

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

**REPORT ON REMUNERATION PURSUANT TO ARTICLE 123-TER OF ITALIAN LEGISLATIVE DECREE
NO. 58 OF 24 FEBRUARY 1998**

Dear Shareholders,

you have been called to the Ordinary Shareholders' Meeting to submit to your approval the Report on Remuneration, pursuant to article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998, (the "Consolidated Law on Finance - TUF").

For a description of the contents of the above-mentioned Report, please make reference to the document drawn up pursuant to article 84-quater of Consob Regulation 11971/1999 and subsequent changes (the "Issuers' Regulation - RE"), and which has been prepared in compliance with Annex 3A, Tables 7-bis and 7-ter of RE, which will be made available to the public within the terms provided for in the regulatory provisions in place.

We'd like to remind Shareholders that, pursuant to art 123-ter, paragraph 6, of TUF, they will be called to vote either in favour or against Section I of the Report on Remuneration. The resolution is not binding. Voting result will be made available to the public within the time limits provided by the law pursuant to article 125-quater, paragraph 2, of TUF.

The Board of Directors submits to the Ordinary Shareholders' Meeting, having examined the Report on Remuneration drawn up pursuant to article 123-ter of TUF and article 84-quater of RE, the proposal to approve Section I of the Report on Remuneration, making voting result available to the public pursuant to art 125-quarter, paragraph 2, of TUF.

Milan, 14 December 2016

on behalf of the Board of Directors

The Chairman

(Franco Dalla Sega)