

**Report of the Board of Directors
to the Ordinary Shareholders' Meeting**

**ADDITION TO THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 5 AND 15 OF THE
ARTICLES OF ASSOCIATION: RELATED DECISIONS.**

Dear Shareholders,

You were called to the ordinary Shareholders' Meeting to appoint a Director to join the administrative body in office, whose term of office will expire with approval of the financial statements for the period ending on 30 September 2016.

The administrative body in office was appointed by the ordinary Shareholders' Meeting held on 10 March 2014 (by voting lists in accordance with Article 15 of the articles of association), which decided that the number of members of the administrative body would be eleven.

There were eleven members in office as at the date of this report, five of whom meet the independence requirements in accordance with the law and the Corporate Governance Code of Borsa Italiana S.p.A., and more specifically, the Directors Ms Maria Vittoria Bruno, Mr Marco Merler, Prof. Duccio Regoli, Ms Carla Sora and Ms Michela Zeme.

On 9 November 2015, the director, Mr Stefano Gianotti, who was also a member of the Executive Committee, resigned from office due to new professional commitments which arose; in accordance with article 2386 of the Italian Civil Code, on 15 November 2015, the Board of Directors co-opted Mr Rosario Bifulco, engineer, to replace him, appointing him to act as Chief Executive Officer up until the Shareholders' Meeting.

Pursuant to article 15 of the Articles of Association, Prof. Elena Beccalli, an unelected candidate from the list submitted by Fondazione Cassa di Risparmio di Trento e Rovereto S.p.A. at the Shareholders' Meeting of 10 March 2014 gave written notice of her definitive resignation to her candidature due to supervening professional commitments.

Therefore, as provided by the above-referenced Article 15 of the articles of association, the ordinary Shareholders' Meeting will decide with the majority required by law without application of the voting lists in order to add to the administrative body.

The Board of Directors proposes that you confirm the appointment as director of Mr Rosario Bifulco, engineer, due, in accordance with article 2386 of the Italian Civil Code, on the date of the Shareholders' Meeting that has been called. His curriculum vitae is available on the Company's website at www.mittel.it, under the "Corporate Governance/Board of Directors" section.

This is subject to the right of the shareholders to present proposals for candidates, or to change the number of members of the Board of Directors. Article 5 of the articles of association provides that said body shall comprise a minimum of 5 and a maximum of 13 members, including non-shareholders. Any proposals for candidates for the position of Director by the shareholders, to be duly presented beforehand, must also be accompanied by the statements where the individual candidates accept their candidature and confirm, assuming full responsibility, that there are no grounds that would render them ineligible or no incompatibility

problems, and that they fulfil the requirements needed for the respective offices, and provide a curriculum vitae with the personal and professional details of each candidate and indication of whether they meet the independence requirements.

The newly appointed Director will stay in office until expiry of the Board of Directors in office, and therefore until approval of the financial statements for the year ending on 30 September 2016; the remuneration for the newly appointed Director will be understood to be included in the total amount as determined by the ordinary Shareholders' Meeting held on 10 March 2014.

Milan, 19 November 2015

on behalf of the Board of Directors
The Chairman
(Prof. Franco Dalla Sega)