



COMPAGNIE INDUSTRIALI RIUNITE

EXTRAORDINARY AND ORDINARY GENERAL MEETING  
OF THE SHAREHOLDERS

APRIL 29 2011

# CIR S.p.A.

## COMPAGNIE INDUSTRIALI RIUNITE

Public Limited Company (Società per Azioni) – Share Capital €396,058,633.50 – Registered Office: Via Ciovassino, 1 – 20121 Milan – www.cirgroup.com  
R.E.A. no. 1950112 – Turin Register of Companies / Tax code / IVA no. 00519120018  
Company subject to management and coordination by COFIDE S.p.A.

Rome office: Via del Tritone, 169 – 00187 Rome – Tel. +39 06 692055.1

### BOARD OF DIRECTORS

Honorary Chairman and Director	CARLO DE BENEDETTI (3)
Chairman	STEFANO MICOSSI (1)
Chief Executive Officer and General Manager	RODOLFO DE BENEDETTI (2)
Directors	GIAMPIO BRACCHI (4) FRANCO DEBENEDETTI PIERLUIGI FERRERO GIOVANNI GERMANO (3) (4) FRANCO GIRARD (5) PAOLO MANCINELLI (5) LUCA PARAVICINI CRESPI (4) CLAUDIO RECCHI MASSIMO SEGRE GUIDO TABELLINI (3) (5) (6) UMBERTO ZANNI (3)
Secretary to the Board	FRANCA SEGRE

### BOARD OF STATUTORY AUDITORS

Chairman	PIETRO MANZONETTO
Statutory Auditors	LUIGI NANI RICCARDO ZINGALES
Alternate Auditors	LUIGI MACCHIORLATTI VIGNAT GIANLUCA PONZELLINI MARCO REBOA

### INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

Notice in accordance with Consob Communiqué no. DAC/RM/97001574 of february 20 1997:

- (1) Legal representative
- (2) Powers of ordinary and extraordinary administration with single signature  
except for those reserved by law to the Board of Directors
- (3) Member of the Compensation Committee
- (4) Member of the Internal Control Committee
- (5) Member of the Appointments Committee
- (6) Lead Independent Director

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## ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Milan, April 28 2011, 1st call

Milan, April 29 2011, 2nd call

### NOTICE OF ANNUAL GENERAL MEETING

The Shareholders are invited to attend the extraordinary and ordinary Annual General Meeting of the Shareholders on April 28 2011 at 10.30 a.m., at the first call, at the Palazzo delle Stelline Congress Centre, Corso Magenta 61, in Milan and, if necessary, at the second call on April 29 2011, same time and place, to discuss and pass resolution on the following

#### AGENDA

##### Extraordinary Part

1. Proposal to amend the Company Bylaws even to bring them into line with D.Lgs. 27/2010: specifically the amendment of Articles 12, 15 and 16 of the Company Bylaws. Resolutions pertaining to and resulting from the same.

##### Ordinary Part

2. Annual Report and Financial Statements for the year ended December 31 2010. Report of the Board of Statutory Auditors. Resolutions on the same.
3. Determination of the number of Directors, appointment of the members of the Board of Directors for financial years 2011-2013 and decision as to their fees.
4. Appointment of the Board of Statutory Auditors for financial years 2011-2013 and decision as to their fees.
5. Proposal to cancel the resolution of April 30 2010 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
6. Proposal to approve Stock Grant Plan 2011.
7. Proposal to amend the Rules for Shareholders' Meetings.

#### INFORMATION ON THE SHARE CAPITAL

The share capital amounts to €396,058,633.50 and consists of 792,117,267 ordinary shares each with a nominal value of €0.5. As of today's date 749,043,267 shares have voting rights, as own shares are excluded.

#### ATTENDING THE SHAREHOLDERS' MEETING

Entitlement to take part in the meeting and exercise a vote is attested by a notification – made by an authorized intermediary as per the terms of Art. 22 of Joint Consob-Bank of Italy Measure of December 24 2010 - in favour of the individual who has the right to vote based on evidence available at the close of business Friday April 15 2011, i.e. the seventh trading day preceding the date fixed for the first call of the Shareholders' Meeting.

Any persons who have entitlement only after that date will not have the right to attend or vote at the meeting.

To make it easier to check their entitlement to take part in the proceedings of the meeting, participants are requested to show their copy of the notice made to the Company which the authorized intermediary, in accordance with current regulations, is required to make available to them.

Any holders of shares that have not yet been dematerialized should present their share certificates to an authorized intermediary for input into the centralized clearing system in electronic form, in accordance with the provisions of Article 17 of Joint Consob / Bank of Italy Measure of December 24 2010, and should request that the aforesaid notification be sent in as above.

#### PROXY AND VOTING RIGHTS

Persons with voting rights can appoint a proxy to represent them at the Shareholders' Meeting in accordance with Art. 2372 of the Civil Code and with any other rules or regulations applicable. The proxy form at the bottom of the notification issued by the authorized intermediary may be used or alternatively there is a proxy form which can be downloaded from the company website [www.cirgroup.it](http://www.cirgroup.it) in the section Governance. The proxy form can be sent by registered post with advice of receipt (A.R.) to the

Company Offices or, alternatively, may be sent to the certified e-mail address [segre@legalmail.it](mailto:segre@legalmail.it).

In accordance with legislation on the subject, shareholders can appoint as their proxy, without incurring any charges, Compagnia Fiduciaria Nazionale S.p.A. as the Representative Designated by the company as per the terms of Art. 135-*undecies* of D.lgs no. 58/1998 and subsequent amendments and additions ("TUF"). The proxy is appointed by signing the appropriate form available in the above-mentioned section of the website. The signed document must be sent to the Designated Representative Compagnia Fiduciaria Nazionale S.p.A. – Galleria De Cristoforis 3 – 20122 Milan by registered post with advice of receipt (A.R.) or sent by e-mail to the certified address [elena.fusina@compagniafiduciaria.it](mailto:elena.fusina@compagniafiduciaria.it), by the end of the second trading day before the date fixed for the first call of the Shareholders' Meeting, i.e. by April 26 2011. The proxy is not valid for the motions for which no voting instructions have been given.

The proxy and the voting instructions are revocable until April 26 2011.

The notice sent to the company by the authorized intermediary attesting the Shareholder's entitlement to attend the meeting is needed even when the Designated Representative of the company is appointed as proxy. Therefore, in the absence of the above-cited notification the proxy will not be valid.

## DOCUMENTATION

The documentation relating to the agenda, as set out in current legislation, which includes, among other things, the complete text of the proposed resolutions, is available to the public at the Company Headquarters (in Milan, Via Ciovassino 1) and at Borsa Italiana S.p.A. and is also available on the website of the company [www.cirgroup.it](http://www.cirgroup.it), in the section Governance. Shareholders may obtain a copy of the documentation. The Financial Statements for the year 2010 will be made available to the public through the same channels by April 6 2011.

## RIGHT TO ASK QUESTIONS ON THE ITEMS ON THE AGENDA

Shareholders who wish to ask questions regarding the items on the agenda of the Shareholders' Meeting may send their questions by registered post to the company offices or by e-mail to the address [segre@legalmail.it](mailto:segre@legalmail.it) attaching the certification issued by an authorized intermediary proving that they are entitled to exercise this right. Questions must reach the company by the close of the third trading day preceding the date fixed for the first call of the meeting, i.e. by the close of April 21 2011.

The company will give its response during the Shareholders' Meeting at the latest. Questions with the same content will receive a single response.

## ADDITIONS TO THE AGENDA

As per the terms of Art. 126-*bis* of the TUF, Shareholders representing even jointly at least one fortieth of the share capital of the company with voting rights, may request, within ten days of the publication of this notice, an addition to the items on the agenda to be dealt with, indicating in their request the further items proposed. It should be remembered, however, that any such addition is not allowed for the items on which the Shareholders, as per the terms of the law, vote on a proposal made by the directors or on a plan or a report prepared by the same, other than those included in Art. 125-*ter*, paragraph 1 of the TUF.

The request should be made by registered post to the Company Headquarters or by e-mail to the address [segre@legalmail.it](mailto:segre@legalmail.it) and must be accompanied by a report on the subject being put forward as well as by the Certification(s) issued by an authorized intermediary attesting the person's entitlement to exercise this right.

## APPOINTMENT OF THE ADMINISTRATIVE BODIES

The appointment of the Board of Directors and the Board of Statutory Auditors takes place in accordance with Art. 147-*ter* and 148 of the TUF and with Art. 8 and 19 of the Company Bylaws to which reference should be made.

The Directors and Statutory Auditors are appointed by the Shareholders' Meeting on the basis of lists presented by the Shareholders in which the candidates are listed in numerical order.

Only Shareholders who alone or together with other Shareholders represent at least 2.0% (two per cent) of the capital at the ordinary Shareholders' Meeting have the right to present lists.

Shareholders who intend to present lists for the appointment of the members of the Board of Directors are invited to consult the recommendations given in Consob Communiqué no. DEM/9017893 of February 26 2009.

The lists, signed by the Shareholder or by the Shareholders who are presenting them, even delegating one of them to do so, and accompanied by the required documentation must be filed by the same presenting Shareholders at the Company Headquarters - Via Ciovassino 1, Milan – or sent by e-mail to the certified address [segre@legalmail.it](mailto:segre@legalmail.it) by April 3 2011 at the latest and they will be published according to current regulations. Since this deadline is a Sunday, lists will be accepted by fax to the no. 02-72270229 provided that they are delivered physically to the Company offices by April 4 2011.

The lists must be complete with:

- information regarding the identity of the shareholders who have presented them, with an indication of the percentage of their share holding interest and with one (or more) certificate(s) to be filed at the company offices at the same time or anyway by April 6 2011 at the latest, which prove that they own such interest(s) as of the date on which the lists were presented;
- a declaration by the Shareholders other than those holding, even jointly, a controlling interest or a relative majority, that they have no connection with them as indicated by current legislation and regulations on this subject;

- an exhaustive description of the personal and professional characteristics of the candidates together with a declaration made by the same candidates that they possess the requisites required by current regulations and by the Company Bylaws and that they accept their candidature and also, for the election of the Statutory Auditors, the lists of positions as director or statutory auditor that they hold in other companies.

Lists presented that do not comply with the instructions above will be considered as not having been presented. No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company.

Shareholders who belong to the same group or who take part in the same Shareholder agreement based on the shares of the Company cannot present or vote for more than one list even through an intermediary or through a fiduciary company. Nobody can be a candidate on more than one list and acceptance of candidature on more than one list means that that person cannot be elected

#### APPOINTMENT OF THE BOARD OF DIRECTORS

In relation to item 3 on the Agenda, notification is given that with the coming Shareholders' Meeting the mandate of the members of the Board of Directors will come to an end. It will therefore be necessary to appoint new members for financial years 2011-2013.

While what is indicated above in relation to the appointment of the administrative bodies remains valid, candidates for the position of Member of the Board of Directors must possess the essential requisites required by current legislation.

In accordance with the terms of Art. 8 of the Company Bylaws, in the event that only one list is presented or admitted to the voting, all the Directors shall be drawn from that list.

In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' Meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

#### APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

In relation to item 4 on the Agenda, notification is given that with the coming Shareholders' Meeting the mandate of the members of the Board of Statutory Auditors will come to an end. It will therefore be necessary to appoint new members for financial years 2011-2013.

Anyone who exceeds the limits laid down by current legislation and by the Bylaws in relation to the total number of positions held as director or statutory auditors in other companies cannot accept the position and if elected such election will not be valid and will lapse. Each list consists of two sections: one for the candidates for the position of Statutory Auditor and the other for the candidates for the position of Alternate Auditor. They contain the names of one or more candidates for the position of Statutory Auditor and Alternate Auditor which are in numerical order and are no more than the number of members to be elected.

If by the deadline for presentation of the lists only one list has been filed, or if the only lists presented are by Shareholders who are related parties in accordance with the terms of regulations on the subject, as per Art. 144 *sexies* of the Rules for Issuers approved by Consob Regulation no. 11971 and subsequent amendments and additions, then lists can be presented until the third day following this deadline, i.e. until April 6 2011. In this case, the threshold required for the presentation of lists is reduced by one half and thus to 1.0% (one per cent) of the share capital.

The Company Bylaws are available on the website [www.cirgroup.it](http://www.cirgroup.it), in the section Governance.

Milan, March 18 2011

For the Board of Directors  
The Chairman  
(Stefano Micossi)

*Notice of this meeting was published in the newspaper "la Repubblica" on March 18 2011*

**PROPOSAL TO AMEND THE COMPANY BYLAWS PARTLY TO BRING THEM  
INTO LINE WITH THE PROVISIONS OF D.LGS 27/2010. AMENDMENT IN  
PARTICULAR OF ARTICLES 12, 15 AND 16 OF THE BYLAWS.  
RESOLUTIONS PERTAINING TO AND RESULTING FROM THE SAME.**

Dear Shareholders,

You are being called upon to complete the process of amendment of the Company Bylaws to bring them into line with the terms of D.Lgs. no. 27 of January 27 2010 which was initiated at the Board of Directors Meeting held on October 28 2010. On that occasion the Bylaws were amended to incorporate mandatory rules and to eliminate all reference to rules that have now been superseded by the rules on Shareholders Rights.

Moreover, the above-mentioned Board of Directors Meeting held on October 28 2010 also approved the Rules for Related Party Transactions as stipulated in the “Regulation containing instructions on the subject of related party transactions”, adopted by Consob with resolution no. 17221 of March 12 2010 and supplemented by resolution no. 17389 of June 23 2010. Even in relation to the adoption of this procedure is it now appropriate to introduce amendments to the Company Bylaws which are the competence of the Shareholders Meeting.

Below the proposed amendments are shown in detail, with a comparison between the current text and the text that would be valid following approval of the amendments, all of which is accompanied by short explanatory notes.

It should be noted that, to facilitate the reading of the Company Bylaws, each article will be divided into separate clauses, which will be numbered with the appropriate graphical changes.

<i>Current text</i>	<i>Proposed text</i>
ARTICLE 12	ARTICLE 12
The Board shall meet when convened by the Chairman or whoever is taking his place, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of two Directors.	<i>(unchanged)</i>
The Board of Directors shall also meet when a meeting is called as per Art. 20 of these bylaws.	<i>(unchanged)</i>

The Meeting is called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.

*(unchanged)*

The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even by telephone- or video-conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.

*(unchanged)*

The Meetings of the Board of Directors are chaired by the Chairman or, should the Chairman be absent, by one of the Deputy Chairmen or should there be no Deputy Chairmen by a Director designated by the Board.

*(unchanged)*

In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present.

*(unchanged)*

Resolutions are taken with an absolute majority of the votes of those present, and if the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which is decisive.

7. Resolutions are taken with an absolute majority of the votes of those present and **in accordance with the Rules for Related party Transactions**. If the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which is decisive.

*(unchanged)*

Board resolutions are set out in writing in the minutes which are signed by the person chairing the meeting and by the Secretary.

*(unchanged)*

Meetings of the Board of Directors can be held by video - or telephone-conference call on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time



on the items being treated and that they are in a position to receive, transmit and view documents.

Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.

When the minutes are not drawn up by a Notary, they are prepared by the Secretary and signed by the Chairman and the Secretary without delay.

*(unchanged)*

*(unchanged)*

*Note:*

*Here the aim was to supplement the rule, which regulates the way Board resolutions are taken, with a reference to compliance with the Rules for Related Party Transactions adopted by a resolution of the Board of Directors on October 28 2010.*

*Current text*

*Proposed text*

ARTICLE 15

ARTICLE 15

A Meeting of the Shareholders is called by publishing a notice of meeting on the Company's internet website and in the daily newspaper "la Repubblica" according to the terms and procedures prescribed by current regulations. The Shareholders' Meeting can be convened in a place other than the Company offices provided that it is situated in Italy.

*(unchanged)*

The Ordinary Meeting of Shareholders (Annual General Meeting) must be convened at least once a year within one hundred and twenty days of the close of the financial year of the Company.

*(unchanged)*

Where the conditions provided for by law exist, this time limit can be extended to one hundred and eighty days from the close of the financial year of the Company.

*(unchanged)*

An Extraordinary Meeting of Shareholders is convened in the

*(unchanged)*

circumstances laid down by law and whenever the Board deems it to be appropriate.

**5. The Ordinary Shareholders' Meeting may pass resolutions required by the Rules for Related Party Transactions adopted by the Company.**

*Note:*

*The new last clause of Art. 15 has the aim of expressly allowing the Shareholders' Meeting to pass resolution to implement certain provisions included by the Company in the above-mentioned Rules for Related Party Transactions*

*Current text*

*Proposed text*

ARTICLE 16

ARTICLE 16

The right to attend the Shareholders' Meeting and to appoint a proxy to attend are regulated by applicable legislation on the subject.  
Proxies may be notified to the Company by Certified Electronic Mail before the start of the Meeting to the address indicated in the notice of meeting.

*(unchanged)*

*(unchanged)*

It is up to the Chairman of the Shareholders' Meeting to check that all the proxies are in order and that all those present have the right to take part in the Meeting.

Each share gives the right to one vote.  
Both the Ordinary and the Extraordinary Meetings of the Shareholders are considered to be duly constituted and may adopt resolutions according to the

**3. Attendance of the Meeting and the use of electronic voting are allowed when the notice of meeting specifies that this is the case, giving an indication of the procedures and of the requisites required by regulations on the subject.**

**4.** It is up to the Chairman of the Shareholders' Meeting to check that all the proxies are in order and that those **who have intervened** have the right to take part in the Meeting.

*(unchanged)*

**6.** Both the Ordinary and the Extraordinary Meetings of the Shareholders, **even when convened in a single calling if the Board deems it appropriate**, are considered

provisions of the law.

to be duly constituted and may adopt resolutions according to the provisions of the law **provided that the Rules for Related Party Transactions are being complied with.**

*Note:*

*Art.2370 of the Civil Code amended by D.Lgs. 27/2010 introduced the possibility of stating in Company Bylaws that attendance at the shareholders' meeting and voting may be done using electronic instruments. Details of these rules for companies whose shares are managed centrally are given in Art. 143 bis of the Rules for Issuers transposing Art.127 of the T.U.F.*

*It was considered appropriate here to take advantage of the opportunity offered by the new rule by introducing the new third paragraph of Art. 16 of the Bylaws, which allows the Board of Directors, when it deems appropriate, to indicate in the notice of meeting the procedures and requisites for taking part in and voting at the AGM using the said instruments.*

*The final paragraph of Art. 16 was also amended to take advantage of the opportunity offered by the revised Art. 2369 of the Civil Code, which says that a clause can be included in the Bylaws eliminating the need to convene subsequent callings of shareholders' meetings after the first one. This new rule enables the Company to reduce costs and simplify the organization of Shareholders' Meetings, with the advantage that Shareholders can know in advance the actual day on which the meeting will be held. The wording proposed will enable the Administrative Body to opt for either a single calling or for more callings. When the session is a single calling the quora for the meeting and for the voting will be those stipulated in the Civil Code for the second calling of ordinary meetings and for callings after the second one for extraordinary meetings.*

*Lastly and still in the last paragraph of Art. 16, the proposal is that there should be a reminder that there must be compliance with the Rules for Related Party Transactions even in relation to how AGM resolutions are adopted as there was for Art. 12 for board resolutions.*

It is therefore proposed that you approve the following text of a resolution:

“The Extraordinary Meeting of the Shareholders of the Company “CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE”

- having seen D.Lgs. no. 27 of January 27 2010

- having seen the Rules for Related Party Transactions adopted by the Company

- having seen the Report of the Board of Directors

## RESOLVES

1) To amend the seventh clause of Art. 12 of the Company Bylaws as follows:

“7. Resolutions are taken with an absolute majority of the votes of those present and in compliance with the Rules for Related Party Transactions. If the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which is decisive.”

The remaining text of the article is unchanged.

2) To add at the end of Art. 15 of the Company Bylaws a new clause which is reproduced below:

“5. The Ordinary Shareholders’ Meeting may pass resolutions required by the Rules for Related Party Transactions adopted by the Company.”

The remaining text of the article is unchanged.

3) To amend Art. 16 of the Company Bylaws as follows:

“1. The right to attend the Shareholders’ Meeting and to appoint a proxy to attend are regulated by applicable legislation on the subject.

2. Proxies can be notified to the Company by Certified Electronic Mail before the start of the Meeting to the address indicated in the notice of meeting.

3. Attendance of the Meeting and the use of electronic voting are allowed when the notice of meeting specifies that this is the case, giving an indication of the procedures and of the requisites required by regulations on the subject.

4. It is up to the Chairman of the Shareholders’ Meeting to check that all the proxies are in order and that those who have intervened have the right to take part in the Meeting.

5. Each share gives the right to one vote.

6. Both the Ordinary and the Extraordinary Meetings of the Shareholders, even when convened in a single calling if the Board deems it appropriate, are considered to be duly constituted and may adopt resolutions in compliance with the Rules for Related Party Transactions.”

4) To authorize the Chairman of today’s Meeting to accept and introduce into the resolution adopted as above any changes, deletions or additions of a formal nature that may be necessary for it to be registered and published in accordance with the law.”

**DETERMINATION OF THE NUMBER OF DIRECTORS, APPOINTMENT OF  
THE MEMBERS OF THE BOARD OF DIRECTORS FOR FINANCIAL YEARS  
2011-2013 AND DECISIONS AS TO THEIR REMUNERATION**

Dear Shareholders,

You are called upon to renew the Board of Directors appointed by the Shareholders' Meeting on April 29 2008 – as supplemented by the resolution passed by the Shareholders' Meeting of April 30 2009 – the mandate of which comes to an end with the approval of the Financial Statements for financial year 2010.

In particular the Shareholders' Meeting is called upon to:

- a) set the number of Board members
- b) decide on their fees
- c) appoint the Board Members by means of a list vote.

We would remind you of the provisions of Art. 8 of the Company Bylaws, which for your convenience we are reproducing in full below:

*“The Company is administered by a Board of Directors comprising from five to twenty-one members, who need not necessarily be shareholders, whose mandate lasts for the period determined by the Shareholders Meeting, but which in any case shall not be longer than three financial years, and who can be re-elected.*

*The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.*

*Minority Shareholders have the right to elect one member of the Board of Directors.*

*The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.*

*The lists, signed by the Shareholders who have presented them, must be filed within the time limit and following the procedures laid down in the legislation on the subject.*

*Only Shareholders who alone or together with other Shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the time limit and following the procedures laid down in the legislation applicable. Shareholders who alone or together with other Shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates.*

*Any lists presented that do not comply with these instructions shall be considered as not having been presented.*

*No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control in accordance with Art. 93 of the Consolidation Act on the subject of Financial Intermediaries or those taking part in the same Shareholder pact for voting purposes may present or contribute to the presentation of just one list.*

*Each Shareholder can vote for just one list.*

*Each candidate can stand only in one list otherwise he or she cannot be elected.*

*Together with the presentation of the list, and within the same time limit as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations. They also declare that they possess the requisites stipulated in the law and in current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or her has the necessary requisites to be an independent Director in accordance with the terms of the law and regulations.*

*Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.*

*In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.*

*For electing the members of the Board of Directors the following procedure will be adhered to:*

*a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;*

*b) The other director will be the first name on the list which obtains the second most votes and which is not linked in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.*

*All the Directors elected must possess the requisites of integrity and professionalism required by current regulations. If they do not have these their appointment shall lapse.*

*In the event that only one list is presented or admitted to the voting, all the Directors shall be drawn from that list.*

*In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders Meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.*

*When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.”.*

With reference to paragraph 5 of Art. 8 of the Company Bylaws, we would like to inform you that Consob, in its resolution 17633 of January 26 2011, stipulated that the minimum percentage of share capital ownership for presenting a list of candidates is 2%.

We must remind you that the lists must be filed with the registered office of the company or must reach the certified e-mail address [segre@legalmail.it](mailto:segre@legalmail.it) by April 3 2011. Since this deadline is a Sunday, lists sent by fax to 02-72270229 will be accepted provided that they are actually delivered to the Company offices by April 4 2011.

The lists will be published through the NIS service of Borsa Italiana and on the website [www.cirgroup.it](http://www.cirgroup.it) by April 6 2011.

Any Shareholders other than the controlling shareholder who intend to present a list are asked to consult the recommendations given by Consob in its communiqué no. DEM/9017893 of 26/2/2009 which can be found on the website [www.consob.it](http://www.consob.it).

In consideration of the provisions of Art. 125 ter D.Lgs. 58/1998 and subsequent amendments and additions to it (T.U.F.) regarding the need to make proposed resolutions available, your Board took it upon itself to ask the controlling Shareholder of its intentions regarding fees and number of members for the Board of Directors.

The controlling Shareholder informed the Board that it intends to submit the following proposals to the approval of the Shareholders:

- to establish that there will be 11 members of the Board of Directors in the event of only one list of candidates being presented and to establish that there will be 12 members of the Board of Directors if more than one list of candidates is presented;
- to establish an annual fee of euro 20,000 *pro-rata-temporis* for each Member of the Board of Directors, as per the terms of Art. 2389, paragraph 1 of the Civil Code;
- to allow the Directors to hold other positions as per the terms of Art. 2390, paragraph 1, of the Civil Code.

Given the above, your Board is submitting to your approval the following two resolutions:

1) regarding the decision as to the number of Board Members

“The Annual General Meeting of the Shareholders of CIR S.p.A – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the Report of the Board of Directors

- having acknowledged the proposal of the Shareholder COFIDE S.p.A.
- bearing in mind the terms of the law and of the Company Bylaws

#### RESOLVES

- to set at \_\_ (11 in the event of only one list being presented or 12 if there are more lists) the number of members of the Board of Directors for financial years 2011-2013 and that is until the Shareholders' Meeting that will discuss the Financial Statements for the year ended December 31 2013
- to allow the Directors appointed to take on other positions as per the terms of Art. 2390 of the Civil Code.”

2) regarding the question of fees for the Directors:

“The Annual General Meeting of the Shareholders of CIR S.p.A – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the Report of the Board of Directors
- having acknowledged the proposal of the Shareholder COFIDE S.p.A.
- bearing in mind the terms of the law and of the Company Bylaws

#### RESOLVES

- that each member of the Board of Directors be assigned a fee of euro 20,000 per year *pro-rata-temporis*, as per the terms of Art. 2389, paragraph 1, of the Civil Code”.

Lastly, we would remind you that you must either vote for one of the lists presented or abstain, state that you are opposed to all the lists or not take part in the voting at all.

Your Board wishes to thank you for the trust you have placed in it.



**APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR  
FINANCIAL YEARS 2011-2013 AND  
DECISION AS TO THEIR FEES**

Dear Shareholders,

The Board of Statutory Auditors that you appointed at the AGM held on April 29 2008 for financial years 2008-2010 has now lapsed with this Shareholders' Meeting as the three years of its mandate have now come to an end.

We would like to remind you of the terms of Article 19 of the Company Bylaws:

*" The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be reappointed. Minority Shareholders can elect one Statutory Auditor and one Alternate Auditor.*

*The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders consisting of two sections: one for the candidates for the position of Statutory Auditor and the other for the candidates for the position of Alternate Auditor and the candidates in each section are listed in numerical order.*

*The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the laid down in the legislation applicable.*

*Only Shareholders who, either alone or with others, represent at least 2% of the share capital have the right to present lists and they are required to provide proof of ownership of the required number of shares within the terms and following the procedures laid down by law.*

*Lists presented which do not comply with the above rules will be considered as not having been presented.*

*No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control as per the terms of Art.93 of the Consolidation Act on the subject of financial intermediation or those who take part in the same shareholder agreement for voting purposes can present or jointly present just one list. Each Shareholder can vote for just one list.*

*Candidates can be present on only one list otherwise they will be excluded from election.*

*No Shareholder, or Shareholders belonging to the same group, can present more than one list of candidates even through an intermediary or through a fiduciary company, neither can they vote for different lists. Candidates can be present in only one list otherwise they will be excluded from election.*

*Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market*

*included in the list as per articles 63 and 67 of D.Lgs. no. 58/98 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.*

*Within the above-mentioned time limit and together with each list, a declaration signed by each candidate must be submitted. This declaration should attest that the candidate, under his or her own responsibility, accepts his or her nomination and should certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for members of Board of Statutory Auditors.*

*The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.*

*Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.*

*The election of the members of the Board of Statutory Auditors will take place as follows:*

*1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;*

*2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;*

*3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.*

*The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors.*

*If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.*

*Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.*

*Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor."*

We must remind you that the lists must be filed with the registered office of the company or must reach the certified e-mail address [segre@legalmail.it](mailto:segre@legalmail.it) by April 3 2011. Since this deadline is a Sunday, lists sent by fax to 02-72270229 will be accepted provided that they are actually delivered to the Company offices by April 4 2011.

The lists will be published through the NIS service of Borsa Italiana and on the website [www.cirgroup.it](http://www.cirgroup.it) by April 6 2011.

In consideration of the provisions of Art. 125 *ter* D.Lgs. 58/1998 and subsequent amendments and additions to it (T.U.F.) regarding the need to make proposed resolutions available, your Board took it upon itself to ask the controlling Shareholder of its intentions regarding fees for the members of the Board of Statutory Auditors.

The controlling Shareholder informed the Board of its intention to submit to the approval of the Shareholders' Meeting the proposal giving an annual fee *pro-rata temporis* of euro 75,000 to the Chairman of the Board of Statutory Auditors and of euro 50,000 to each of the Statutory Auditors in office.

Given the above, your Board puts before you for your approval the following resolution:

“The Annual General Meeting of the Shareholders of CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the report of the Board of Directors
- having acknowledged the proposal of the Shareholder COFIDE S.p.A.
- bearing in mind the terms of the law and of the Company Bylaws

#### RESOLVES

- to establish an annual fee *pro-rata-temporis* of euro 75,000 for the Chairman of the Board of Statutory Auditors and of euro 50,000 for each of the Statutory Auditors in office.”

Lastly, we would remind you that you must either vote for one of the lists presented or abstain, state that you are opposed to all the lists or not take part in the voting at all.

**PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 30 2010 RELATING TO  
THE AUTHORIZATION TO BUY BACK AND DISPOSE OF OWN SHARES AND  
PROPOSAL FOR A NEW AUTHORIZATION**

Dear Shareholders,

On October 30 of this year the right assigned to the Board of Directors by the Annual General Meeting of the Shareholders on April 30 2010 to buy back a maximum of 30,000,000 own shares will expire.

In the interests of the Company, we consider it opportune to propose cancelling the existing authorization for the period still to come and to adopt a new resolution to buy back shares in the market, in accordance with and a result of Articles 2357 and 2357-ter of the Civil Code, with the resulting right to dispose of the same shares.

In the opinion of the Board the reasons originally adopted for the buyback of the company's own shares remain valid, and these are the following:

- The possibility of acquiring shares of the Company at prices below their actual value based on the real economic value of its equity and its income generating prospects, thus raising the value of the Company;
- The possibility of reducing the average cost of capital of the Company.

The proposal also has the aim of enabling the Company to buy its own shares for allocation without any time limits or constraints even for the purpose of servicing its existing and future share-based compensation plans.

The authorization to buy back own shares, in accordance with and as a result of Art. 2357 of the Civil Code, is requested for a period of eighteen months, starting from the date of the Shareholders' Meeting (AGM), and is for the buyback of a maximum of 30,000,000 CIR shares, as follows:

- A) A maximum of 30,000,000 shares may be bought back (in addition to the own shares already being held as treasury stock) for a nominal value of euro 15,000,000, which may not in any case exceed one fifth of the share capital of CIR and with a maximum disbursement limit of euro 50,000,000; the Company will increase its current non-available reserve, entitled "reserve for own shares held", by the amount of the own shares bought back, by withdrawing a corresponding amount from the reserve "retained earnings" resulting from the financial statements as of December 31 2010, the most recently approved. The unit price of each individual purchase of shares shall not be more than 10% higher or lower than the official price recorded in trading on the Stock Exchange on the day before the purchase is carried out or the price is fixed. Compared to the previous resolution the maximum quantity

of shares that can be bought back in the market on any one day has been specified explicitly, in compliance with the limit imposed by EC Regulation no. 2273/2003;

- B) The buyback may take place:
- a) Through a tender offer (public offer to acquire or exchange shares);
  - b) On regulated markets according to operating procedures set out in the rules for organizing and managing those same markets, which do not permit bids to be matched directly with predetermined offers and in any case in such a way as to ensure the equal treatment of all the Shareholders in accordance with the provisions of Art. 132 of D.Lgs. no. 58/98 and with the terms of the law or of regulations in force at the moment of the transaction;
  - c) Through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying shares complying with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob;
  - d) Through the proportional assignment to the shareholders of put options to be awarded within a period of 15 months and exercisable within a period of 18 months from this resolution.

The buyback of own shares, for which the Board is requesting your authorization, is not intended to reduce the capital of the company although this cannot be ruled out in absolute terms and will be evaluated when doing so may represent an opportunity for the creation of value.

Concerning the authorization to dispose of the bought back own shares, the resolution being submitted to you involves authorization to carry out the same acts of disposal as those in the resolution currently in force. In addition, it is proposed that the Board of Directors be given the right to dispose of the own shares bought back, without any time limits or restraints, even in relation to existing or future compensation plans based on the shares of the Company. In particular we would point out that it has been maintained as such in order to have the maximum operating flexibility, but no exchanges or sales to the public through the issue of American Depositary Receipts or similar certificates are currently envisaged. Moreover the aforesaid resolution refers to all of the own shares of the Company, i.e. even those currently owned as treasury stock.

Given all of the above, we are putting forward to you the proposal that the existing authorization be cancelled for the period until its expiry and that the following new resolution be adopted:

“The Ordinary Meeting of the Shareholders of CIR S.p.A.:

- Having heard the proposals made by the Board of Directors
- Having duly acknowledged the favourable opinion of the Board of Statutory Auditors
- Taking into account the provisions of Art. 2357 and following articles of the Civil Code, of Art. 132 of D.Lgs. 58/1998, of Art. 144-bis of Consob resolution 11971/1999 and of EC Regulation 2273/2003

#### RESOLVES

1. To cancel for the part not utilized and for the period between the day of this Meeting and the natural expiry date, the resolution to buy back own shares adopted by the Ordinary Meeting of the Shareholders on April 30 2010 and, and a consequence of the above, the related authorization to dispose of the same as shall be seen fit;
2. To authorize, in accordance with and as a result of the terms of Art. 2357 of the Civil Code, for eighteen months as from today, the buyback of CIR shares as follows:
  - A maximum of 30,000,000 shares may be bought back (in addition to the shares already held as treasury stock) for a nominal value of euro 15,000,000, which may not in any case exceed one fifth of the share capital of CIR and with a maximum disbursement limit of euro 50,000,000; the Company will increase its current non-available reserve, entitled “reserve for own shares held”, by the amount of the own shares bought back, by withdrawing a corresponding amount from the reserve “retained earnings” resulting from the financial statements as of December 31 2010, the most recently approved. The unit price of each individual purchase of shares shall not be more than 10% higher or lower than the official price recorded in trading on the Stock Exchange on the day before the purchase is carried out or the price is fixed;
  - The buyback may take place:
    - a) Through a public offer to acquire or exchange shares;
    - b) On regulated markets according to operating procedures set out in the rules for organizing and managing those same markets, which do not permit bids to be matched directly with predetermined offers and in any case in such a way as to ensure the equal treatment of all the Shareholders in accordance with the provisions of Art. 132 of D.Lgs. no. 58/98 and with the terms of the law or of regulations in force at the moment of the transaction;

- c) Through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying shares complying with the further provisions contained in Art. 144-bis of Consob resolution 11971 and its subsequent amendments and additions;
  - d) Through the proportional assignment to the Shareholders of put options to be awarded within a period of 15 months and exercisable within a period of 18 months from this resolution;
3. To authorize, in accordance with and as a result of the terms of Art. 2357-ter of the Civil Code, the Board of Directors and for the Board, the Chief Executive Officer to carry out, within the limits of the law, any subsequent purchase or sale transactions and also to arrange, without any time limit or constraint, the shares bought back for sale – even before completing the buybacks as authorized above – once or more than once through authorized intermediaries, at prices no lower than the last purchase price paid or recorded in the books, with a specific exception for directors and executives of the Company, and for executives and directors of its subsidiaries and parent company to whom the shares may be transferred or assigned even free of charge, in observance of the limits laid down by law, in execution of specific existing or future compensation plans based on the shares of the Company;
  4. To authorize the Board of Directors again, and for the Board the Chief Executive Officer, in accordance with and as a result of the terms of Art. 2357-ter of the Civil Code, without any time limit or constraint, to arrange for the own shares bought back to be used – once or more than once – as payment in exchange for equity, or for sale through offer to the public and/or to the Shareholders, or even through a placement of warrants and depositary receipts representing shares (American Depositary Receipts and similar certificates);
  5. To establish that in the event of alienation of the own shares, the non-available reserve set up as per the provisions of Art. 2357-ter, third paragraph of the Civil Code “reserve for own shares held” shall be transferred with priority to the “share premium reserve” until its balance is fully made up and for any remaining amount into the reserve “retained earnings”.

**PROPOSAL FOR THE APPROVAL  
OF STOCK GRANT PLAN 2011**

Dear Shareholders,

In order to reward the loyalty to the Company of persons in key positions in the management of the businesses of the Group and to provide an incentive for them to increase their commitment to improving the performance of the various companies, we propose that you approve the Stock Grant Plan 2011 for executives of the Company, of its parent company and of its subsidiaries, for a maximum total of 4,500,000 Units assignable in the year.

The Stock Grant Plan involves the award free of charge of conditional rights (the "Units") which are not transferrable to third parties or other beneficiaries, each of which gives the right to be assigned one CIR share, when the time is right and provided that the conditions stipulated in the Plan take place.

The shares assigned in execution of the Plan will be withdrawn exclusively from the own shares held by the Company as treasury stock.

The plan that we are submitting to your approval is the subject of the Information Document drawn up by the Board of Directors of the Company which describes the terms, conditions and procedures for execution of the same (the "Information Document") and which has been made available to you in accordance with the terms of current Consob regulations.

We therefore submit to your approval the following resolution:

"The Ordinary General Meeting of the Shareholders of CIR S.p.A., acknowledging the proposal made by the Board of Directors,

**RESOLVES**

- 1) To approve the Plan for 2011 aimed at executives of the Company, its parent company and its subsidiaries through the issuance of a maximum of 4,500,000 Units, each of which will give the beneficiaries the right to be assigned free of charge 1 share of the Company, all as illustrated in the Information Document prepared in accordance with D.Lgs. no. 58/98;
  
- 2) To delegate the Board of Directors to:



- a) Define the number of Units to be assigned to each Beneficiary in respect to the maximum number approved by the Shareholders' Meeting;
- b) Draw up the Regulations of the Plan and see that it is implemented in accordance with the terms and conditions described in the Information Document;
- c) Fulfill the relative disclosure obligations with Consob and the market.”

## **STOCK GRANT PLAN 2011 – INFORMATION DOCUMENT**

This document (the “Information Document”) was drawn up in accordance with the terms of Art. 84-bis of Consob Regulatory Document no. 11971/99 (“Rules for Issuers”) in implementation of D.Lgs. no. 58/98, in order to provide the Shareholders’ Meeting with the information necessary for them to vote on Stock Grant Plan 2011, which meets the definition of a relevant plan as per the terms of Art. 84-bis, 2<sup>nd</sup> paragraph of the Rules for Issuers.

### **List of definitions**

For the purposes of this Information Document, the terms and expressions listed below have the meaning indicated alongside each of them:

- “Shares”: without any distinction, any of the ordinary shares of the Company each with a nominal value of euro 0.50.
- “Beneficiaries”: the directors of the Company, the executives of the Company, as well as the executives and/or directors of the subsidiaries CIR International S.A. and Dry Products S.p.A. and of the parent company COFIDE S.p.A., to whom Units are assigned.
- “Board of Directors”: the Board of Directors of the Company at any one time.
- “Grant Date”: the date of the resolution with which the Board of Directors identified the Beneficiaries, determining the number of Units to be assigned to each of them.
- “Group”: the company COFIDE S.p.A. and its subsidiaries.
- “Plan”: Stock Grant Plan 2011.
- “Employment Relationship”: the employment relationship or directorship existing between the Beneficiaries and the Company, the subsidiaries CIR International S.A. and Dry Products S.p.A. and the parent company COFIDE S.p.A.
- “Regulations”: the regulations which define the criteria, terms and conditions for implementing the Plan.
- “Membership Form”: the appropriate form delivered by the Company to the Beneficiaries, which when signed by them, constitutes to all extents and purposes, their full and unconditional membership of the Plan.
- “Company”: CIR S.p.A.

- “Final Maturity of the Plan”: the same date of the tenth year following the Grant Date, on which date any Units which have not been exercised for any reason will cease to be effective.
- “Units”: the conditional rights that are the subject of the Plan, free of charge and non-transferrable between living persons, each of which gives the Beneficiaries the right to be assigned free of charge 1 Share according to the terms and conditions contained in the Regulations. The Units will be divided into two categories: “Time-based Units” the vesting of which will be subject to time limits; “Performance Units” the vesting of which will be subject to time limits and to reaching objectives in terms of Normal Value of the Shares.
- “Additional Units”: any further Units that may be assigned to the Beneficiaries in the event of a distribution of ordinary dividends.
- “Initial Value”: the Normal Value of the Shares at the Grant Date, which will be indicated in the Membership Form.
- “Normal Value”: the normal value of the Shares at any one time, determined as per the terms of Art. 9, paragraph 4, lett. A) of the TUIR.

## **1. The beneficiaries**

*1.1 Indication of the names of the beneficiaries of the Plan who are members of the Board of Directors of the Company*

The Chief Executive Officer and General Manager, Mr Rodolfo De Benedetti.

*1.2 Indication of the categories of employees who are beneficiaries of the Plan*

The Executives and/or Directors of the Company CIR, CIR International, Dry Products and COFIDE.

*1.3 Indication of the beneficiaries of the Plan who have a management role in the Company as per the terms of Art. 152-sexies, paragraph 1, letter c)-c2 of the Rules for Issuers*

Mr Rodolfo De Benedetti: Chief Executive Officer and General Manager.

Mr Alberto Piaser: General Manager and Officer responsible for the preparation of the company's accounting documents in accordance with Art. 154, 4th paragraph of the Finance Consolidation Act (TUF).

Mr Giuseppe Gianoglio: Executive of the Company CIR responsible for the preparation of the accounting documents of COFIDE in accordance with Art. 154, 4th paragraph of the Finance Consolidation Act (TUF).

*1.4 Description and indication of the number of beneficiaries of the Plan who hold the position of executive who have regular access to privileged information and who have the power to take management decisions which could have an effect on the future evolution and prospects of the Company, in accordance with Art. 152-sexies, paragraph 1, letter c)-c2 of the Rules for Issuers*

The same three individuals as in point 1.3 above.

## **2. Reasons for the adoption of the Plan**

*2.1 Objective of the Plan*

The plan aims to reward loyalty in the Employment Relationship between the Company, the companies CIR International, Dry Products and COFIDE and the Beneficiaries and to provide an incentive in order to increase their commitment to improving the performance of the Company.

In view of the fact that creation of value for the Shareholders in the long term is the primary objective of the Company and that the most suitable way of measuring this value is to consider the rise in the market value of the Company's shares, the Board of Directors considers that an incentive Plan based on the vesting of a right to be assigned shares free of charge in the medium term and on performance objectives correlated with the trend of the prices of those shares on the Stock Exchange – thereby aligning the interests of management with those of the Shareholders – is the most effective method of incentivization and one which best corresponds to the interests of the Company.

The adoption of a period of 2 years (from the Grant Date) as the time horizon before the Units start vesting, of a further period of almost 2 years of vesting and a further period of approximately 6 years during which the Beneficiaries can request assignation of the Shares not yet assigned in the vesting period, gives the Beneficiaries an appropriate period of time over which to obtain the economic benefits of the Plan, in line with the objectives of rewarding loyalty and aligning the interests of management with those of the Shareholders (in the long term), which is what the Plan aims to do.

The Plan is one of the instruments used to supplement the monetary component of the compensation package of the strategic resources of the Group with remuneration deferred over an adequate period of time and with variable elements correlated with the achievement of performance objectives, with a view to creating value for the Shareholders in the medium long term.

## *2.2 Key variables and performance indicators*

For the Time-based Units to be exercisable the only condition considered was the passage of the pre-established time limits, while for the Performance Units to be exercisable the CIR shares have to achieve performance objectives on the Stock Exchange. This is based on the belief that over the long term such conditions are the best measurement of management's ability to contribute, through its strategic choices and managerial effectiveness, to the success of the enterprise, the value of which thus changes over time.

## *2.3 Criteria for determining the number of Units to assign*

The number of Units assigned to each Beneficiary is determined mainly by taking into account their role in the Company, in the subsidiaries and in the parent company and the importance of the function carried out by each of them.

More specifically, after determining the value of each Unit using the financial parameters in general use (mainly: Stock Exchange price and volatility of the share), the number of Units to be assigned to each Beneficiary is fixed on the basis

of the specific role of the individuals concerned and the total emoluments received by them on other accounts.

The Units of the Plan are considered to all extents and purposes as being assigned as of the date of the resolution adopted by the Board of Directors, or the body delegated by the Board, approving the list of Beneficiaries and the number of Units to be assigned to each of them.

*2.4. Reasons for any decision to assign compensation plans based on financial instruments not issued by the Company*

Not applicable.

*2.5 Considerations on the subject of tax and accounting implications of a significant nature*

The Stock Grant Plan involves recording in the income statement, in the period between the Grant Date and the end of the vesting period of the Units, the cost representing the market value of the Units assigned to the Beneficiaries at the moment of their grant.

*2.6 Possible support for the Plan by a special Fund for incentivizing the participation of workers in enterprises, as per Art. 4, paragraph 112, of Law no. 350 of December 24 2003.*

Not applicable.

### **3. Approval process and timing for assignment of the instruments**

*3.1 Powers and functions delegated by the Shareholders to the Board of Directors for implementing the Plan*

The proposal to give the Board of Directors the powers necessary to implement the Plan will be put before the Ordinary Meeting of the Shareholders of the Company. Such powers shall be exercised in observance of the limits and conditions established by the same Shareholders' meeting.

In particular, for the Plan it will be proposed that the Board of Directors be delegated the following powers: to identify each Beneficiary and define the number of Units to be assigned to each of them (in accordance with the maximum number approved by the Shareholders' Meeting); the power to draw up the Regulations of the Plan (in accordance with the guidelines approved by the Shareholders); the power to comply with the disclosure requirements of Consob and the market and to carry out any act necessary and/or useful for the implementation of the Plan.

### *3.2 Individual mandated to administer the Plan*

The individual mandated to administer the Plan is the General Manager of the Company, Mr Alberto Piaser.

### *3.3 Existing procedures for amending the Plan*

In the event of any extraordinary transactions on the capital of CIR S.p.A. or of any similar transactions such as, for example but not limited just to these, capital increases whether free of charge or against payment, stock splits or reverse splits, mergers, de-mergers, public offers to purchase or exchange shares, extraordinary dividend distributions, or any other events likely to affect the Units or the Shares, the Board of Directors must amend the Regulations, making any additions necessary or useful to maintain the essential content of the Plan unchanged as far as possible.

In the event of the Company distributing ordinary dividends between the Grant Date and the Final Maturity, the Beneficiaries will have the right to be assigned Additional Units to take into account the effects of such distributions, according to what will be specified in the Regulations. The assignation of the Additional Units will take place by the end of the month following that of the AGM resolution approving the distribution of ordinary dividends. The Additional Units will be immediately convertible into Shares and will then be subject to the same conditions as the Units.

In the event of the launch of a public offer to buy or exchange the shares of the Company, or of a bid by third parties to take over control of the Company, one third of the Units assigned but not yet vested will vest immediately, independently of the time limits or conditions set out in the Plan.

### *3.4 Procedures for determining the availability and assignation of shares*

On the vesting date of the Time-based Units, the Beneficiaries will have the right to request assignation of the relative Shares.

On the vesting date of the Performance Units, the Beneficiaries will have the right to request assignation of the relative Shares only on the condition that the Normal Value of the Shares on that date is at least equal to the Initial Value.

The Shares assigned will be made available exclusively from the treasury stock of own shares held by the Company.

To this end, the Board of Directors Meeting held on March 10 2011 proposed that the Ordinary Meeting of the Shareholders renew the authorization of the Board of

Directors to buy back its own shares and give the Board the right to dispose of these shares, without time limits or constraints, even to service the compensation plans based on the shares of the Company.

*3.5 Role played by each Director in the determination of the characteristics of the Plan*

The Board of Directors approves the proposed Plan taking into account the indications formulated by the Compensation Committee, as stipulated in the Code of Conduct for Listed Companies. The Ordinary Meeting of the Shareholders approves the Plan delegating the Board of Directors to approve the Regulations, identify the Beneficiaries and the number of Units to be assigned to each of them. On the same date the Ordinary Meeting of the Shareholders approves the renewal of the authorization of the Board of Directors to buy back own shares, authorizing the Board to dispose of the same shares, without any time limits or constraints, even to service the compensation plans based on shares of the Company.

The Compensation Committee draws up the Regulations of the Plan and proposes the number of Units to assign to each Beneficiary, taking into account, for the Executives, the proposals made on the subject by the Chief Executive Officer in agreement with the Chairman of the Board of Directors.

Subsequently the Board of Directors, in the absence of the Chief Executive Officer-General Manager as a beneficiary, having duly acknowledged the proposal of the Compensation Committee, approves the Regulations of the plan and the list of Beneficiaries with the number of Units assigned to each of them, in accordance with the terms and conditions established by the Ordinary Shareholders' Meeting.

*3.6 Date of the decision taken by the appropriate body to put forward the approval of the Plan to the Shareholders' Meeting and of the proposal of the Compensation Committee, where applicable*

At the meeting held on March 10 2011 the Board of Directors approved the Plan proposal and this Information Document, which describes the terms and conditions of the Plan, taking into account the indications formulated by the Compensation Committee which met on the same date.

This document will be submitted to the approval of the Ordinary General Meeting of the Shareholders to be convened on April 28 2011, at the first call, and on April 29 2011, at the second call.



*3.7 Date of the decision taken by the appropriate body on the subject of the assignation of Units and of the proposal of the Compensation Committee, if applicable.*

At the end of the Ordinary Meeting of the Shareholders that has authorized the Board of Directors to buy back own shares and approved the Plan, the Compensation Committee will meet to draw up the Regulations of the Plan and identify the individual Beneficiaries proposing the number of Units to assign to each of them. Subsequently, on the same day a meeting will be held of the Board of Directors to adopt the appropriate resolutions on the subject.

*3.8 Market price of the shares recorded on the dates indicated in points 3.6 and 3.7.*

On March 10 2011 (the date on which the Compensation Committee and the Board of Directors met to define the proposal and approve the resolution to be put before the Shareholders' Meeting regarding Stock Grant Plan 2011) the official price of CIR stock on the Milan Stock Exchange was €1.510.

*3.9 Procedures adopted by the Company regarding the possible time correlation between the date of assignation of the Units and any decisions on the subject by the Compensation Committee and the publication of significant disclosures as per the terms of Art. 114, paragraph 1, of D.Lgs. no. 58/98.*

The Plan proposal will be approved by the Board of Directors at the meeting during which the Board prepares the pro-forma Financial Statements for the year to be submitted to the approval of the Ordinary Meeting of the Shareholders and approves the Consolidated Financial Statements for the year to be presented to the Shareholders' Meeting, convened to approve the Plan.

The Shareholders' Meeting that approves the Plan is also aware of the consolidated results of the first quarter of the current year, approved and published by the Board of Directors on the same date.

The assignation of the Units (subdivided, as per the terms of the Regulations, into two categories "Time-based Units" and "Performance Units") to each Beneficiary takes place with a subsequent resolution adopted by the Board of Directors, at the proposal of the Compensation Committee, at the meetings held on the same day as the Shareholders' Meeting that approved the Plan.

The Units on which the Plan is based will be assigned to all effects following the procedures indicated in paragraph 2.3 above.

#### **4. The characteristics of the instruments assigned**

##### *4.1 Structure of the Plan*

The Plan aims to assign free of charge to the Beneficiaries a maximum of 4,500,000: Units, each of which gives the right to receive 1 CIR Share free of charge according to the terms and conditions contained in the Regulations.

##### *4.2. Vesting period of the Plan*

The Time-based Units will vest, with the corresponding right of the Beneficiaries to be assigned the Shares free of charge, in tranches of 12.5% of the total, each of which will vest every three months starting from the first day of the second year following the Grant Date.

The Time-based Units will therefore vest as from the following dates:

- Up to a maximum of 12.5% as from April 30 2013;
- Up to a maximum of 25% as from July 31 2013;
- Up to a maximum of 37.5% as from October 31 2013;
- Up to a maximum of 50% as from January 31 2014;
- Up to a maximum of 62.5% as from April 30 2014
- Up to a maximum of 75% as from July 31 2014;
- Up to a maximum of 87.5% as from October 31 2014;
- Up to a maximum of 100% as from January 31 2015.

The Performance Units will vest as from the same vesting dates as the Time-based Units, but only on the condition that the Normal Value of the Shares on each of the vesting dates is at least equal to the Initial Value.

Any of the Performance Units that did not vest at any vesting date can vest at one of the following vesting dates if the Normal Value of the Shares as of that date is at least equal to the Initial Value.

The Performance Units that have vested at any of the vesting dates will be considered as vested definitively and will not cease to exist if on one of the following vesting dates the Normal Value of the Shares is not at least equal to the Initial Value.

##### *4.3 Maturity of the Plan*

Any Units which have not been exercised for any reason or cause will cease to be effective on the date corresponding to the tenth year from the Grant Date.

#### *4.4 Maximum number of Units assigned*

The maximum number of Units assignable to the Beneficiaries in execution of Stock Grant Plan 2011 is equal to a maximum of 4,500,000 Units, corresponding to an equal number of Shares.

#### *4.5 Procedures and clauses for implementing the Plan*

As already stated in point 2.3 above, the number of Units assigned to each Beneficiary under the Plan is determined mainly by taking into account the role held by the individuals in the Company, in the subsidiaries and in the parent company as well as the importance of their function and the total compensation received by each of them on other accounts.

The Plan consists of the assignation free of charge of Units that are not transferrable between living persons, the exercise of which is subject to a vesting period so that the Units vest gradually over time as from the second year from the Grant Date. The Units may be exercised from the day they become exercisable until the Final Maturity indicated in point 4.3, and as far as the Performance Units are concerned, on condition that the Normal Value of the Shares at each vesting date of the Units is at least equal to the Initial Value.

#### *4.6 Limits on the availability of the Units*

The Units are assigned to the Beneficiaries personally and may not be transferred by deed to any living person on any account. Moreover, the right to exercise the Units Assigned is dependent on the Employment Relationship or the Directorship between the Beneficiary and the Company, the subsidiaries and the parent company continuing to exist.

The Plan envisages a minimum holding commitment for the Shares assigned: in the event of the Units vesting and the relative Shares being assigned, each Beneficiary irrevocably undertakes to hold continuously until the fifth anniversary of the Grant Date a number of Shares at least equal to 10% of those assigned. During this period the Shares will be subject to an inalienability requirement, unless the Board of Directors should authorize a waiver of the same.

#### *4.7 Possible resolute conditions in relation to the Plan in the event of the Beneficiaries entering into hedging transactions enabling them to neutralize the bar on selling the Units*

There are no such conditions.

*4.8 Effects resulting from the termination of the employment or the directorship*

In the event of the termination of the Employment Relationship or the Directorship, for whatever reason, including the death of the Beneficiary, the Beneficiaries or their heirs will keep only the title of the Units that have vested at the moment of the termination of the Employment Relationship.

The Board of Directors has the right, at its discretion and uncontestable decision, to allow one or more of the Beneficiaries or their heirs to keep the rights resulting from the Plan even if the same were to cease to exist, and in particular to keep part or all of the Units not yet vested.

*4.9 Indication of any other reasons for cancellation of the Plan*

There are no reasons for the cancellation of the Plan.

*4.10 Reasons for possible redemption of the Units*

There may be no form of redemption of the Units by the Company.

*4.11 Possible loans or other subsidies for the purchase of Shares*

No loans or other subsidies are envisaged for the purchase of the Shares.

*4.12 Measurement of the expected expense for the Company at the date of assignment of the Units*

The expected expense of the Company at the Grant Date of the Units is based on the market value of the Units Assigned.

*4.13 Possible dilutive effects of the Plan*

Because of the characteristics of the Plan, the implementation of the same does not involve any dilutive effects.

*4.14 Possible limits on voting rights and the assignment of patrimonial rights*

There are no limits on voting rights or the assignment of patrimonial rights.

*4.15 Information on the assignment of shares not traded on regulated markets*

Not applicable.

*4.16 Number of financial instruments underlying each Unit*

Each Unit gives the Beneficiaries the right to be assigned 1 CIR Share.

*4.17 Maturity of the Units*

The Final Maturity for the exercise of the Units of the Plan is the same date of the tenth year after the Grant Date.

*4.18. Procedures, timing and clauses for exercise of the Plan*

The timing and the clauses of exercise are given in the preceding points.

*4.19. The exercise price of the Units of the Plan or the procedures and criteria for its determination*

The Units are assigned to the Beneficiaries free of charge.

*4.20 Reason for any difference in the strike price of the Units compared to the market price*

Not applicable.

*4.21 Criteria on the basis of which there may be different strike prices for different individuals or categories of individuals among the beneficiaries*

Not applicable.

*4.22 Special information in the event of the financial instruments underlying the Units not being quoted*

Not applicable.

*4.23 Criteria for the adjustments that become necessary following extraordinary capital transactions or other transactions which involve a change in the number of underlying instruments*

The criteria are given in paragraph 3.3.

4.24 Table no. 1 required by the Rules for Issuers is attached.

**COFIDE S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

		<b>CHART 1</b>						
		Financial instruments other than options						
		<u>Section 1</u>						
Name or category	Position	Instruments relating to plans, currently valid, approved on the basis of previous AGM resolutions						
		Date of AGM resolution	Description of instrument	Number of instruments awarded by competent body	Date of award by competent body	Purchase price of instruments, where applicable	Market price on award date	End of restriction on sale of instruments
Other employees (no. 1)	Executives	27-Apr-07	Phantom stock options	65,000	15-May-07	3.0877	3.006	30-Sep-17
Other employees (no. 1)	Executives	27-Apr-07	Phantom stock options	65,000	15-Oct-07	2.7344	2.713	31-Mar-18
Other employees (no. 1)	Executives	29-Apr-08	Phantom stock options	65,000	16-May-08	1.6806	1.764	30-Sep-18
Other employees (no. 1)	Executives	29-Apr-08	Phantom stock options	65,000	16-Oct-08	1.0718	0.9696	31-Mar-19

*Note 1: CIR shares*

*Note 2: The phantom options are no longer exercisable because the Beneficiary is no longer employed by the Company and the vesting terms set out in the Regulations have*

**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

		CHART 2 Option grant							
		Section 1							
		Options relating to plans, currently valid, approved on the basis of previous AGM resolutions							
Name or category	Position	Date of AGM resolution	Description of instrument	Number of financial instruments awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option
Other CIR employees (no. 2)	Executives	13-Sep-00 (*)	Stock options		29,000	13-Sep-00	4.06	3.886	31-Mar-11
De Benedetti Rodolfo	Chief Executive Officer	30-Jan-01 (*)	Stock options		1,000,000	30-Jan-01	2.62	2.623	30-Sep-11
Other CIR employees (no. 6)	Executives	30-Jan-01 (*)	Stock options		160,000	30-Jan-01	2.62	2.623	30-Sep-11
Employees of Parent Company (no. 3)	Executives	30-Jan-01 (*)	Stock options		328,000 (1)	30-Jan-01	2.62	2.623	30-Sep-11
Other CIR employees (no. 4)	Executives	07-Sep-01 (*)	Stock options		21,400	07-Sep-01	1.28	1.121	31-Dec-11

Notes (\*): date on which the Board of Directors approved the capital increase on the strength of the authorization given by the AGM on May 12 2000.

(1): of which 140,000 options are no longer exercisable. The beneficiaries have lapsed and the vesting conditions set out in the Regulations have expired.



**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

		CHART 2 Option grant							
		Section 1 Options relating to plans, currently valid, approved on the basis of previous AGM resolutions							
Name or category	Position	Date of AGM resolution	Description of instrument	Number of financial instruments underlying options awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option
De Benedetti Rodolfo	Chief Executive Officer	05-Sep-03 (*)	Stock options		112,500	05-Sep-03	1.13	1.207	28-Feb-14
De Benedetti Rodolfo	Chief Executive Officer	12-Mar-04 (*)	Stock options		275,000	12-Mar-04	1.6	1.566	30-Sep-14
Piasser Alberto	General Manager	12-Mar-04 (*)	Stock options		12,000	12-Mar-04	1.6	1.566	30-Sep-14
Other CIR employees (no. 4)	Executives	12-Mar-04 (*)	Stock options		36,000	12-Mar-04	1.6	1.566	30-Sep-14
Employees of Parent Company (no. 3)	Executives	12-Mar-04 (*)	Stock options		72600 (2)	12-Mar-04	1.6	1.566	30-Sep-14
De Benedetti Rodolfo	Chief Executive Officer	06-Sep-04 (*)	Stock options		1,250,000	06-Sep-04	1.56	1.641	28-Feb-15
Piasser Alberto	General Manager	06-Sep-04 (*)	Stock options		48,000	06-Sep-04	1.56	1.641	28-Feb-15
Other CIR employees (no. 5)	Executives	06-Sep-04 (*)	Stock options		83,300	06-Sep-04	1.56	1.641	28-Feb-15
Employees of Parent Company (no. 3)	Executives	06-Sep-04 (*)	Stock options		137,400 (3)	06-Sep-04	1.56	1.641	28-Feb-15
De Benedetti Rodolfo	Chief Executive Officer	11-Mar-05 (*)	Stock options		1,350,000	11-Mar-05	2.34	2.335	30-Sep-15
Piasser Alberto	General Manager	11-Mar-05 (*)	Stock options		400,000	11-Mar-05	2.34	2.335	30-Sep-15
Other CIR employees (no. 24)	Executives/Office staff	11-Mar-05 (*)	Stock options		1,307,200	11-Mar-05	2.34	2.335	30-Sep-15
Employees of Parent Company (no. 5)	Executives/Office staff	11-Mar-05 (*)	Stock options		940,600 (4)	11-Mar-05	2.34	2.335	30-Sep-15
Employees of Subsidiaries (no. 2)	Executives/Office staff	11-Mar-05 (*)	Stock options		12,000	11-Mar-05	2.34	2.335	30-Sep-15

Notes (\*) : date in which the Board of Directors approved the capital increase, on the strength of the authorization given by the AGM on May 12 2000.

(2) : of which 4.600 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

(3) : of which 18.400 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

(4) : of which 385.600 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS  
Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999

		CHART 2 Option grant									
		Section 1 Options relating to plans, currently valid, approved on the basis of previous AGM resolutions									
Name or category	Position	Date of AGM resolution	Description of instrument	Number of financial instruments underlying options awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option		
De Benedetti Rodolfo	Chief Executive Officer	06-Sep-05 (**)	Stock options	--	1,250,000	06-Sep-05	2.49	2.495	29-Feb-16		
Piasser Alberto	General Manager	06-Sep-05 (**)	Stock options	--	300,000	06-Sep-05	2.49	2.495	29-Feb-16		
Other CIR employees (no. 7)	Executives	06-Sep-05 (**)	Stock options	--	510,000	06-Sep-05	2.49	2.495	29-Feb-16		
Employees of Parent Company (no. 3)	Executives	06-Sep-05 (**)	Stock options	--	595,000 (5)	06-Sep-05	2.49	2.495	29-Feb-16		
Employees of Subsidiary (no. 1)	Executives	06-Sep-05 (**)	Stock options	--	50,000	06-Sep-05	2.49	2.495	29-Feb-16		
De Benedetti Rodolfo	Chief Executive Officer	27-Apr-06	Stock options	--	1,250,000	18-May-06	2.5	2.366	31-Dec-16		
Piasser Alberto	General Manager	27-Apr-06	Stock options	--	300,000	18-May-06	2.5	2.366	31-Dec-16		
Other CIR employees (no. 7)	Executives	27-Apr-06	Stock options	4,800	565,200	18-May-06	2.5	2.366	31-Dec-16		
Employees of Parent Company (no. 3)	Executives	27-Apr-06	Stock options	--	595,000 (6)	18-May-06	2.5	2.366	31-Dec-16		
Employees of Subsidiary (no. 1)	Executives	27-Apr-06	Stock options	--	50,000	18-May-06	2.5	2.366	31-Dec-16		
De Benedetti Rodolfo	Chief Executive Officer	27-Apr-06	Stock options	--	1,250,000	21-Nov-06	2.47	2.485	30-Jun-17		
Piasser Alberto	General Manager	27-Apr-06	Stock options	--	300,000	21-Nov-06	2.47	2.485	30-Jun-17		
Other CIR employees (no. 5)	Executives	27-Apr-06	Stock options	19,200	550,800	21-Nov-06	2.47	2.485	30-Jun-17		
Employees of Parent Company (no. 3)	Executives	27-Apr-06	Stock options	--	595,000 (7)	21-Nov-06	2.47	2.485	30-Jun-17		
Employees of Subsidiary (no. 1)	Executives	27-Apr-06	Stock options	--	50,000	21-Nov-06	2.47	2.485	30-Jun-17		

Notes (\*\*): date on which the Board of Directors approved the capital increase, on the strength of the authorization given by the AGM on April 27 2005.

(5): of which 170,000 options are no longer exercisable. The beneficiaries have lapsed and the vesting conditions set out in the Regulations have expired.

(6): of which 170,000 options are no longer exercisable. The beneficiaries have lapsed and the vesting conditions set out in the Regulations have expired.

(7): of which 170,000 options are no longer exercisable. The beneficiaries have lapsed and the vesting conditions set out in the Regulations have expired.

**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

		CHART 2 Option grant							
		Section 1							
Name or category	Position	Options relating to plans, currently valid, approved on the basis of previous AGM resolutions							
		Date of AGM resolution	Description of instrument	Number of financial instruments awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option
De Benedetti Rodolfo	Chief Executive Officer	27-Apr-07	Stock options <sup>(8)</sup>	70,000	1,680,000	15-May-07	3,0877	3,006	30-Sep-17
Piasser Alberto	General Manager	27-Apr-07	Stock options <sup>(8)</sup>	16,800	403,200	15-May-07	3,0877	3,006	30-Sep-17
Other CIR employees (no. 8)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	71,150	811,350	15-May-07	3,0877	3,006	30-Sep-17
Employees of Parent Company (no. 2)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	24,000	701,000 <sup>(9)</sup>	15-May-07	3,0877	3,006	30-Sep-17
Employees of Subsidiary (no. 1)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	3,000	72,000	15-May-07	3,0877	3,006	30-Sep-17
De Benedetti Rodolfo	Chief Executive Officer	27-Apr-07	Stock options <sup>(8)</sup>	280,000	1,470,000	15-Oct-07	2,7344	2,713	31-Mar-18
Piasser Alberto	General Manager	27-Apr-07	Stock options <sup>(8)</sup>	67,200	352,800	15-Oct-07	2,7344	2,713	31-Mar-18
Other CIR employees (no. 8)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	177,050	705,450	15-Oct-07	2,7344	2,713	31-Mar-18
Employees of Parent Company (no. 2)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	96,000	629,000 <sup>(10)</sup>	15-Oct-07	2,7344	2,713	31-Mar-18
Employees of Subsidiary (no. 1)	Executives	27-Apr-07	Stock options <sup>(8)</sup>	12,000	63,000	15-Oct-07	2,7344	2,713	31-Mar-18
De Benedetti Rodolfo	Chief Executive Officer	29-Apr-08	Stock options <sup>(8)</sup>	490,000	1,260,000	16-May-08	1,6806	1,764	30-Sep-18
Piasser Alberto	General Manager	29-Apr-08	Stock options <sup>(8)</sup>	117,600	302,400	16-May-08	1,6806	1,764	30-Sep-18
Other CIR employees (no. 9)	Executives	29-Apr-08	Stock options <sup>(8)</sup>	305,800	649,200	16-May-08	1,6806	1,764	30-Sep-18
Employees of Parent Company (no. 2)	Executives	29-Apr-08	Stock options <sup>(8)</sup>	168,000	557,000 <sup>(11)</sup>	16-May-08	1,6806	1,764	30-Sep-18
Employees of Subsidiary (no. 1)	Executives	29-Apr-08	Stock options <sup>(8)</sup>	23,800	61,200	16-May-08	1,6806	1,764	30-Sep-18

Notes

(8): Stock options resulting from the replacement of a phantom stock option plan. Approved by the AGM on April 30 2009.

(9): of which 125,000 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

(10): of which 125,000 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

(11): of which 125,000 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

CHART 2									
Option grant									
Section 1									
Options relating to plans, currently valid, approved on the basis of previous AGM resolutions									
Name or category	Position	Date of AGM resolution	Description of instrument	Number of financial instruments awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option
De Benedetti Rodolfo	Chief Executive Officer	29-Apr-08	Stock options (12)	700,000	1,050,000	16-Oct-08	1.0718	0.9696	31-Mar-19
Piasser Alberto	General Manager	29-Apr-08	Stock options (12)	168,000	126,000	16-Oct-08	1.0718	0.9696	31-Mar-19
Other CIR employees (n. 9)	Executives	29-Apr-08	Stock options (12)	420,400	361,600	16-Oct-08	1.0718	0.9696	31-Mar-19
Employees of Parent Company (no. 2)	Executives	29-Apr-08	Stock options (12)	240,000	305,000 (13)	16-Oct-08	1.0718	0.9696	31-Mar-19
Employees of Subsidiary (no. 1)	Executives	29-Apr-08	Stock options (12)	34,000	25,500	16-Oct-08	1.0718	0.9696	31-Mar-19
De Benedetti Rodolfo	Chief Executive Officer	30-Apr-09	Stock options	910,000	840,000	15-May-09	0.9907	1.0007	30-Sep-19
Piasser Alberto	General Manager	30-Apr-09	Stock options	218,400	126,000	15-May-09	0.9907	1.0007	30-Sep-19
Other CIR employees (n. 10)	Executives	30-Apr-09	Stock options	616,000	352,200	15-May-09	0.9907	1.0007	30-Sep-19
Employees of Parent Company (no. 1)	Executives	30-Apr-09	Stock options	364,000	210,000	15-May-09	0.9907	1.0007	30-Sep-19
Employees of Subsidiary (no. 2)	Executives	30-Apr-09	Stock options	44,200	34,500	15-May-09	0.9907	1.0007	30-Sep-19
De Benedetti Rodolfo	Chief Executive Officer	30-Apr-09	Stock options	1,120,000	630,000	16-Oct-09	1.5449	1.7142	28-Feb-10
Piasser Alberto	General Manager	30-Apr-09	Stock options	268,800	151,200	16-Oct-09	1.5449	1.7142	28-Feb-10
Other CIR employees (no. 10)	Executives	30-Apr-09	Stock options	681,600	323,400	16-Oct-09	1.5449	1.7142	28-Feb-10
Employees of Parent Company (no. 1)	Executives	30-Apr-09	Stock options	384,000	216,000	16-Oct-09	1.5449	1.7142	28-Feb-10
Employees of Subsidiary (no. 2)	Executives	30-Apr-09	Stock options	73,600	41,400	16-Oct-09	1.5449	1.7142	28-Feb-10

(12): Stock options resulting from the replacement of a phantom stock option plan. Approved by the AGM on April 30 2009.

(13): of which 125,000 options are no longer exercisable. The beneficiary has lapsed and the vesting conditions set out in the Regulations have expired.

**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

		CHART 2 Option grant							
		Section 1							
		Options relating to plans, currently valid, approved on the basis of previous AGM resolutions							
Name or category	Position	Date of ACM resolution	Description of instrument	Number of financial instruments awarded but not yet exercisable	Number of financial instruments underlying options exercisable but not yet exercised	Date of award by competent body	Strike price	Market price of underlying financial instruments at award date	Expiry of option
Dr. Benedetti Rodolfo	Chief Executive Officer	30-Apr-10	Stock options	1,330,000	420,000	14-May-10	1.6208	1.5012	30-Sep-20
Alberto Piacer	General Manager	30-Apr-10	Stock options	319,200	100,800	14-May-10	1.6208	1.5012	30-Sep-20
Other employees (num. 10)	Executives	30-Apr-10	Stock options	718,100	216,900	14-May-10	1.6208	1.5012	30-Sep-20
Employees of Parent Company (num. 1)	Executives	30-Apr-10	Stock options	494,000	156,000	14-May-10	1.6208	1.5012	30-Sep-20
Employees of Subsidiary (num. 2)	Executives	30-Apr-10	Stock options	106,400	33,600	14-May-10	1.6208	1.5012	30-Sep-20
Dr. Benedetti Rodolfo	Chief Executive Officer	30-Apr-10	Stock options	1,540,000	210,000	15-Oct-10	1.4982		28-Feb-21
Alberto Piacer	General Manager	30-Apr-10	Stock options	369,600	50,400	15-Oct-10	1.4982		28-Feb-21
Other employees (num. 10)	Executives	30-Apr-10	Stock options	837,800	97,200	15-Oct-10	1.4982		28-Feb-21
Employees of Parent Company (num. 1)	Executives	30-Apr-10	Stock options	572,000	78,000	15-Oct-10	1.4982		28-Feb-21
Employees of Subsidiary (num. 2)	Executives	30-Apr-10	Stock options	123,200	16,800	15-Oct-10	1.4982		28-Feb-21

**CIR S.p.A. - COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS**  
**Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999**

CHART 2								
Options (option grants)								
Section 2								
Newly assigned options on the basis of the decision: x of the Board of Directors to be put before the AGM								
Name or category	Position	Date of AGM resolution	Description of instrument	Number of financial instruments underlying options awarded to each individual or category	Date of award by competent body	Strike price	Market price of financial instruments at award date	Expiry of option
Rodolfo De Benedetti	Chief Executive Officer		CIR Shares					
Alberto Piasser	General Manager		CIR Shares					
Other CIR employees	Executives		CIR Shares					
Employees of Parent Company	Executives		CIR Shares					
Employees of Subsidiaries	Executives		CIR Shares					

## **PROPOSAL TO AMEND THE RULES FOR SHAREHOLDERS' MEETINGS**

Dear Shareholders,

Certain amendments are being proposed to the Rules for Shareholders' Meetings currently in force in order to bring them into line with the provisions of D.Lgs. 27/2010 and with the clauses of the Company Bylaws that have been amended in line with new regulations.

More specifically:

- The amendment of Art. 3.2. is the result of the introduction of the so-called "record date" as the system for identifying individuals entitled to take part in the Shareholders' Meeting and express a vote in accordance with the provisions of the new Art. 83 *sexies* of the T.U.F.;
- Art. 3.3. is amended to highlight the fact that with the introduction into Art. 16 of the Bylaws of the right to take part in the Shareholders' Meeting using electronic means, the meeting is no longer strictly linked to the place in which it is convened but could involve people located elsewhere;
- The addition proposed to Art. 4.7. is of a purely formal nature and is due to the fact that the last clause of Art. 16 of the Bylaws makes it possible not to have to call shareholders' meetings after the first one;
- Lastly a minor amendment is proposed to Art. 10.1. to point out that the discretion of the Chairman – regarding decisions about the voting procedure – does not refer to the possible admission of electronic means of casting a distance vote, which must be expressly allowed, with a specification of the procedures and requisites, in the notice of meeting, as indicated in the above-mentioned Art. 16 of the Bylaws.

It is therefore proposed that you approve the following text of a resolution:

"The Ordinary Meeting of the Shareholders of the Company "CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE",

- having acknowledged the amendments to the Bylaws approved today at the Extraordinary session even pursuant to the terms of D.Lgs. no. 27 of January 27 2010;

- having seen the report of the Board of Directors,

## RESOLVES

1) To amend points 3.2 and 3.3 of Art. 3 of the Rules for Shareholders' Meetings as follows:

“3.2. Those who have the right to participate in the Meeting must show the Company official at the entrance to the Meeting rooms some form of personal identification as well as a document proving their legal right to take part either as a legal representative or a voluntary representative.

3.3. Unless the Chairman of the Meeting shall decide otherwise, none of the following equipment may be used during the meeting: cameras, video camcorders or similar devices, any kind of recording equipment or mobile telephones. Where the Chairman allows the use of any of the above equipment, he will decide upon the conditions and limits of the use of the same.”

The rest of the text of the Article remains unchanged.

2) To amend point 4.7 of Art. 4 of the Rules for Shareholders' Meetings as follows:

“4.7. When the Shareholders' Meeting has not been convened at a single calling, if there are not a sufficient number of people present for the Meeting to be valid, the Chairman gives notice of this fact and adjourns the discussion of the items on the agenda until a subsequent Meeting.”

The rest of the text of the Article remains unchanged.

3) To amend point 10.1 of Art. 10 of the Rules for Shareholders' Meetings as follows:

“10.1. Before the voting takes place, the Chairman establishes how the vote will be expressed at the meeting, recorded and counted and may decide on a maximum time limit within which the vote must be expressed.”

The rest of the text of the Article remains unchanged.

4) To authorize the Chairman to carry out any action necessary and appropriate ensure that the changes are made to the Rules for Shareholders' Meetings.”

\* \* \* \*

Below is the original text of the Rules for Shareholders' Meetings with the amendments highlighted.



## **RULES FOR SHAREHOLDERS' MEETINGS**

### **Chapter I - PRELIMINARY INSTRUCTIONS**

Article 1- Sphere of application

### **Chapter II - CONSTITUTION**

Article 2 - Intervention, participation and attendance of the Shareholders' Meetings

Article 3 - Procedures for checking those entitled to take part in the meeting and access to the meeting rooms

Article 4 - Constitution of the Shareholders' Meeting and Opening of the Session

### **Chapter III - THE DEBATE**

Article 5 - Agenda

Article 6 - Intervention and response

Article 7 - Adjournment

Article 8 - Powers of the Chairman

### **Chapter IV - VOTING**

Article 9 - Preliminary operations

Article 10 - Voting

### **Chapter V - CLOSING THE MEETING**

Article 11 - Closing the session

### **Chapter VI – FINAL INSTRUCTIONS**

Article 12 - Power delegated to the Chairman

Chapter I  
PRELIMINARY INSTRUCTIONS

*Article 1 – Sphere of application*

These rules govern the procedures for calling and conducting Shareholders' Meetings.

Chapter II  
CONSTITUTION

*Article 2 – Intervention, participation and attendance of Shareholders' Meetings*

- 2.1 All those who have a right to attend the Shareholders' Meeting by Law and according to the Company Bylaws may intervene and address the meeting.
- 2.2 General Managers, Deputy General Managers and executives of the Company can attend the Shareholders' Meeting. Any employees of the Company or of companies of the Group and any other individuals may attend the Shareholders' Meeting provided that the Chairman of the Meeting considers their presence to be useful in light of the topics to be discussed and the business to be dealt with.
- 2.3 Experts, financial analysts, recognized journalists and other individuals may attend the Meeting at the discretion of the Chairman but they may not take the floor.
- 2.4 Before illustrating the items on the agenda, the Chairman will notify those attending of the participation and the presence at the meeting of those individuals specified in paragraphs 2.2 and 2.3 of this Article.

*Article 3 – Procedures for checking those entitled to take part in the meeting and access to the meeting rooms*

- 3.1 A procedure for checking the identity of those legally entitled to take part in the Shareholders' Meeting is carried out in the place where the meeting is to be held starting at least one hour before the time stipulated in the notice as the scheduled time of the said Meeting.
- 3.2 Those who have the right to participate in the Meeting must show the Company official at the entrance to the Meeting rooms some form of personal identification ~~and the certificate indicated in the notice of the Meeting,~~ as well as a document proving their legal right to take part either as a legal representative or a voluntary representative
- 3.3 Unless the Chairman of the Meeting shall decide otherwise, none of the following equipment may be used ~~in the rooms in which during the Meeting is to be held:~~ cameras, video camcorders or similar devices, any kind of recording equipment or mobile telephones. Where the Chairman

allows the use of any of the above equipment, he will decide upon the conditions and limits of the use of the same.

*Article 4 – Constitution of the Shareholders’ Meeting and Opening of the Session*

- 4.1 At the hour given in the notice of the Meeting the person qualified according to the terms of the Bylaws takes the chair.
- 4.2 The Chairman of the Meeting is assisted by a Secretary who need not necessarily be a Shareholder. The Chairman may request the assistance of a Secretary even in cases where the minutes are to be drawn up by a Notary Public. The Secretary and the Notary Public may be assisted by their own trusted staff and may have recourse to recording devices only for their auxiliary staff to aid them in the preparation of the minutes.
- 4.3 The Chairman may be assisted by individuals authorized to take part in the Meeting and may ask them to illustrate the items on the agenda and to answer questions relating to these specific issues.
- 4.4 The Chairman may also be assisted by external experts who have been specially invited.
- 4.5 With the help of qualified personnel where appropriate, the Chairman checks the validity of the proxy documents, the right of those attending to take part in the Meeting and the valid constitution of the same. In the event of any irregularity being detected by the personnel responsible, the Chairman will establish whether or not the attendee has the right to take part. The Chairman can select as many tellers, who need not be Shareholders, as he deems opportune.
- 4.6 The Chairman gives the quorum necessary for the Meeting to be valid and once he has ascertained that the Meeting is validly constituted, he declares the Meeting open.
- 4.7 **When the Shareholders’ Meeting has not been convened at a single calling**, if there are not a sufficient number of people present for the Meeting to be valid, the Chairman gives notice of this fact and adjourns the discussion of the items on the agenda until a subsequent Meeting.

Chapter III  
THE DEBATE

*Article 5 –The Agenda*

The Chairman and, at his invitation, anyone else who is assisting him as per Articles 4.3 and 4.4 of these Regulations, will illustrate the items on the agenda and any motions to be put to the Meeting for approval. When putting forward the various topics and motions for debate, the Chairman may change the order of the same compared with the order given in the notice of the Meeting, provided that there is no opposition from those present, and he may also require that all or some of the items on the agenda be discussed together.

#### *Article 6 – Intervention and response*

- 6.1 The Chairman of the Meeting moderates the debate, passing the floor to those Shareholders, Directors, Statutory Auditors or other persons who have requested leave to address the Meeting as specified in this Article.
- 6.2 Those entitled to exercise voting rights and the joint representative of bond holders may request the floor just once for each item on the agenda, making observations and asking for information. Those entitled to exercise voting rights may also put forward proposals provided that these are relevant to the items on the agenda and, where appropriate, the Chairman may accept them and put them to the vote. Motions may be put forward until the Chairman declares the discussion on that particular subject closed.
- 6.3 The Chairman establishes the procedure for requesting the floor and determines the order of any such requests.
- 6.4 The Chairman and, at his invitation, those who are assisting him as per Articles 4.3 and 4.4 of these Regulations, will answer the various speakers when they have finished speaking about the items on the agenda, i.e. after each such speech.
- 6.5 Those who asked for the floor in the first place will have the right to give a short response.
- 6.6 Taking into account the topic involved and the relative importance of the same as well as the number of people who wish to address the Meeting, the Chairman can specify a time limit for each speech and each response to ensure that the Shareholders can finish all the business on the agenda in the one session. Before the set time for the speech or the reply is up, the Chairman will invite the speaker to conclude.
- 6.7 When nobody else wishes to address the Meeting, answer or make any response, the Chairman declares the discussion closed.

#### *Article 7 - Adjournment*

At any point during the Meeting the Chairman, should he feel it to be appropriate, can adjourn the session for a short period giving the reason for so doing.

#### *Article 8 - Powers of the Chairman*

- 8.1 In order to guarantee that the business of the Meeting may proceed regularly and that the attendees are able to exercise their rights, the Chairman may take the floor away from a speaker who is not entitled to speak or who continues to speak after the maximum time limit established by the Chairman is up.
- 8.2 After first giving an admonition, the Chairman may also remove the floor in cases where the speech is not relevant to the topic under discussion.
- 8.3 The Chairman may remove the floor in all cases where the speaker uses offensive or insulting language, behaves in a threatening way or encourages violence and disorder.

- 8.4 Whenever one or more speakers prevent others from taking part in the debate or behave in such a way as to prevent the Meeting from proceeding in an orderly fashion, the Chairman first calls for order and requires that the regulations be respected. If this attempt is unsuccessful the Chairman can then instruct the person or persons previously admonished to leave the meeting room.

#### Chapter IV VOTING

##### *Article 9 - Preliminary Operations*

- 9.1 Before starting the voting procedures, the Chairman re-admits any persons sent out of the meeting room as per Article 8.4 of these regulations.
- 9.2 Before opening the debate, the Chairman can arrange that the vote on each individual item take place after the discussion of the said item or at the end of the discussion of all or some of the items on the agenda.

##### *Article 10 - Voting*

- 10.1 Before the voting takes place, the Chairman establishes how the vote will be expressed **at the meeting**, recorded and counted and may decide on a maximum time limit within which the vote must be expressed.
- 10.2 After voting has taken place, the votes are counted and the Chairman with the aid of the Secretary or the Notary Public, where appropriate, announces the results of the vote to the Meeting.

#### Chapter V CLOSING THE MEETING

##### *Article 11 - Closing the session*

When all the items on the agenda have been dealt with and have been voted on, the Chairman declares the Meeting closed.

#### Chapter VI FINAL INSTRUCTIONS

##### *Article 12 – Power delegated to the Chairman*

Apart from what is set forth in these Rules, the Chairman may adopt any measure considered appropriate in order to ensure that the business of the Meeting proceeds smoothly and regularly and that those present are able to exercise their rights.

**CIR S.p.A.**  
**ANNUAL REPORT ON THE SYSTEM OF**  
**CORPORATE GOVERNANCE AND ON COMPLIANCE WITH**  
**THE CODE OF CONDUCT FOR LISTED COMPANIES**

**- YEAR 2010 -**

**REPORT ON THE CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE**  
*(in accordance with Art. 123-bis of the Finance Consolidation Act - T.U.F.)*

This Report aims to illustrate the model of corporate governance that CIR S.p.A. (hereinafter referred to as the “Company”) adopted during the year 2010.

The Report, which was approved by the Board of Directors Meeting held on March 10 2011, is being made available to the Shareholders together with the rest of the documentation for the Shareholders’ General Meeting being called to approve the Financial Statements for the year ended December 31 2010, and is also being sent at the same time to the Italian Exchange in order to facilitate its release to the public and can also be consulted on line – together with other documents of interest to the market - on the website [www.cirgroup.it](http://www.cirgroup.it) in the section “Governance”.

**Information on the ownership structure (Art. 123bis, paragraph 1, T.U.F.) as of December 31 2010**

**a) Share capital structure (as per Art. 123-bis, paragraph 1, letter a) T.U.F.)**

The subscribed and fully paid up share capital amounts to € 396,058,633.50, comprising 792,117,267 ordinary shares, listed on the MTA, Italian Equities Market, of the Milan Stock Exchange – FTSE Italia Mid Cap index.

All of the ordinary shares have the same rights and obligations. CIR shares – as stipulated in Art. 5 of the Company Bylaws – are indivisible.

In the event of joint ownership of one or more shares, the rights of the joint owners towards the Company, in accordance with Article 2347 of the Civil Code, shall be exercised by a joint representative.

It should be noted that the information document prepared in accordance with the provisions of Art. 84-bis of Consob Regulation 11971/99, relating to Stock Option Plans, is available on the Company’s website in the section “Governance”.

**b) Restrictions on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b) T.U.F.)**

The shares of the Company are freely transferable, with the exception of certain restrictions applicable to given categories of persons for limited periods of time on the basis of the Code of Conduct on the subject of Internal Dealing published on the website of the Company in the section “Governance”.

**c) Significant holdings of capital (as per Art. 123-bis, paragraph 1, letter c) T.U.F.)**

Below is a list of the names of Shareholders of last resort who, at December 31 2010 were holding either directly and/or indirectly percentages of ownership of over 2% of the capital with voting rights, in accordance with the terms of Consob resolution 11971/99:

Ing. Carlo De Benedetti (through COFIDE S.p.A.): 45.92%  
Bestinver Gestion SA SGIIC: 11.43%  
Asset Value Investors Limited: 2.23%

**d) Shares which give special rights (as per Art. 123-bis, paragraph 1, letter d) T.U.F.)**

There are no shares that give their holders any special controlling rights.

**e) Employee shareholdings: mechanism for the exercise of voting rights (as per Art. 123-bis, paragraph 1, letter e) T.U.F.)**

There are no special mechanisms for the exercise of voting rights by employees who have shareholdings.

**f) Restrictions on voting rights (as per art. 123-bis, comma 1, letter f) T.U.F.)**

There are no restrictions on voting rights. It should be noted that the Company Bylaws stipulate that for the election of the members of the Board of Directors only Shareholders who, either alone or with other Shareholders, represent at least one fortieth of the share capital or any other percentage that may be determined in accordance with the law or with regulations, may present lists of candidates. Moreover Shareholders who, alone or with others, represent overall less than 20% of the share capital, can present lists containing no more than three candidates. For the election of the Board of Statutory Auditors, only Shareholders who, alone or with others, represent at least 2% of the share capital can present lists of candidates, and they must be able to prove that they own the required number of shares.

**g) Agreements between Shareholders (as per Art. 123-bis, paragraph 1, letter g) T.U.F.)**

The Company is not aware of the existence of any agreements between Shareholders as per the terms of art. 122 of the TUF.

**h) Change of *control clauses* (as per Art. 123-bis, paragraph 1, letter h) T.U.F.)**

No agreements have been entered into by CIR S.p.A. or its direct or indirect subsidiaries containing a change of control clause, i.e. clauses that take effect in the event of the change of the controlling stake of CIR S.p.A.

**i) Compensation to Directors in the event of resignation, dismissal without just cause or termination of their position following a takeover bid (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)**

Reference should be made to what is illustrated in point 7) of the Report on the Compensation of Directors.

**l) Election and replacement of Directors; amendment of the Company Bylaws (as per Art. 123-bis, comma 1, letter l) T.U.F.)**

For the election and replacement of Directors reference should be made to what is illustrated in point 6) of the Report on the appointment of Directors. For amendments to the Bylaws, legal regulations are applied.

**m) Power delegated to increase the share capital and authorization to buy back the Company's own shares (as per Art. 123-bis, paragraph 1, letter m) T.U.F.)**

For a period of five years starting from April 30 2009 the Board of Directors has the right to increase the share capital either once or more than once to a maximum of EUR 500,000,000 nominal value through the issuance of shares with or without a share premium. These shares will be offered in subscription or will service warrants or the conversion of bond issues including issues made by third parties, both in Italy and abroad, or else they will be assigned free of charge to holders of option rights by allocating to share capital available reserves or provisions on the basis of the latest financial statements approved.

For a period of five years starting from April 30 2009 the Board of Directors also has the right to increase the share capital either once or more than once to a maximum of EUR 20,000,000 of nominal value through the issuance of shares to be reserved for subscription by employees of the Company and of its subsidiaries and parent companies in accordance with Article 2441, last paragraph, of the Civil Code. The same Board shall have the right to fix the price of issuance (which may



not be lower than the nominal value of the shares), the requirements for subscription and the limits of the availability of the same shares, as well as the general terms and procedures for the said subscription.

For a period of five years starting from April 30 2009 the Board of Directors has the right to issue, once or more than once, even without the option right, and in that case in favour of institutional investors, convertible bonds or bonds with warrants attached, which may also be in a foreign currency, if permitted by law, with a corresponding increase in share capital – with a limit of ten per cent of the share capital existing in the event of the option right not being included - up to an amount which, taking into account the bonds in circulation at the date on which the issuance is approved, shall not exceed the limits established by regulations in force at the time of the Board resolution.

And more in general the Board also has the right to define the procedures, terms and conditions of the bond issuance and the rules governing such issuance.

The Annual General Meeting of the Shareholders held on April 30 2010 authorized the buy-back of CIR stock in accordance with and as an effect of Art. 2357 of the Civil Code for a period of eighteen months from today, according to the following procedure:

- A maximum of 30,000,000 shares (in addition to the shares already being held) can be bought back for a nominal value of Euro 15,000,000, which shall not in any circumstances exceed one fifth of the share capital of CIR with a maximum disbursement limit of Euro 50,000,000; the Company will increase its current non-available reserve, called the “reserve for treasury stock held” by the amount of the shares bought back, charging the same amount to the “retained earnings” reserve, resulting from the Financial Statements as of December 31 2009, the last ones approved. The unit price of each single share purchase transaction shall not be more than 10% higher or lower than the benchmark price recorded by the shares of the same category on the Stock Exchange trading day prior to that on which the purchase is made or to the date on which the price is fixed. Compared to the previous resolution the maximum number of shares that can be purchased daily on the market has now been fixed in accordance with the limit imposed by EC Regulation no. 2273/2003;
- The purchase may take place as follows:
  - a) through a public offering to purchase or exchange shares;
  - b) on regulated markets following the operating procedures established in the rules for the organization and management of those same markets, which do not allow bids and offers to be matched directly and must be made in such a way as to ensure an equal treatment of all the Shareholders, in compliance with

the terms of Art. 132 of D.Lgs. 58/1998 and legislation or regulations in force at the moment of the transaction;

- c) through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying stocks and which comply with the further conditions stipulated in art. 144-bis of Consob resolution no. 11971 and the amendments and additions subsequently made to it;
- d) through the assignation of put option rights pro rata to the Shareholders, to be assigned within 15 months and which shall be exercisable in a period of up to 18 months from this resolution;

As of December 31 2010 43,074,000 own shares were being held as treasury stock.

**Other information (as per Art. 123-bis, paragraph 2, T.U.F.)**

**a) Compliance with a code of conduct on the subject of corporate governance.**

The Company complies with the Code of Conduct (March 2006 edition) prepared by the Committee for the Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A.

**b) Main characteristics of the existing risk management and internal control systems in relation to the financial information process.**

Reference should be made to what is described in point 8) of the Report on the internal control system.

**c) How the Shareholders' Meeting functions.**

Reference should be made to what is described in point 12) of the Report on Shareholders' Meetings.

**d) Composition and functioning of the administrative and control bodies and their committees.**

Reference should be made to what is described in the sections of the Report that deal with: the Board of Directors (point 2), the Statutory Auditors (point 10) and the Committees (points 5-7 and 8).

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## **1) Role of the Board of Directors**

According to the Bylaws, the Board of Directors has full powers of ordinary and extraordinary administration of the Company and has the power to carry out any action that it considers opportune in order to pursue and achieve the Company's objectives, with the exception of such powers that according to the law or the Bylaws reside exclusively with the Shareholders' Meeting.

The Board of Directors can approve a reduction of share capital in the event of the withdrawal of Shareholders, an adjustment of the Bylaws to bring them into line with regulations, the transfer of the registered offices within the limits of the national territory as well as the merger by incorporation of a wholly owned company or one in which a stake of at least 90% is held, in compliance with Articles 2505 and 2505-bis of the Civil Code. The Board can also approve the issue of convertible bonds or bonds with warrants attached within the limits of current legislation.

Among Italian financial holding companies, this Company is distinguished by the way its investment portfolio is balanced between companies with strong positions in their respective markets belonging both to mature business sectors with a relatively constant cash flow and to sectors with high growth potential in sharply different business environments (publishing, energy, automotive components, healthcare).

Thus, in the light of its specific characteristics and in application of the terms of Article 1 of the Code of Conduct, the Board of Directors:

- Examines and approves the strategic and financial plans of the issuer and also examines the consolidated strategic, business and financial plans of the subsidiaries at the head of the groups in the various business sectors as presented by their respective Chief Executive Officers, assessing whether these plans are consistent with that of the issuer;
- Evaluates the adequacy of the organizational, administrative and general accounting structures of the issuer and the subsidiaries of strategic importance as prepared by the Chief Executive, with particular reference to the system of internal control and the management of conflict of interest;
- Assigns and revokes the powers of attorney given to the Chief Executive Officer and establishes the frequency, generally every three months, with which he shall report back to the Board on the activity carried out during the exercise of his powers;
- Determines the remuneration of the Chief Executive Officer and those who hold special positions at the proposal of the Compensation Committee and after consulting with the Board of Statutory Auditors;
- Monitors the progress of operations taking into consideration, in particular, the information received from the Chief Executive Officer of the Company and the Chief Executives of the main subsidiaries, analysing the business and the evolution of the income and equity situation of the Company and of the Group;

- Examines and gives prior approval to transactions put in place by the issuer and examines those of the subsidiaries that have significant impact (\*) for the issuer from the economic, equity and financial viewpoint, adopting any resolutions (while respecting the principle of operating independence of the companies). It pays particular attention to situations where one or more directors have either a personal interest or an interest on behalf of someone else and, more generally, it pays attention to transactions with related parties;
- Carries out at least once a year an assessment of the size, composition and functioning of the Board of Directors and of its committees, possibly expressing guidelines concerning the professional figures whose presence on the same would be considered useful.

For 2010 each Director of the Company gave a structured written assessment of the composition and functioning of the Board of Directors. The Internal Control Committee produced a summary of this which was discussed by the Board of Directors as part of the process of self-assessment required by the Code of Conduct.

The Directors act and adopt resolutions independently on the basis on their knowledge and good judgment and they accept the position when they consider that they can dedicate the necessary time to carrying out their duties, bearing in mind also the number of directorships or positions of statutory auditor that they hold in other companies listed on regulated markets, finance companies, banks, or insurance companies of a significant size. They are furthermore required to inform the Board of Directors of any other activities they may have in competition with the issuer and of any significant changes that occur in the positions they hold in other companies.

The Board did not deem it appropriate to establish a maximum total number of positions that each Director may hold or to establish whether these are more or less compatible or incompatible, reserving the right to evaluate individual cases.

On April 30 2009, the Shareholders' Meeting appointed Mr Carlo De Benedetti as Honorary Chairman and Mr Stefano Micossi as Director. At the end of the Shareholders' Meeting, the Board of Directors of the Company appointed Mr Stefano Micossi as Chairman, assigning the following new powers to the Chairman and to the Chief Executive Officer:

- The Chairman of the Company, Mr Stefano Micossi, was given the power to represent the Company legally with his single signature, and as such was given the power to represent the Company with third parties whether public or private, before any judicial or administrative authority and the power to sign in his aforesaid role any document, deed, transaction or correspondence in the name of and on behalf of the Company with the right to appoint someone else to take his place;

*(\*) transactions of significant impact means those of particular strategic importance for the Group given their effects on the consolidated economic, equity and financial situation and/or of the medium/long term commitments resulting from them.*

- The Chief Executive Officer, Mr Rodolfo De Benedetti, was assigned full powers of ordinary and extraordinary administration of the Company, to be exercised with his single signature, with the exclusion of the powers vested in the Board of Directors for:
  - (i) Matters, transactions or decisions reserved by law or by the Company Bylaws to the exclusive competence of the Board of Directors as a body;
  - (ii) The following categories of transactions:
    - The purchase, sale or subscription of shareholdings in companies, when:
      - (1) The payment or –where this is not in the form of money – the trading value assigned to such transaction is more than €75 million; (2) the sale (or exchange) refers to investments recorded in the balance sheet with a value of over €50 million; (3) the transaction involves the acquisition or the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies or entities of another kind or nature;
      - The purchase or sale on any account of businesses or business arms for a price or a value of over €75 million;
      - Any other investment transaction of any kind and on any account and in any manner (including the payment of capital contributions or the conversion of receivables into capital), taking on debt or making loans of any kind or issuing guarantees and in general any other deal the value of which is over € 75 million;
      - Any decision that the Company may make relating to the operations or decisions of the subsidiaries which may, in any way or on any account, result in a reduction of the stake held by the Company to below the threshold of control.

During the same meeting Mr Carlo De Benedetti was given the following mandate:

- a) To follow and manage, in conjunction with the appropriate corporate departments, the institutional relations of the Company and the Group with public and private entities, with the Government and the local authorities of the Republic of Italy and of other States, with other entities, institutions and associations, promoting in all these spheres the image, the values and the activities of the Company and taking part, where necessary and when requested to do so, in the meetings of the Board of Directors, the executive committees and other bodies and committees in general;
- b) To advise, when requested to do so, the administrative bodies of the Company and/or of the Group in the research and development or new activities, with particular regard to the evolution and prospects of the general economic and social scenarios involved, and more in general in anything else that the administration of the Company may consider useful at any time for improving management and developing the company affairs in a more profitable way.

The Board of Directors Meeting held on April 30 2009 had also given Mr Rodolfo De Benedetti, in his position as General Manager, the powers of ordinary administration to be exercised with his sole signature.

On September 7 2001, the Board of Directors of the Company had also assigned to the General Manager, Mr Alberto Piaser, with his single signature, powers of ordinary administration as from October 1 2001 for the action included in his mandate.

The Board of Directors Meeting held on April 30 2009 had also given Mr Rodolfo De Benedetti, in his position as General Manager, the powers of ordinary administration to be exercised with his sole signature.

On September 7 2001, the Board of Directors of the Company also assigned to the General Manager, Mr Alberto Piaser, with his single signature, powers of ordinary administration as from October 1 2001 for the action included in his mandate.

## **2) Composition of the Board of Directors (as per Art. 123-bis, paragraph 2, letter d) of the T.U.F.)**

The Board consists of fourteen Directors, one of whom has executive status (the Chief Executive Officer), while thirteen are non-executive.

In consideration of their number and their authority, the non-executive Directors provide a guarantee that their judgment shall have significant weight in the resolutions adopted by the Board; they each bring their own individual expertise to Board debates and contribute to the adoption of decisions in the interest of the Company.

The “Independent Directors” make up half of the Board.

The composition of the Board of Directors of the issuer is therefore appropriate to guarantee sufficient conditions of operational independence, aimed at maximizing the economic and financial objectives of the same issuer.

It should be remembered that the mandate of the Board of Directors currently in office will terminate with the approval of the Financial Statements for the year ended December 31 2010.

The Board can set up from within its number committees with the function of consulting and making proposals, determining the scope of their activity and their powers.

The following charts show the composition of the Board of Directors and that of the Committees set up by the Board: the Compensation Committee, the Internal Control Committee, the Committee for Related Party Transactions and the Appointments Committee.

Name	Position	In office since	List	Exec.	Non exec.	Indep. Code of Conduct	Indep. TUF	% BofD	Other positions
De Benedetti Carlo	H.C. Director	29.4.2008	M		X			100%	4
Micossi Stefano	Chairman	30.4.2009	M		X			100%	1
De Benedetti Rodolfo	CEO	29.4.2008	M	X				100%	6
Bracchi Giampio	Director	29.4.2008	M		X	X	X	86%	5
Debenedetti Franco	Director	29.4.2008	M		X			71%	4
Ferrero Pierluigi	Director	29.4.2008	M		X			100%	2
Germano Giovanni	Director	29.4.2008	M		X	X	X	100%	1
Girard Franco	Director	29.4.2008	M		X			71%	2
Mancinelli Paolo	Director	29.4.2008	M		X	X	X	57%	--
Paravicini Crespi Luca	Director	29.4.2008	M		X	X	X	86%	6
Recchi Claudio	Director	29.4.2008	M		X	X	X	71%	5
Segre Massimo	Director	29.4.2008	M		X			100%	4
Tabellini Guido	Director	29.4.2008	M		X	X	X	43%	--
Zanni Umberto	Director	29.4.2008	M		X	X	X	--	--

Number of Board of Directors Meetings: 7

Key:

List: M/m: according to whether the Director was elected from the majority list or from a minority list.

Independent (Civil Code and TUF): indicates whether a Director can be qualified as independent on the basis of the criteria established by the Code of Conduct (March 2006 edition) and by Art. 148 parag. 3 of the TUF.

% CDA: shows the Director's attendance, in percentage terms, at the Board Meetings held during the year.

Other positions: shows the total number of positions held in other listed companies, financial companies, banks, insurance companies or other companies of a significant size.

Name	Compensation Committee	% of attendance at C.C.	Internal Control Committee (a)	% of attendance at I.C.C.	Appointments Committee (b)	% of Attendance at A.C.
Bracchi Giampio			X	100%		
De Benedetti Carlo	X	100%				
Germano Giovanni	X	100%	X	100%		
Girard Franco					X	--
Mancinelli Paolo					X	--
Paravicini Crespi Luca			X	100%		
Tabellini Guido	X	50%			X	--
Zanni Umberto	X	--				
Number of committee meetings	2		7		--	

Key:

% CC: shows the Director's attendance in percentage terms at the meetings of the Compensation Committee held during the year.

% ICC: shows the Director's attendance in percentage terms at the meetings of the Internal Control Committee held during the year.

(a) The members of the Committee for Related Party Transactions are the same as those of the Internal Control Committee.

(b) The Appointments Committee did not meet in 2010.

The positions of Director or Statutory Auditor held by Directors in other listed companies, financial companies, banks, insurance companies or in other non-listed but which are of a significant size, are shown in Attachment A.

In accordance with the terms of the Code of Conduct, on April 29 2008 the Board of Directors appointed as *Lead Independent Director* Prof. Guido Tabellini to whom all the non-executive directors can refer (especially the independent ones) to enable them to make a better contribution to the activity and the running of the Board.

The *Lead Independent Director* collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the *Lead Independent Director*, either independently or at the request of other directors, also has the right to call a meeting of just the independent directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

At the proposal of the Chief Executive Officer and in agreement with the Chairman, subject to hearing the opinion of the Board of Statutory Auditors, on April 27 2007 the Board of Directors appointed Mr Alberto Piaser as the officer in charge of the preparation of the Company's financial statements. Mr Piaser has the requisites required by current legislation and has adequate experience on the subject of accounting and finance.

It should be noted that Mr Alberto Piaser, General Manager, takes part in meetings of the Board of Directors.

In the last few years the Chairman of the Board of Directors, in agreement with the Chief Executive Officer, initiated a process aimed at giving the Board of Directors more involvement so that it can as a body carry out in full its role of directing the strategy and approach of the Company management and its members can obtain all the elements useful for giving their personal contribution to reaching the Company objectives. To this end the Chief Executive Officers of the main companies heading their respective business sectors were present at the meetings to illustrate the objectives they have been pursuing, the strategies and the managerial approaches adopted by each of them.

Moreover at the last Board of Directors Meeting held in October a Board meeting was planned for the beginning of 2011 to examine and discuss in a structured way the objectives and strategies that CIR will be following in the next few years at Group level.

In accordance with the terms of the Bylaws (Articles 12, 13 and 20), the Board shall meet when convened by the Chairman or whoever is taking his place, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of two Directors, or when called by any member of the Board of Statutory Auditors, subject to their notifying the Chairman of the Board of Directors.



The Meeting is called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.

The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even by telephone - or video-conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.

The Meetings of the Board of Directors are chaired by the Chairman or, should the Chairman be absent, by one of the Deputy Chairmen or, should there be no Deputy Chairman, by a Director designated by the Board.

In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present. Resolutions are taken with an absolute majority of the votes of those present, and if the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which shall be decisive.

Board resolutions are set out in writing in the minutes which are signed by the person chairing the meeting and by the Secretary.

Meetings of the Board of Directors can be held by video - or telephone-conference call or by any other means of telecommunication on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time on the items being treated and that they are in a position to receive, transmit and view documents.

Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.

When the minutes are not drawn up by a Notary, they are prepared by the Secretary and signed by the Chairman and the Secretary without delay.

The Directors must report back to the Board of Directors and to the Board of Statutory Auditors on activities carried out and on anything else required by law at regular intervals at least once every three months when Board Meetings are held or whenever particular timing needs make it desirable. This report shall be made directly, in writing, or verbally and/or by telephone.

In practice the recommendations given in the Code of Conduct are being applied since:

- the Chairman convenes meetings of the Board of Directors and makes sure that all the members of the Board receive, at least three days before the meeting (except in cases of urgency), all the documentation and information necessary to enable them to express their opinion in a knowledgeable way on the topics submitted for examination and approval;
- the Chairman coordinates the activity of the Board of Directors and directs the proceedings at its meetings;
- the Board of Directors provides sufficient information on the powers assigned to the Members of the Board of Directors.

During 2010 the Board of Directors met seven times. On average, the meetings last for approximately two hours. For the year 2010 eight meetings have been scheduled.

On the subject of passing information to the Board, in accordance with what is set out in the Code of Conduct, the Chief Executive Officer reports back regularly (at least every three months) to the Board and at the same time to the Board of Statutory Auditors on the action taken in the exercise of the powers assigned to him.

The Chief Executive Officer also provides sufficient information to the Board of Directors and the Board of Statutory Auditors (at least once every three months) on any unusual transactions or any transactions with related parties.

### **3) Independent Directors**

The Code of Conduct stipulates that there be a sufficient number of “Independent Directors”. Currently seven non-executive Directors of the Company have demonstrated that they are qualified to be “Independent Directors”. On the basis of the criteria stipulated in paragraph 3.C.1 of the Code of Conduct, Directors may be qualified as “Independent Directors” provided that:

- a) they do not either directly, indirectly or on behalf of third parties control the Issuer, they are not able to exert a significant influence on it, and they have not entered into a shareholder pact through which one or more persons may exercise control or a significant influence on the Issuer;
- b) they do not hold or have not held in the previous three years an important position in the Issuer, in one of its subsidiaries of strategic importance or in a company subject to the joint control of the Issuer, or in a company or an entity which, with others through a shareholder agreement, controls the Issuer or is able to exercise considerable influence on the same;
- c) they do not have or have not had in the previous year a significant commercial, financial or professional relationship either directly or indirectly (for example through subsidiaries or companies in which they have a significant role either as partner of a professional firm or of a consulting company) with:
  - the Issuer, one of its subsidiaries or with any persons of significant status in the same;
  - with a person or entity who even with others through a shareholder agreement, controls the issuer or – where companies or entities are involved – with any persons who have a significant status in them;or that they are not, or have not been in the previous three years, employees of one of the above entities;
- d) they do not receive, or have not received in the previous three financial years, from the Issuer or from one of its subsidiaries or parent companies any significant remuneration in addition to their fixed fee as non-executive director of the Issuer, including participation in performance-related incentive plans even involving shares;
- e) they have not been directors of the Issuer for more than nine of the last twelve years;
- f) they do not hold the position of executive director in another company in which an executive company of the issuer holds the position of director;

- g) they are not shareholders or directors of companies or of an entity belonging to the network of the company awarded an audit mandate by the Issuer;
- h) they are not close family members of a person who is in one of the situations specified in the previous points.

Should any of the situations listed in the Code of Conduct exist as conditions for the non-independence of non-executive Directors, the Board of Directors shall examine on a case-by-case basis whether the individual has the necessary requisites to be qualified as an Independent Director.

On the basis of paragraph 4, Art. 147 ter of the TUF, at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must have the requisites of independence established for statutory auditors and therefore in accordance with the terms of paragraph 3, art. 148 of the TUF, the following individuals cannot be considered as independent:

- a) the spouse, relations and relatives up to the fourth degree of kinship of the Directors of the Company, the directors, the spouse, relations and relatives up to the fourth degree of directors of the companies controlled by the former and of the companies which control it and those subject to joint control;
- b) those who are linked to the company or to the subsidiaries of the company or to companies which control it or to companies subject to joint control or those linked to the directors of the company and to the individuals mentioned in the previous point through a working relationship, be it of regular employment or of a freelance nature, or by any economic or professional relationship which could compromise his or her independence.

The Board of Directors Meeting that was held at the end of the Shareholders' Meeting of April 30 2010 checked the existence of the requisites of independence set out in the Code. Furthermore, and in waiver to the terms set out in the Code of Conduct for Listed Companies (See Principle 3.C.1, letter e), gave a positive opinion on the independence of the following Directors: Messrs Giovanni Germano, Paolo Mancinelli, Luca Paravicini Crespi, Claudio Recchi and Umberto Zanni, in spite of the fact that they have been Directors of the Company for more than nine of the last twelve years, given that they have always demonstrated full independence of judgement and have appreciated the work of management freely. During financial year 2010 the Independent Directors met – without the other Directors – on March 11 2010 to assess the quality of management and the transparency of the information given to the Board of Directors and to make some proposals thereon.

#### **4) Treatment of company information**

On October 30 2002 the Board of Directors approved the internal procedure put forward by the Chief Executive Officer for the treatment of confidential

information, with the definition of the roles and responsibilities of those responsible for managing such information and deciding how and when to release it to public knowledge following the procedures defined by the rules regulating the disclosure of price-sensitive information, as follows:

- Press releases pertaining to the so-called periodic information (financial statements, semi-annual reports, interim reports etc.) are approved by the Board of Directors;
- Press releases pertaining to extraordinary transactions (mergers, acquisitions, capital increases etc.) are approved by the Board of Directors if the said transactions require approval by that same body;
- In all other cases in which no resolution is required by an administrative body, the management of the disclosure of information is the responsibility of the Chief Executive Officer in agreement with the Chairman who will be responsible for evaluating the “significance” of the facts to be disclosed;
- Publication of the press releases is assigned to the Group Communication Department for release to the press, and to the Central Finance Director in charge of Investor Relations for notification to institutional investors;
- The Directors, the Statutory Auditors, the head of “Investor Relations”, the head of external relations and all other employees involved must make sure that all price-sensitive documents and information obtained during the course of their duties remain confidential (unless they have already been published in the prescribed forms) and must respect the required procedure for releasing such documents and information outside the company;
- It is absolutely forbidden for anyone to give interviews to press organizations or to make statements of any kind containing information on significant facts which could be classified as price-sensitive unless these have already been the subject of press releases or documents already released to the public;
- The Chief Executive Officer keeps a watch to ensure that all those involved apply the terms of current regulations on the subject of company information and that they comply with the requirements contained in the procedure. He will also see that they are informed on the content of laws and procedure.

In addition, in compliance with the transposition into Italian law of the European Directive on market abuse, the obligations on the subject of insider dealing have been reformulated, giving a more precise definition of the concept of “privileged information”, of the characteristics necessary to be considered as “significant persons”, the new terms and procedures for significant persons to notify the market of privileged information and the institution of a register of all those people who

have access to privileged information. On March 14 2006 the Board of Directors was able to comply with the new legislation and on April 1 2006 the new Code of Conduct on the subject of Internal Dealing took effect as did the Register of Persons who have access to privileged information.

#### **5) The institution and the functioning of the internal committees of the Board of Directors (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)**

In accordance with the terms of the Code of Conduct, on May 4 2000 the Board of Directors set up the Internal Control Committee and the Compensation Committee.

On April 30 2009 the Board also set up an Appointments Committee, the members of which are Mr Franco Girard and Independent Directors Paolo Mancinelli and Guido Tabellini.

The Appointments Committee has the following functions:

- It puts forward to the Board of Directors candidates for the position of Director whenever it is necessary to replace an independent Director as per the terms of Art. 2386, first paragraph of the Civil Code;
- It puts forward candidates for the position of independent Director to submit to the Shareholders' Meeting, taking into account any indications received by the Shareholders;
- It gives the Board of Directors its opinion on the size and composition of the same, and possibly also on the professional profiles whose presence on the Board would be appropriate.

On October 28 2010 the Board of Directors appointed the Committee for Related Party Transactions, establishing that its members would be the same persons as those on the Internal Control Committee.

#### **6) Appointment of Directors (as per Art. 123-bis, paragraph 1, letter l) T.U.F.)**

Article 8 of the Company Bylaws regarding the Administration of the Company states: "The Company is administered by a Board of Directors comprising from five to twenty-one members, who need not necessarily be shareholders, whose mandate lasts for the period determined by the Shareholders Meeting, but which in any case shall not be longer than three financial years, and who can be re-elected.

The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.

Minority Shareholders have the right to elect one member of the Board of Directors.

The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.

The lists, signed by the Shareholders who have presented them, must be filed following the terms and procedures set out in the appropriate regulations on the subject.

Only Shareholders who alone or together with other Shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or regulations, can present lists of candidates. They must be able to prove that they own the number of shares required according to the terms and conditions set out in the appropriate regulations on the subject. Shareholders who alone or together with other Shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates.

Any lists presented that do not comply with these instructions shall be considered as not having been presented.

No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control in accordance with Art. 93 of the Consolidation Act on the subject of Financial Intermediaries or those taking part in the same Shareholder pact for voting purposes may present or contribute to the presentation of just one list.

Each Shareholder can vote for just one list.

Each candidate can stand only in one list otherwise he or she cannot be elected.

Together with the presentation of the list, and within the same time limit as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations. They also declare that they possess the requisites stipulated in the law and in current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or her has the necessary requisites to be an independent Director in accordance with the terms of the law and regulations.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.

For electing the members of the Board of Directors the following procedure will be adhered to:

a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;

b) The other director will be the first name on the list which obtains the second most votes and which is not linked in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.

All the Directors elected must possess the requisites of integrity and professionalism required by current regulations. If they do not have these their appointment shall lapse.

In the event that only one list is presented or admitted to the voting, all the Directors shall be drawn from that list.

In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders Meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.”

As indicated in point 5) above, on April 30 2009 the Board of Directors currently in office set up the Appointments Committee comprising three Directors, two of whom are independent, with the duties and functions described therein.

#### **7) Remuneration of Directors (As per Art. 123-bis, paragraph 1, letter i) and paragraph 2, letter d) T.U.F.)**

The remuneration of Directors holding special positions is, pursuant to the Bylaws, established by the Board of Directors, at the proposal of the Compensation Committee after obtaining the opinion of the Statutory Auditors.

The Board of Directors did not see fit to change the composition of the Compensation Committee established on April 29 2008 and therefore the Honorary Chairman continues to be on the Committee in view of his broad-based competence and his deep knowledge of the Company.

The current members of the Compensation Committee are Mr Carlo De Benedetti (non-executive Director), and Independent Directors Messrs Guido Tabellini, Giovanni Germano and Umberto Zanni.

The Compensation Committee based its work on the guidelines set forth in the Code of Conduct for Listed Companies and met twice during 2010. Minutes were taken of the Committee meetings as is standard practice.

The above Committee has the task of putting forward to the Board, in the absence of those directly concerned, proposals concerning:

- The remuneration of the Chief Executive Officer and Directors holding special positions, including remuneration in stock options and the payment of other share-based incentives;
- General and individual salary packages for top level managers of the Company;
- The establishment of criteria for remunerating the management of the Company, at the indication of the Executive Directors;
- The content of the stock option plans implemented by the company, which it draws up, putting forward its proposals for identifying the beneficiaries and deciding how many options will be assigned to each of them.

The compensation of each Director is shown in the chart “Compensation paid to Directors, Statutory Auditors, and General Managers” annexed to the explanatory Notes to the Financial Statements for the year.

The Compensation Committee is not expected to administer and monitor the functioning of these incentive plans.

It should be noted that there is no compensation for Directors in the event of resignation, cancellation without just cause, or termination of the relationship following a successful takeover bid.

### ***CIR compensation policy***

In March 2010 the Corporate Governance Committee of Borsa Italiana approved the new text of Article 7 of the Code of Conduct of 2006 on the subject of the compensation of Directors and Executives with strategic responsibilities..

The Compensation Committee and the Board of Directors of CIR will make sure that the compensation system is brought into line with the new regulatory requirements as from financial year 2011.

Compensation policies aim to guarantee competitiveness in the labour market in line with the objectives of developing and rewarding the loyalty of human resources, as well as using different compensation tools according to individual professionalism and competence.

Taking into account the fact that CIR is a holding company of equity investments, which operates both in mature sectors with relatively constant cash flows, and in sectors with a high potential for growth and in clearly different spheres (publishing, energy, automotive components, healthcare), it is felt to be a particularly complex task to identify specific performance parameters. Consequently the compensation policy for the Chief Executive Officer and the Executives of CIR was determined exclusively based on part of the compensation in cash and a part in shares of the Company.

The Company keeps its compensation in line with market benchmarks, applying rewarding criteria when situations of particular merit arise.

The Compensation Committee decides upon the compensation and share-based payment plans for the Chief Executive Officer and General Manager and puts forward a compensation proposal for this position. The Board of Directors approves the share-based payment plan and the salary.

The Shareholders’ Meeting decides upon the compensation of non-executive Directors, which is set according to the commitment required of each of them; the Board of Directors determines the compensation for the position of Chairman and the fees for directors holding special positions.



The Committee determines the share-based payment plans for employees (preparing the appropriate Regulations for the same), identifying the beneficiaries and the number of options to be assigned to each of them, and in the same way, at the indication of the Chief Executive, determines the criteria for the compensation of the management of the Company.

For the year 2011 the Shareholders' Meeting will be asked to approve a proposal for the assignation of Stock Grant Plans (respecting the terms and conditions described in the Information Document, prepared in compliance with Consob Regulation no. 11971/99) in accordance with principles which substantially reflect the provisions of the new Article 7 of the Code of Conduct for Listed Companies, particularly in relation to the following:

- An average vesting period of 3 years
- Vesting of part of the shares assigned linked to the achievement of certain performances (trend of the stock)
- Minimum holding for an average of 2 years in addition to the 3 years of vesting for a percentage of the shares assigned.

The Information Document can be consulted on the Company's website in the section "Governance".

#### **8) Internal Control System (As per Art. 123-bis, paragraph 2, letters b and d T.U.F.)**

The internal control system is all the rules, procedures and organizational structures that, by correctly identifying, measuring, managing and monitoring the main risks, ensure that the company is administered in a healthy and correct manner that is consistent with the objectives established.

The internal control system of the Group contributes to guaranteeing that corporate assets are safeguarded, that corporate operations are carried out efficiently and effectively, that financial information is reliable, and that laws and regulations are complied with.

Responsibility for internal control lies with the Board of Directors. To this end, the Board of Directors avails itself of the assistance of the Internal Control Committee, the executive director responsible for superintending the functioning of the internal control system and one or more internal control officers.

On the basis of the resolution adopted by the Board of Directors on March 20 2001, the Chief Executive Officer is the executive director responsible for ensuring that the internal control system works effectively and that it is adequate. He does this partly by defining procedures that will guarantee sound and efficient management and also by identifying, pre-empting and managing, as far as possible, any financial and operational risk and any fraud against the Company, availing himself of the assistance of the Internal Control Committee which operates according to the guidelines set out in the Code of Conduct with the support of the internal control officer, Mr Giuseppe Gianoglio, appointed by the Board of Directors on September 6 2004.

The Board of Directors with their resolution adopted on May 4 2000 set up the Internal Control Committee which was given the function of preparing proposals and acting in a consulting capacity and which acts along the lines set out by the Code of Conduct.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the said Chairman takes part in the work of the Committee.

In particular the Internal Control Committee:

- a) assists the Board of Directors in carrying out its duties regarding internal control;
- b) assesses the plan of action prepared by the internal control officers and receives the periodic reports from the same;
- c) together with those responsible for the administration of the company and the auditors, the above Committee assesses whether the accounting principles are being used correctly and, for groups, assesses their uniformity for the purpose of drawing up consolidated financial statements;
- d) evaluates the plan of action for carrying out the audit, the results of the said audit as set forth in the auditor's report and in their letter containing recommendations;
- e) reports back to the Board at least once every six months when the financial statements and the semi-annual report are approved, regarding the action carried out and the adequacy of the system of internal control;
- f) carries out any further duties that may be assigned to it by the Board of Directors, particularly in regard to the relationship with the external auditors;
- g) accesses the information and company functions necessary for carrying out their duties and can also use external consultants when necessary.

The Company provides the Committee with sufficient financial resources for it to carry out its duties.

The Committee currently in office is formed exclusively of Independent Directors with adequate experience in financial matters.

The members of the Internal Control Committee are Messrs Giampio Bracchi, Giovanni Germano and Luca Paravicini Crespi.

During 2010 the Committee held seven meetings of which the minutes were duly taken, at which the Internal Control Officer was present and which reported back on its activities.

As already mentioned, in compliance with the Company Bylaws, on April 27 2007 the Board of Directors appointed Mr Alberto Piaser (General Manager of the Company) as the Executive responsible for the preparation of the financial statements of the Company

## **Risk management and internal control system in relation to the financial disclosure process**

### Premise

CIR is a holding of industrial investments which has the prime objective of holding controlling shareholdings as long-term investments and which acts as a point of reference for its subsidiaries, contributing to their development and to a rapid decision making process.

The risk management and internal control system in relation to the financial disclosure process of CIR is, in this context, focused on reporting on a consolidated basis with the aim of ensuring that the financial information of the companies of the Group is available rapidly and is accurate and complete.

### Main characteristics of the existing risk management and internal control system in relation to the process of financial disclosure

The existing risk management and internal control system in relation to the process of financial disclosure of CIR is organized on two levels which have different features, a different structure and operate in different ways in light of the different levels of complexity and the different roles and functions involved. Specifically, the financial information process consists of:

- individual financial disclosure;
- consolidated financial disclosure.

### Individual financial disclosure

As well as its role as holder of equity investments, CIR engages in short-medium term investment activity, both directly and through its wholly owned subsidiaries, with the aim of optimizing the investment of liquidity, and also hedges the interest rate and exchange rate risk generated by a bond and by foreign currency transactions.

This activity involves a number of deals needing recognition in the accounts which is not particularly high but the unit amount of which may be quite significant.

The procedures involved in the accounting and administrative system and in the related internal control system take these characteristics into account and therefore the risk management system and internal control of information on an individual basis is based on controls mainly of an analytical type rather than on automatic controls.

In particular every economic or financial transaction is recognized fully and accurately in the accounting and administrative system on a timely basis. The Company has set up the necessary procedures and controls to guarantee that the

information flow to the accounting system is correct and rapid. For financial transactions that constitute the Company's typical business, the Company has equipped itself with computer systems suitably structured to ensure that the information is reliable and updated.

At regular intervals controls are carried out with third parties to reconcile accounting positions and to check that estimates are reasonable. In fact verification with financial counterparties is one of the normal procedures for checking figures. In addition, for financial risk management purposes, CIR has adopted operating procedures aimed at monitoring and controlling financial activity which establish, among other things, the level of risk, the type of financial investment, stop loss policies and a value at risk (VAR) analysis of the portfolio. This risk management system, adopted by CIR and its 100% owned subsidiaries, is part of the internal control system for financial information.

#### Consolidated financial disclosure

As highlighted above, the accuracy, completeness and timeliness of information needed for the preparation of the consolidated financial statements of CIR depends on the degree of reliability of the instruments it uses to receive financial information from its subsidiaries.

This information flow through the accounting and administration system for the consolidated financial statements of CIR is guaranteed by a structured procedure which operates through a high-professional profile program specializing in the management of financial information and statistics of groups of companies. This instrument has systems of controls that ensure the consistency of the data managed both in relation to the information of the individual company and in relation to historical data. It also guarantees the traceability of information and is therefore useful for control activities. Homogeneity of financial data is achieved by the fact that the evaluation criteria and main accounting principles used are the same for the whole Group. Awareness of these principles and criteria is guaranteed by the existence of a Group accounting manual and by the daily contact between the competent departments of the various companies.

In this context the system of control of financial information actually put into practice, aimed at mitigating the risks involved in financial information, is based on the organization of the Group into sub-holdings. Control is therefore partly delegated to the sub-holdings who in turn guarantee uniformity in the treatment of information by their operating subsidiaries at all levels.

Specifically, the sub-holdings that depend directly on the Parent company and their respective subsidiaries are equipped with an internal control system and a risk management system aimed at ensuring that information flows into the parent company of the group according to the established timing and procedures. Each company has set up a model that enables information flows generated by their

operating processes to be traced and checked and be subjected to first and second level checks. Moreover each operating Group has set up its own third level checking body which acts both directly and also on the basis of programs shared with the Internal Control Committee, the Board of Statutory Auditors and the Surveillance Body as per D.Lgs. 231/2001.

#### Roles and functions involved

The operating activity and the execution of first and second level checks are carried out by a highly professional structure, wholly devoted to this, with the separation of roles between those who actually enter into the deals and those who manage the processing thereof.

The operational management of the whole system is the responsibility of the Internal Auditing function, which is responsible for checking the design and effective operations of the controls and for the periodic check that the management instruments and procedures that CIR has put in place are being applied correctly. The results of the checks are discussed with the management of the Company, with the Internal Control Committee and in relation to the surveillance activities set out in the organization model as per D.Lgs. 231/2001, with the Surveillance Body.

#### Further checks

The reliability of the financial information of the companies of the Group is not guaranteed only by the above-mentioned procedures and information systems, as it is also ensured by the monitoring activities carried out by the Parent Company through discussion, analysis and the ongoing revision of budgeted, pre-closing and actual numbers. These discussions are carried out at the various company levels either on a weekly and/or a monthly basis, with the Parent Company. Spot checks even in detail of any variance in the actual or pre-actual figures compared to the figures forecast and a critical assessment of operating events which may involve differences compared to expectations make it possible to know immediately how the company is performing and what its results are expected to be. This means that any corrective measures can be put in place rapidly where necessary. The analyses mentioned above are supported by an appropriate data management system, strictly correlated and integrated with the accounting system of the Company.

### **9) Interests of the Directors and transactions with related parties**

On October 28 2010 the Company adopted the procedure for transactions with related parties contained in Consob Regulation, issued with Resolution no. 17221 of March 12 2010 as it was subsequently amended and supplemented by Resolution no. 17389 of June 23 2010. This procedure can be consulted on the website [www.cirgroup.it](http://www.cirgroup.it) in the section "Governance.

The procedure has the aim of establishing principles of conduct that the Company is required to adopt to guarantee that related-party transactions are managed correctly and to this end:

1. It determines the criteria and the procedures for the identification of the Company's related parties
2. It dictates the principles
3. It regulates the procedures for entering into related party transactions
4. It establishes the procedures for fulfilling the related disclosure obligations

The Board of Directors has also appointed a Committee for Related Party Transactions, establishing that its members will be the same as those of the Internal Control Committee, while the system of substitutes set out in the procedure applies. Mr Giampio Bracchi has been identified as the coordinator of the Committee for Related Party Transactions.

#### **10) Statutory Auditors (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)**

Article 19 of the Company Bylaws regarding the Board of Statutory Auditors stipulates that: "The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be reappointed. Minority Shareholders can elect one Statutory Auditor and one Alternate Auditor.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders consisting of two sections: one for the candidates for the position of Statutory Auditor and the other for the candidates for the position of Alternate Auditor and the candidates in each section are listed in numerical order.

The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the time limits and following the procedures laid down by rules on the subject.

Only Shareholders who, either alone or with others, represent at least 2% of the share capital have the right to present lists and they are required to provide proof of ownership of the required number of shares within the time limits and following the procedures laid down by law.

Lists presented which do not comply with the above rules will be considered as not having been presented.

No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control as per the terms of Art.93 of the Consolidation Act on the subject of financial intermediation or those who take part in the same shareholder agreement for voting purposes can present or jointly present just one list. Each Shareholder can vote for just one list.

Candidates can be present on only one list otherwise they will be excluded from election.

No Shareholder, or Shareholders belonging to the same group, can present more than one list of candidates even through an intermediary or through a fiduciary

company, neither can they vote for different lists. Candidates can be present in only one list otherwise they will be excluded from election.

Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per articles 63 and 67 of the T.U.F. cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.

Within the above-mentioned time limit and together with each list, a declaration signed by each candidate must be submitted. This declaration should attest that the candidate, under his or her own responsibility, accepts his or her nomination and should certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for members of Board of Statutory Auditors.

The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

The election of the members of the Board of Statutory Auditors will take place as follows:

1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;
2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;
3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.

The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors.

If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.

Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.

Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor."

Article 20 of the Company Bylaws states that the meetings of the Board of Statutory Auditors can also take place using telecommunications facilities provided that the following conditions are met with:

- a) That participants are able to view, receive or transmit all the necessary documentation;
- b) That they can take part in real time in the discussion respecting the methodology of their function (the *collegio* method).

The meetings are held in the place where the Chairman is or, in his absence, where the oldest Statutory Auditor in terms of age is located.

The Board of Statutory Auditors can, provided that the Chairman is notified, call a Shareholders' Meeting, a Board of Directors Meeting or an Executive Committee Meeting. The power to call a Board of Directors Meeting or an Executive Committee Meeting can be exercised individually by any member of the Board of Statutory Auditors; the right to call a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors.

Furthermore the Statutory Auditors are selected from persons who can be qualified as independent following the same criteria as those applied to the Directors.

During 2010 the Board of Statutory Auditors checked that the above criteria were being complied with, ensuring that the results of this check were shown in this report.

The Board of Statutory Auditors currently in office will terminate its mandate with the approval of the Financial Statements as of December 31 2010 and is made up as follows:

Name	Position	In office since	List	Indep. Code of Conduct	% attendance at meetings of B. of S.A.	Other positions held
Manzonetto Pietro	Chairman	29.4.2008	M	X	100%	2
Nani Luigi	In office	29.4.2008	M	X	100%	1
Zingales Riccardo	In office	29.4.2008	M	X	100%	6
Macchiorlatti Vignat Luigi	Alternate	29.4.2008	M	X	--	3
Ponzellini Gianluca	Alternate	29.4.2008	M	X	--	4
Reboa Marco	Alternate	29.4.2008	M	X	--	6

Key:

*List:* "M/m" according to whether the Statutory Auditor was elected from the list voted for by the majority or from one voted by the minority.

*Indep:* shows that the Statutory Auditor is qualified as independent according to the criteria established by the Code of Conduct (March 2006 version).

*% attendance:* shows the attendance in percentage terms of the Statutory Auditor at the meetings of the Board of Statutory Auditors.

*Other positions:* shows the number of positions of director or statutory auditor held by the individual in other Italian listed companies. The full list of these positions is given in an attachment to this document (Attachment A).



During 2010 the Board of Statutory Auditors met 8 times.

### **11) Relations with Shareholders**

The Company has always endeavoured to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication including for example the following: presenting the results of the Company and the Group during Shareholders' Meetings using slides, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by making press releases and presentations available on the website of the Company.

The Company also adheres to the principles of the Guide for Disclosing Information to the Market.

To this end the Chief Executive Officer appointed the Central Finance Director, Mr Michele Cavigioli (who replaced Mr Giuliano Cecchini, who resigned as from September 1 2010) to be in charge of the Investor Relations function, to manage the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of the Company's information and documents.

### **12) Shareholders' Meetings (As per Art. 123-bis, paragraph 2, letter c) T.U.F.)**

It has always been the policy of the Company to use the Shareholders' Meeting as an opportunity to give the Shareholders information about the Company and the Group and their prospects for the future, while complying with the procedure concerning price-sensitive information.

All the Directors and Statutory Auditors endeavour to be present at Shareholders' Meetings as far as possible but particularly those Directors who can make a positive contribution to the debate in view of the positions that they hold.

The Shareholder' Meeting is called by means of the publication of a notice on the Company website and in the newspaper "la Repubblica" according to the terms and procedures contained in current regulations.

The Shareholders' Meeting can be convened in a place other than the offices of the Company, provided that it is in Italy.

Attendance and proxy rights are regulated by the regulations applicable.

The proxy form can be sent to the Company by Certified Electronic Mail to the email address indicated in the notice of meeting before the start of the proceedings of the Meeting.

It is the Chairman's duty to check that the proxies are in order and that those present have the right to take part in the Meeting. Each share gives the right to one vote. The Shareholders' Meeting, both in its ordinary and its extraordinary session, is constituted and adopts resolution in accordance with the provisions of the law.

The Shareholders' Meeting held on April 27 2001, in accordance with the terms of the Code of Conduct, approved a set of Regulations for conducting Shareholders' Meetings, which can be consulted on the internet website of the Company in the section "Governance".

The Board of Director makes available to the Shareholders a booklet containing the items on the Agenda of the Shareholders' Meeting in the time frame laid down by law. This booklet is also published on the Company's website in the section "Governance".

### **13) Code of Ethics**

On March 7 2003 the Board of Directors approved the CODE OF ETHICS OF THE CIR GROUP, with the aim of defining in a clear and transparent way the code of values underpinning the action of the Group in the pursuit of its objectives and establishing principles of conduct which are binding for directors, employees and other individuals who maintain relations with the Group.

The text of the CODE OF ETHICS can be consulted on the internet website of the Company in the section "Governance".

### **14) Institution of a Surveillance Body and application of the organizational and operational model provided for by D.Lgs. 231/2001 (as per Art. 123-bis, paragraph 2, letter a) T.U.F.)**

Legislative Decree no. 231/2001 containing the "Discipline regulating the administrative liability of legal entities, companies and associations without legal status, pursuant to Article 11 of Law no. 300 of September 29 2000" and subsequent amendments and additions introduced the criminal liability of entities for any fraudulent acts committed by people with a special functional relationship with the Company, where the alleged misdeed was carried out in the interest or to the advantage of the same Company; this liability was among other things subsequently extended by D.Lgs no. 61/2002 to cover corporate offences.

The decree provides that exemption for the company from such liability is possible provided that it can be demonstrated that the company had adopted and effectively put in place organizational models for the prevention of criminal offences and that it had given the task of monitoring the correct functioning of such models and making sure that they are fully updated to a controlling body equipped with independent powers to take the initiative and to carry out a control function.

To this end, after approving the Code of Ethics, the Board of Directors then set up the Surveillance Body on April 30 2003.

On October 26 2009 the Board of Directors appointed as members of the Body - as from January 1 2010 – external legal consultants Attorneys Giuseppe Bianchi and Andrea Gottardo and the Director of Internal Auditing of the Group, Mr Giuseppe Gianoglio.

During 2010 the Surveillance Body met five times and minutes were taken in line with standard practice.

The Surveillance Body of CIR S.p.A. monitored the functioning and observance of the Organization, Management and Control Model adopted by the Company, in accordance with the program approved by the Board of Directors Meeting held on March 11 2010.

On September 5 2003 the Board of Directors then approved the “*Organizational Model*” to which a new version of the Code of Conduct on the subject of Internal Dealing and Keeping the Register of Persons who have access to Privileged Information was added in 2006. These were subsequently updated after new crimes were included in the regulations under D.Lgs. 231/2001.

#### **15) Firm of Auditors**

The Shareholders’ Meeting held on April 29 2008 awarded a mandate to the company Deloitte & Touche S.p.A. to audit the annual financial statements and the consolidated financial statements and carry out the check that the company accounts are being held correctly for financial years 2008-2016.

#### **16) Management and coordination activity**

The Company is subject to management and coordination by its controlling company COFIDE S.p.A., as per the terms of Art. 2497 and following articles of the Civil Code.

**List of positions held by the Directors of CIR S.p.A. in other companies listed on regulated markets, in financial companies, insurance companies, banks and also in non-listed companies of a certain importance (at December 31 2010).**

De Benedetti Carlo	Honorary Chairman & Director of Cofide S.p.A.* Chairman of Gruppo Editoriale L'Espresso S.p.A.* Honorary Chairman of Sogefi S.p.A.* Member of the Supervisory Board of Compagnie Financière Edmond de Rothschild Banque
Micossi Stefano	Director and Member of the Internal Control Committee of Banca Nazionale del Lavoro S.p.A.
De Benedetti Rodolfo	Chief Executive of Cofide S.p.A. * Director of Gruppo Editoriale L'Espresso S.p.A.* Chairman of Sogefi S.p.A. * Chairman of Sorgenia S.p.A. * Director of Banque Syz S.A. Director of Allianz S.p.A.
Bracchi Giampio	Chairman of R.D.B. S.p.A. Chairman of IntesaSanPaolo Private Banking S.p.A. Director of Amplifon S.p.A. Director of Banca del Sempione S.A. Chairman of Perennius Capital Partners SGR
Debenedetti Franco	Director of Cofide S.p.A. * Director of Piaggio & C. S.p.A. Director of Banca Popolare di Milano Chairman of China Milan Equity Exchange
Ferrero Pierluigi	Director of Cofide S.p.A. * Chairman of Ktesios S.p.A. *
Germano Giovanni	Director of Sogefi S.p.A. *
Girard Franco	Director of Cofide S.p.A. * Chairman of Management & Capitali S.p.A.
Mancinelli Paolo	--

Paravicini Crespi Luca	Director of Gruppo Editoriale L'Espresso S.p.A. * Director of Piaggio & C. S.p.A. Director of Consilium SGR S.p.A. Director of Education.it S.p.A. Director of Scala Group S.p.A. Director of Simplicissimus Book Farm S.r.l.
Recchi Claudio	Chairman and Chief Executive of Recchi Ingegneria e Partecipazioni S.p.A. Director of Prelios S.p.A. Director of Aon Italia S.p.A. Director of Albertini Syz & C. S.p.A. Chairman of Proger S.p.A.
Segre Massimo	Director of Cofide S.p.A. * Director of Borsa Italiana S.p.A. Director of Management & Capitali S.p.A. Deputy Chairman and Chief Executive of IPI S.p.A.
Tabellini Guido	--
Zanni Umberto	--

**List of the positions held by the Statutory Auditors and Alternate Auditors of CIR S.p.A. in other companies listed on Italian regulated markets (at December 31 2010)**

Manzonetto Pietro	Statutory Auditor of RCS Media Group S.p.A. Supervisory Director of Banco Popolare Società Cooperativa
Nani Luigi	Alternate Auditor of Cofide S.p.A. *
Zingales Riccardo	Director of Banca Albertini Syz & C. S.p.A. Director of Valora S.p.A. Statutory Auditor of Cofide S.p.A. * Statutory Auditor of Sogefi S.p.A. * Statutory Auditor of Sorgenia S.p.A. * Statutory Auditor of Tirreno Power S.p.A. *

Macchiorlatti Vignat Luigi	Alternate Auditor of Cofide S.p.A. * Statutory Auditor of Gruppo Editoriale L'Espresso * Alternate Auditor of Sogefi S.p.A. *
Ponzellini Gianluca	Member of the Supervisory Board of IntesaSanpaolo S.p.A. Statutory Auditor of Telecom Italia S.p.A. Chairman of the Board of Statutory Auditors of De'Longhi S.p.A. Alternate Auditor of Mittel S.p.A.
Reboa Marco	Director of ENI S.p.A. Director of Interpump S.p.A. Director of Luxottica Group S.p.A. Chairman of the Board of Statutory Auditors of Mediobanca Statutory Auditor of Gruppo Lactalis Italia S.p.A. Statutory Auditor of Egidio Galbani S.p.A.

*\* companies of the Group*

