



**NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETING**

**1st CALL – JUNE 28 2014 - at 10.00 a.m.**

**2nd CALL – JUNE 30 2014 - at 10.00 a.m.**

**PALAZZO DELLE STELLINE CONGRESS CENTRE**

**CORSO MAGENTA 61 - MILANO**

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**REPORT ON ITEM 2) ON THE AGENDA**

**DETERMINATION OF THE NUMBER OF DIRECTORS, APPOINTMENT OF  
THE MEMBERS OF THE BOARD OF DIRECTORS FOR FINANCIAL YEARS  
2014-2016 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 2011 – as supplemented by the resolution passed by the Shareholders' Meeting of April 29 2013 – the mandate of which comes to an end with the approval of the Financial Statements for financial year 2013.

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:

*“1. 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.*

*2. 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.*

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

*4. 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 of candidates, 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.*

*5. 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.*

*6. Lists which include a number of candidates equal to or higher than three must*

*include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.*

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

*8. 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.*

*9. Each Shareholder can vote for just one list.*

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

*11. 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 she has the necessary requisites to be an independent Director in accordance with the terms of the law and regulations.*

*12. 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.*

*13. 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.*

*14. 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.*

*When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list belonging to the least represented gender, in compliance with the requirements of the law. Otherwise, the Shareholders' Meeting shall make up the number of the*

*administrative body with the majorities required by law, ensuring compliance with the terms of the law.*

*15. 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.*

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

*17. 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.*

*18. 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 18775 of January 29 2014, stipulated that the minimum percentage of share capital ownership for presenting a list of candidates is 2.5%.

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 June 3 2014.

The lists will be published through the *SDIR-NIS service of Bit Market Services S.p.A.* and on the website [www.cirgroup.it](http://www.cirgroup.it) by June 7 2014.

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).

The controlling Shareholder – in relation to what is indicated in this report – has informed the Board that it intends to submit the following proposals to the approval of the Shareholders:

- to establish that there will be 13 members of the Board of Directors in the event of only one list of candidates being presented and to establish that there will be 14 members of the Board of Directors if more than one list of candidates is presented;
- to allow the Directors to hold other positions as per the terms of Art. 2390, paragraph 1, of the Civil Code;
- 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;

Given the above, your Board is submitting to your approval the following two draft 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 Shareholder COFIDE – Gruppo De Benedetti S.p.A.
- having seen the terms of the law and of the Company Bylaws

#### RESOLVES

- to set at \_\_ (13 in the event of only one list being presented or 14 if there are more lists) the number of members of the Board of Directors for financial years 2014-2016 and that is until the Shareholders’ Meeting that will discuss the Financial Statements for the year ended December 31 2016
- to allow the Directors appointed to take on other positions as per the terms of Art. 2390 of the Civil Code.”

2) regarding the 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 Shareholder COFIDE - Gruppo De Benedetti S.p.A.
- having seen 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.