

**Report of the Board of Directors
on the items on the agenda for the Extraordinary Shareholders' Meeting**

**MOTION TO AMEND THE ARTICLES OF ASSOCIATION INCLUDING THE AMENDMENT OF
ARTICLE 4 GOVERNING THE DURATION OF THE COMPANY: RELATED DECISIONS.**

Dear Shareholders,

You were called to an Extraordinary Shareholders' Meeting to decide on the motion to amend the articles of association of Mittel S.p.A.

The motion to amend the articles of association involves the following in general (i) indexing the articles by dividing them into Titles, also to facilitate consultation, (ii) reorganisation, and (iii) minor changes of form.

The motion also includes amendments that would allow the text to reflect prevailing legislation and regulations in addition to the recommendations of the Corporate Governance Code of Borsa Italiana (the "**Corporate Governance Code**") to which Mittel S.p.A. subscribes. In these cases, the amendments described under **Articles 5, 8, 9, 11, 13, 14, 15 and 26** apply (please refer to Annex 2 for more details) as they are currently numbered.

Motion to make amendments with respect to legislative/regulatory provisions

Article 5 (Article 14 in the new proposed numbering): The proposal relates to board member requirements, to add to the articles of association and referring to the law, including regulatory, and the requirements for independence established by the Corporate Governance Code to which the Company subscribes.

Article 8 (Article 22 in the new proposed numbering): There is a proposal to describe certain privileges reserved to the Chairman of the Board of Directors in the articles of association, also in view of the criteria and principals of application set out in the Corporate Governance Code to which the Company subscribes. There is also a proposal to just move the text regarding the Secretary to Article 25 under the new numbering.

Article 9 (Article 19 in the new proposed numbering): There is a proposal to facilitate the way the Board of Directors meetings are called, by sending a message by e-mail instead of by registered letter. There is also a proposal to move the text regarding the information requirements of the authorised bodies to Article 29 of the new numbering, to which reference is made, and where it is also proposed to add a provision that will guarantee adequate information flows to the Board of Directors by the authorised bodies on the basis of the provisions of article 2381 of the Italian Civil Code and the Corporate Governance Code. There is also a proposal to move the text regarding the Financial Reporting Manager to Article 27 of the new numbering, to which reference is made, and where it is also proposed to define the powers and the remuneration procedures of the Financial Reporting Manager more clearly.

Article 11: There is a proposal to move the provisions regarding (i) the Managing Directors to Article 23 of the new numbering, (ii) the General Manager to Article 26 of the new numbering, (iii) the Representatives and Attorneys to Article 28 of the new numbering, (iv) Information Requirements to Article 29 of the new numbering in order to make the text more logical and easy to consult. More specifically, in referring below to the contents of the newly numbered articles, we would like to specify that:

(i) Article 23: the move mentioned above will not change the text currently in effect;

(ii) Article 26: There is a proposal to specify the privileges of the General Manager;

(iii) Article 28: There is a proposal to assign powers of representation, on a separate basis, to both the Managing Directors (in accordance with what is already set out under Article 11 of the formulation currently in effect), and the General Manager (if appointed) within the limits of the powers vested in the Board of Directors.

Article 13 (Article 24 in the new proposed numbering): There is a proposal for a new formulation with respect to calculating payments in order to comply with the current procedures adopted by the company when appointing the Board of Directors. There is a proposal to specify the method of calculating the remuneration due to the directors more precisely, also in line with the provisions of article 2389, third paragraph of the Italian Civil Code for directors vested with special duties.

Article 14 (Articles 8 and 9 of the new proposed numbering): in addition to the amendments of form and moving the individual paragraphs, there is a proposal to put the Board of Directors in charge, when calling each shareholders' meeting, of evaluating the opportunity to use the provisions set out under article 2369 of the Italian Civil Code, whereby - unless the articles of association provide otherwise - the shareholders' meetings of listed companies can be held on a single call, in addition to minor amendments to bring the text of the articles of association into line with the provisions set out under articles 125-*bis* of the Consolidated Law on Finance (TUF) and 84 of the Issuers' Regulations. With respect to Article 9 in the new proposed numbering, governing the right to participation, voting and representation, there is a proposal to (i) bring said regulation more into line with the provisions of article 135-*novies*, paragraph 6 of the Consolidated Law on Finance (TUF) *"the proxy may be given via computer document signed in electronic form in accordance with Italian legislative decree no. 82 of 7 March 2005. The companies shall indicate at least one way of permitting electronic notification of the proxy in the articles of association"* (ii) add the amendment set out under Article 9.3 in the new numbering proposed in accordance with the provisions of article 135-*undecies* of the Consolidated Law on Finance (TUF).

Article 15 (Articles 10, 11 and 15 in the new proposed numbering): There is a proposal to move the first and second paragraphs to Articles 11.1 and 11.2 respectively of the new numbering proposed *"Establishment and validity of the resolutions"* which also provide for minor amendment proposals. There is a proposal to make minor amendments, which can be seen in new Article 10, to describe the regulatory provisions of article 126-*bis* of the Consolidated Law on Finance (TUF) more precisely. Article 15 of the new numbering both incorporates the section relating to the appointment procedures indicated in Article 15 of the present numbering and also provides for the option, which is proposed, of introducing lists via remote communication means which will be indicated in the notice calling the meeting. With respect to publication of the lists, there is also a proposal to introduce a formulation which is more in line with the provisions of article 147-*ter*, paragraph 1-*bis*, of the Consolidated Law on Finance (TUF). We would like to present the proposal that refers to the investment stake that gives the right to present a list of candidates for the Board of Directors, with respect to which there is a proposal for a formulation of the articles of association that takes account of the percentage determined by Consob in accordance with articles 147-*ter* of the Consolidated Law on Finance (TUF) and 144-*quater* of the Issuers' Regulation, which currently amounts to 4.5% of the share capital of your company instead of the figure of 2.5% as set out under the articles of

association currently in effect. There is also a proposal to refer to the limit of appointments that can be accumulated in the notice calling the shareholders' meeting which has to decide on the renewal of the Board of Directors so that shareholders who present lists of candidates can evaluate compliance with said limits established by the Company with its own regulations.

Article 26 (Articles 30, 31, 32 and 33 under the new numbering proposed): similarly to the amendment proposal that was described in Article 15 currently in effect, also with reference to the presentation of lists for the appointment of the Board of Statutory Auditors, there is a proposal to refer to the percentage established by Consob in accordance with articles 147-*ter* of the Consolidated Law on Finance (TUF) and 144-*quater* of the Issuers' Regulation, which currently amounts to 4.5% of the share capital for your company instead of the figure of 2.5% as set out under the articles of association currently in effect. There is a proposal to introduce lists via remote communication means that will be indicated in the notice calling the meeting. With respect to publication of the lists, there is also a proposal to introduce a formulation which is more in line with the provisions of article 147-*ter*, paragraph 1-*bis*, of the Consolidated Law on Finance (TUF).

Motions to make minor changes

Article 16 (Article 11.3 in the new proposed numbering): There is a proposal to refer to "secret ballot" voting instead of "secret schedule" voting since it seems to be more appropriate.

Article 17 (Article 12 in the new numbering proposed): for greater text cohesiveness, there is a proposal to provide for electronic notification procedures of proxies pursuant to Article 9.3 in the new formulation containing the rules on representation at shareholders' meetings.

Articles 19, 20 and 21 (Article 6 in the new proposed numbering): There is a proposal for grouping together the prevailing provisions of the articles of association into Article 6 of the new numbering which governs all provisions of the articles of association relating to shares.

Articles 23 and 25 first paragraph (Article 34 in the the new proposed numbering): There is a proposal for grouping together the prevailing provisions of the articles of association into Article 34 of the new numbering which governs all provisions of the articles of association relating to the fiscal year and the annual financial statements.

Motion to make amendments relating to the extension of the duration of the Company and exclusion of the right of withdrawal

Article 4 (Article 4 in the new proposed numbering): There is a proposal for a new formulation as follows "*the duration of the Company shall be established until 31 December 2100*". This amendment falls under the elements pursuant to article 2437, second paragraph, letter a), of the Italian Civil Code (extension of term) governing the right of withdrawal of shareholders who do not agree with the decisions.

Similarly, your option to exercise that right in accordance with article 2437, first paragraph, letter e) of the Italian Civil Code remains in effect ("*elimination of one or more reasons for withdrawal provided by the following paragraph or by the articles of association*") also with reference to the proposal for entry of **article 37** of the new numbering where it provides for excluding the right of withdrawal for shareholders who have not taken part in approval of the resolutions regarding the following:

- extension of the duration of the Company;

- the introduction or removal of restrictions on the circulation of shares.

Please refer to the paragraph below for the right of withdrawal procedures.

Right of withdrawal

The shareholders have the right to withdraw if they have not taken part in the present resolution of the Extraordinary shareholders' meeting regarding the amendments to the current articles of association, and more specifically, extension of the duration of the Company to 31 December 2100, and the addition of the provision - in exercise of the right provided under article 2437, paragraph 2 of the Italian Civil Code - for exclusion of the right of withdrawal for shareholders who have not taken part in the approval of the decisions regarding (i) the extension of the duration of the Company and (ii) the introduction or removal of restrictions on the circulation of the shares transforming the Company.

The shares held for which the right of withdrawal is exercised must be deposited with the registered office (article 2437-*bis* of the Italian Civil Code).

In accordance with article 2437-*ter*, paragraph 3 of the Italian Civil Code, the liquidation value of the shares listed on regulated markets is calculated by referring to the arithmetic average of the closing prices in the six months preceding publication of the notice calling the meeting.

The liquidation value will be published by notice published on the newspaper "*Italia Oggi*" and on the Internet site of the Company (www.mittel.it).

The information on the procedures and terms of exercise of withdrawal which can not be defined before the extraordinary shareholders' meeting will be made known with the procedures and in accordance with the timeframes indicated by prevailing law, publishing the relative notices on the newspaper "*Italia Oggi*" and on the Internet website of the Company (www.mittel.it).

The withdrawal must be exercised by notice to the Company in the form of a registered letter with notice of receipt, to be sent within 15 (fifteen) days from the day of registration of the resolution on the Register of Companies; this date will be communicated to the shareholders by press release and notice published on the newspaper "*Italia Oggi*".

The communication of withdrawal must indicate the general information on the withdrawing shareholder, the domicile for communications relating to the procedure and the number of shares that the shareholder wishes to withdraw.

The directors must offer in option the shares of the withdrawing shareholders to the other shareholders in proportion to the number of shares held. The option offer must be filed by the Company with the Register of Companies.

In order to exercise the option rights, a term of not less than 30 days from filing the offer will be given, made known by press release and notice published on the newspaper "*Italia Oggi*" and on the Internet site of the Company (www.mittel.it).

The right of pre-emption in the purchase of the shares which have stayed un-opted (article 2437-*quater*, paragraph 3 of the Italian Civil Code) will be given to those who exercise the option rights provided that they make a request at the same time.

If the shares of the withdrawing shareholders have not been acquired, in whole or in part, by the other shareholders, they will be placed by offer on regulated markets (article 2437-*quater*, paragraph 4 of the Italian Civil Code).

If the shares subject to withdrawal within the scope of the procedures described above are not placed, article 2437-*quater*, paragraph 5 of the Italian Civil Code provides for repayment via purchase by the issuer.

Milan, 19 November 2015

on behalf of the Board of Directors

The Chairman
(Prof. Franco Dalla Sega)