French investors”*, in *Informatore Pirola* no. 10, 1994, page 972, publisher Pirola;

*“Options”*, in *Contabilità, Finanza e Controllo*, no. 2 1993, page 98, publisher Pirola.

### **Teaching activities**

Expert in Tax law at the Economics faculty at the Insubria University (Varese and Como campuses).

Scientific director of the integrative two-year course for trainee chartered accountants organised by the Chartered Accountants Order of Pavia and Vigevano.

Lecturer of the preparatory course for chartered accountants organised by the Chartered Accountants Order of Pavia, Voghera, Vigevano and Alessandria.

Lecturer of the preparatory course for chartered accountants organised by the Pavia ISDAF (1993-1997).

Lecturer of the preparatory course for the state exams organised by the Accountants Order of Varese (1994-1997)

Lecturer at seminars and conferences organised by the Vigevano trade association, the Pavia Chamber of Commerce and the Pavia construction association.

### **Other information**

Winner of two scholarships in 1987 and 1988 offered by the Ministry for Foreign Affairs to attend courses at the Budapest University of Economic Sciences and the University of Malta.