

ORDINARY SHAREHOLDERS MEETING

APRIL 26, 2017

Board of Directors' Report

Approval of the purchase of own shares subject to revocation of
the previous one and related approval on this matter
(item 3 on the agenda)

(Translation into English of the Original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,083,556.60
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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**BOARD OF DIRECTORS' REPORT
TO THE ORDINARY SHAREHOLDERS MEETING**

**Approval of the purchase of own shares subject to revocation of the previous
one and related approval on this matter**

Dear Shareholders,

On October 27, 2017 the right assigned to the Board of Directors by the Annual General Meeting of the Shareholders on April 27, 2016 to buy back a maximum of 10,000,000 own shares will expire.

Following the buybacks effected under the previously mentioned authorization and under the authorizations granted in previous years, at the date of the Board of Directors February 27, 2017 the Company owns 2,868,933 of its own shares, equal to 2.40% of the share capital.

In the interest of the Company, we believe that it is appropriate to propose that the existing authorization be cancelled for the period until its maturity and that a new resolution be adopted authorizing the buyback of own shares in the market, in accordance with and as an effect of Articles 2357 and 2357-ter of the Civil Code, with the consequent right to dispose of the same shares.

This proposal is based on the following reasons:

- fulfilment of the obligations resulting from possible stock option plans or other awards of shares of the Company to employees or the members of the Board of Directors or the Board of Statutory Auditors of Sogefi S.p.A. or of its affiliates companies, and fulfilment of any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments;
- having a portfolio of own shares to use as consideration for any possible extraordinary transactions, even those involving an exchange of equity holdings, with other entities within the scope of transactions of interest to the Company (a so-called “stock of securities”);
- supporting market liquidity, in the limit of the regulation in force;

- taking advantage of opportunities for creating value, as well as investing liquidity efficiently in relation to the market trend;
- for any other purpose qualified by the competent Authorities as admitted market practice in accordance with applicable European or domestic rules, and with the procedures established therein.

The authorization to buy back own shares, in accordance with and as an effect of Art. 2357 of the Civil Code, is being requested for a period of eighteen months, starting from the date after the present Shareholders Meeting, and is for the buyback of a maximum number of 10,000,000 Sogefi shares, as follows:

a) a maximum of 10,000,000 own shares with a nominal value of Euro 0.52 per share can be bought back, taking into account that, including in the calculation the own shares already held even through subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of Sogefi S.p.A..

The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the Sogefi shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in compliance with the terms of Art. 3 of EU Delegated Regulation no. 2016/1052;

b) the purchase must take place in the market in accordance with what is set out in Art. 132 of D. Lgs no. 58/98 and by the rules of law and regulations in force at the moment of the transaction and more specifically (a) through a public offer to buy or exchange shares; (b) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with offer prices; (c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the Shareholders meeting resolution and exercisable within 18 months of the same date; (d) through the purchase and sale of derivative instruments traded on

regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob.

Regarding the authorization to dispose of the own shares, the resolution presented envisages an authorization to carry out the same acts of disposal as those of the resolution currently in force including the right to use the own shares bought back, without any time limits or constraints, to implement compensation plans based on the shares of the Company. More specifically, we should point out that the authorization is being renewed to give the maximum operating flexibility, but no transactions are currently planned involving the exchange or sale to the public using issues of American Depositary Receipts or similar securities.

Given all of the above, we propose that the existing authorization be cancelled for the period until its expiry and that the following new resolution be adopted:

“The Annual General Meeting of the Shareholders of Sogefi S.p.A.:

- having acknowledged the proposals of the Board of Directors;
- having acknowledged the favourable opinion of the Board of Statutory Auditors;
- being aware of the rules contained in Articles 2357 and following articles of the Civil Code, in Art. 132 of D.Lgs no. 58/98, in Art. 144-*bis* of Consob resolution 11971/1999 and in EU Delegated Regulation no. 2016/1052

RESOLVES

1) to cancel for the part not utilized and for the period between the day after this Meeting and the natural expiry date, the resolution authorizing the buyback own shares adopted by the Ordinary Annual General Meeting of the Shareholders on April 27, 2016 and, as a consequence of the above, the related authorization to dispose of the same;

2) to authorize the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, severally and each with the right to sub-delegate, to buy back Sogefi S.p.A. shares as per the terms and as an effect of Art. 2357 of the Civil

Code, as from the day after this Shareholders Meeting and for a period of eighteen months. The buyback shall be effected as follows:

- a maximum of 10,000,000 shares each with a nominal value of euro 0.52 may be bought back taking into account that, including in the calculation the own shares already held even through subsidiaries, the nominal value of the shares bought back must not in any way exceed one fifth of the share capital of Sogefi S.p.A.

The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the Sogefi shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market;

- the buyback must take place in the market in accordance with what is set out in Art. 132 of D. Lgs no. 58/98 and by the rules of law and regulations in force at the moment of the transaction and more specifically (a) through a public offer to buy or exchange shares; (b) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with offer prices; (c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the Shareholders meeting resolution and exercisable within 18 months of the same date; (d) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob;

3) to authorize, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, the Board of Directors and for the Board the Chairman and the Chief Executive Officer, severally and each with the right to sub-delegate, 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 or than the current price quoted on the Stock Exchange, with a specific exception for directors of the Company, its employees and/or of its subsidiaries 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 compensation plans based on the shares of the Company;

4) to authorize the Board of Directors again, and for the Board the Chairman and the Chief Executive Officer, severally and each with the power to sub-delegate, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, to arrange, without any time limit or constraint, 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), to fulfil any requirements that could derive from debt instruments convertible into or exchangeable with equity instruments, and also for assigning to employees and Directors of the Company and its subsidiaries, in relation to the execution of stock option plans, at a price no lower than the nominal value;

5) to give the Board of Directors, and for the Board the Chairman, a mandate to see that the appropriate accounting entries are made to the “reserve for own shares held”, after transactions involving the purchase, sale or exchange of own shares, in compliance with the rules of law and with the accounting principles applicable at any one time, withdrawing from and crediting the available reserves used for own share transactions as appropriate.”