

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING
PURSUANT TO ART. 153 OF LEGISLATIVE DECREE 58/98, LEGISLATIVE DECREE 39/10 AND
ART. 2429 OF THE ITALIAN CIVIL CODE**

Dear Shareholders,

this report refers to the activities conducted by the Board of Statutory Auditors during the year ended December 31, 2011, as required by article 2429 of the Italian Civil Code, article 153 of Legislative Decree 58/98 and article 19 of Legislative Decree 39/10, in accordance with the principles recommended by the National Council of Accountants and with Consob Circular no. 1025564 dated April 6, 2001 and subsequent amendments.

In particular, please note the following:

- The Board of Statutory Auditors monitored the constant compliance with the law and the Articles of Association.*
- During Board of Directors' meetings, the Board of Directors informed the Board of Statutory Auditors at regular intervals as required by law about the business and about significant operational, financial and equity-related operations conducted by the Company and its subsidiaries. The Board of Statutory Auditors can reasonably assure that the operations resolved and carried out comply with the law and Articles of Association and were not imprudent, risky, in conflict with Shareholders' Meeting resolutions or in potential conflict of interest with the same or, in any case, of such a nature as to jeopardise integrity of the capital stock.*
- The Board of Statutory Auditors did not find evidence of any atypical or unusual transactions by the Company with third parties, related parties or with group companies. The business conducted between Sogefi S.p.A. and the other group companies concerns operations conducted in the company's interest, at arm's length, also considering the quality and specific nature of the services provided, and have been adequately described in the documents accompanying the consolidated and statutory financial statements.*
- Legal provisions and regulations were observed in relation to the drafting and layout of the statutory and consolidated financial statements. On March 22, 2012, the independent auditors, Deloitte & Touche S.p.A., issued their audit reports for the statutory and consolidated financial statements, without any disclosure observations or statements.*
- Any complaints pursuant to article 2408 of the Italian Civil Code or statements of complaint by third parties haven't been received.*
- As an attachment to the consolidated financial statements and statutory financial statements is the overview chart of considerations for year 2011 paid by the Holding Company Sogefi S.p.A. to the Independent Auditors Deloitte & Touche S.p.A., who is entrusted with the statutory audit until approval of the financial statements as at December 31, 2011, and to its Network. The overview indicates fees paid in excess to those for the statutory auditing of the Company for a total of Euro 70 thousand and of the other subsidiaries of the Group for Euro 29 thousand. Said fees are considered adequate on the basis of the bulk and complex work carried out.*

- *During the year under consideration, the Board of Statutory Auditors has given advice pursuant to article 2389 of the Italian Civil Code. Please note that the Company now relies on a Remuneration Committee in charge of, inter alia, making proposals to the Board concerning the remuneration of directors having a special office, periodically assessing the remuneration criteria of managers with strategic responsibilities.*
- *The above-specified supervisory activity was carried out as follows: the Board of Statutory Auditors met 9 times, the Board of Directors met 5 times with the attendance of the Board of Statutory Auditors at all meetings pursuant to article 149, par. 2, of Legislative Decree 58/98.*
- *The Board of Statutory Auditors collected information and ensured, as far as possible, that correct governance principles were complied with, by means of direct observation, collection of information from those responsible for the various functions and by meeting with executives of the Independent Auditors.*
- *The Board of Statutory Auditors also collected information and ensured, as far as possible, that the Company's organisational structure was adequate, and nothing worthy of note was found.*
- *The Board of Statutory Auditors oversaw the suitability of the internal control system and of the administration-accounting system, and whether the latter could be relied on to provide an accurate representation of management events by: studying the reports of the manager responsible for preparing the company's financial reports; obtaining information from the managers of the respective functions; relations with Board Directors and the management bodies of subsidiaries, pursuant to paragraphs 1 and 2 of article 151 of Legislative Decree 58/98 and participating in the activities of the Internal Control Committee. No anomalies emerged from these activities that could be seen as indicating an unsuitable internal control system.*
- *The Company has provided its subsidiaries with instructions on how to fulfil their disclosure obligations pursuant to article 114, paragraph 2 of Legislative Decree 58/98. Considering law requirements, these provisions are judged as adequate.*
- *The Board of Statutory Auditors has made sure that there are no important features to report about the communications received from the controlling bodies of subsidiaries.*
- *The Board of Statutory Auditors ascertained the adequacy, in terms of method, of the impairment test process implemented to identify the presence of any durable impairment decreasing the value of assets with an indefinite useful life entered to the financial statements and equity investments.*
- *By means of direct observation and information received from the Independent Auditors, the Board of Statutory Auditors also monitored the compliance with the law of the procedures adopted by the Company in the preparation and disclosure of statutory and consolidated financial information and Board of Directors' Report.*
- *With reference to Corporate Governance and the arrangements for implementing the governance rules set out in the Code of Corporate Governance published by Borsa Italiana S.p.A., the arrangements adopted by the Company were explained in full in the specific report, the contents of which are approved by the Board of Statutory Auditors.*

An acting auditor appointed by the Chairman of the Board of Statutory Auditors attended the four meetings of the Internal Control Committee. The Board of Statutory Auditors, as “Internal Control and Audit Committee” pursuant to article 19, paragraph 2, a), of Legislative Decree 39/10, supervised the subject areas as per paragraph 1 of the same article. While, pursuant to former article 17, paragraph 9, of Legislative Decree 39/10, the same Board received from the Independent Auditors, through letter dated 03/22/2012, specific confirmation of the latter’s independence about the other services (apart from statutory audit) supplied to the Company even by other people belonging to the independent auditors’ network.

During the year, the Board also discussed the Audit Plan drafted by Deloitte & Touche S.p.A. as well as the risk areas considered to be more relevant within the frame of statutory audit activities. Considering the information obtained from the Independent Auditors, no omissions and/or reprehensible facts and/or anomalies or significant facts emerged during the oversight and control activities that need to be reported to the controlling bodies or mentioned in this report.

On March 22, 2012, Independent Auditors Deloitte & Touche S.p.A. submitted their report indicating the substantial issues identified during their statutory audit, pursuant to art. 19 paragraph 3 of the Legislative Decree 39/10.

As for the above, pursuant to article 153, paragraph 2, of the Legislative Decree 58/98, the Board of Statutory Auditors supports the approval of the financial statements as at December 31, 2011 and has no objection to the proposed allocation of the profit for the year and the dividend distribution submitted by the Board of Directors for approval.

At the end of its term of office, the Board of Auditors wishes to thank you for your trust.

Mantova, March 23, 2012

The Board of Statutory Auditors
Angelo Girelli (Chairman)
Giuseppe Leoni (Acting Auditor)
Riccardo Zingales (Acting Auditor)