

## ENGLISH TRANSLATION FOR CONVENIENCE PURPOSES ONLY

*Report of the Directors pursuant to article 3 of the Ministerial Decree no. 437 of November 5, 1998 and article 114-bis of Legislative Decree No. 58/1998 - Attachment: Informative Document prepared according to 84-bis of the Consob Regulation adopted by means of resolution no. 11971 of May 14, 1999 (as subsequently amended) as well as in compliance with Annex 3A, layout no. 7*

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### **BOARD OF DIRECTORS' REPORT CONCERNING THE IMPLEMENTATION OF THE STOCK OPTION PLAN**

Drafted pursuant to article 3 of the Ministerial Decree no. 437 of November 5, 1998 and article 114-bis of Legislative Decree No. 58/1998 - Attachment: Informative Document prepared according to 84-bis of the Consob Regulation adopted by means of resolution no. 11971 of May 14, 1999 (as subsequently amended) as well as in compliance with Annex 3A, layout no. 7

### **TO THE ORDINARY SHAREHOLDERS' MEETING**

**called on November 4 and 5 2010**

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### Foreword

Dear Shareholders,

The Board of Directors of Safilo Group S.p.A. (the "**Company**") held on October 4, 2010, resolved to submit to the Ordinary and Extraordinary Shareholders' Meeting of the Company, called – as far as the Ordinary and Extraordinary session is concerned – at the secondary office of the Company, in Padua, Settima Strada no. 15, on November 4, 2010, at 10.00 a.m., on first call, and on November 5, 2010, same time and place, on second call, and – as far as the Extraordinary session only is concerned – also on November 8, 2010, same time and place, on its possible third call, the items set forth under the following

### AGENDA

#### Ordinary Session

##### **Omissis**

- (i) **Proposal to approve the adoption of a stock option plan aimed at directors and/or employees of Safilo Group S.p.A. and/or other companies belonging to Safilo Group; Related and consequent matters**

#### Extraordinary Session

- (i) **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to article 3 of the D.M. no. 437 of November 5, 1998 and article 72 - as well as in compliance with Annex 3A, layout no. 3 - of the Consob Regulation]
- (ii) **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to article 3 of the D.M. no. 437 of November 5, 1998 and article 72 - as well as in compliance with Annex 3A, layout no. 2 - of the Consob Regulation]

This Report shall be read together with: the separate report concerning the proposals relating to the items of the agenda of the Extraordinary Shareholders' Meeting: (i) the report drafted pursuant to article 3 of Ministerial Decree no. 437 of November 5, 1998 and article 72 - as well as in compliance with Annex 3A, layout no. 3 - of the Consob Regulation and (ii) the report drafted pursuant to article 3 of Ministerial Decree no. 437 of November 5, 1998 and article 72 - as well as in compliance with Annex 3A, layout no. 2 - of the Consob Regulation.

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Dear Shareholders,

according to Article. 114-bis of the Law n. 58, February 24, 1998 (the "**TUF**"), the Board of Directors of Safilo Group S.p.A. (the "**Company**") has called the ordinary shareholder's meeting to submit to its approval the adoption of an incentive and retention plan (the "**Safilo Group SpA Stock Option Plan 2010 - 2013**" or the "**Plan**"), to be implemented by means of a maximum of 1.700.000 options (the "**Options**") to be granted in tranches and free of charge to a selected group of directors and/or employees of the Company and/or companies belonging to Safilo Group, identified by the Board of Directors, pursuant to the proposal of the Remuneration Committee, in one or more occasions.

The Options will give the beneficiaries the right to subscribe newly issued ordinary shares of the Company, par value of Euro 5.00 each, arising from a paid and separable capital increase, with exclusion of the option rights according to Article. 2441, paragraph 4, second sentence of the Civil Code, at the rate of n. 1 share for each Option.

The capital increase proposal for the implementation of the Plan (illustrated by a special report, according to art. 72 of Consob Regulation 11971/1999 and further amendments (the "**Consob Regulation**") will be submitted to the attention and approval of the extraordinary shareholder's meeting of the Company (the "**Extraordinary Meeting**").

The conditions, terms and procedures for implementing the plan are better defined in the informative document drawn-up in accordance with Schedule 7 Annex 3A to Consob Regulation, attached to this report.

This document, drawn-up according to Article 114-bis of TUF is aimed to explain the reasons and the content of the abovementioned proposal.

### **1.1 Reasons for the adoption of the Plan**

The purposes of the Plan is to retaining and motivating the directors and/or employees of the Company and/or companies belonging to Safilo Group, selected by the Board of Directors, pursuant to the proposal of the Remuneration Committee, from among those executives and directors that hold an important role within the Company and are directly responsible for its business results, according to the best practices followed in the national and international experience.

In particular, the Plan is intended to involve those individuals who hold an important role for the purposes of achieving the strategic objectives of the Company, in order to increase their

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satisfaction, while aligning their interests with the interests of the Company's shareholders and pursuing the continuous increase of the value of the Group.

### **1.2 The Beneficiaries**

The Options will be granted to some directors and/or employees of the Company and/or its subsidiaries selected by the Board of Directors, pursuant to the proposal of the Remuneration Committee, time to time at its own discretion, within the individuals who are employees and/or directors of Company and/or its subsidiaries, taking into account the personal ability to influence the Company's results and to increase the value for its shareholders.

### **1.3. The procedures and clauses for the implementation of the plan, specifying whether its implementation is subject to the satisfaction of conditions and, in particular, to the achievement of specific results**

The terms and conditions of the Plan are better defined in the informative document drawn-up in accordance with Schedule 7 Annex 3A of the Consob Regulation (attached).

The Plan provides for the award of a maximum of no. 1.700.000 Options to the beneficiaries. The grant is free of charge, therefore the beneficiaries will not be asked any payment in order to obtain the Options.

For the purposes of implementing the Plan, the extraordinary shareholder's meeting of the Company will be asked to approve the proposal to increase the capital of the Company for a nominal value equal to Euro 8.500.000 with the exclusion of the option right according to article 2441, paragraph 4 of the Civil code by means of the issuance of a maximum of 1.700.000 Shares, par value 5 euro each.

The capital increase is aimed for the exclusive purposes of the Plan and the newly issued Shares shall be subscribed by the beneficiaries at a certain exercise price, equal to the volume weighted average price of the Company shares registered on the Italian stock exchange (Mercato Telematico Azionario) for the preceding month leading up the day on which the Board of Directors resolves the granting of Options under the Plan (then the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average). Nevertheless the option to purchase Company's shares granted in occasion of the first Board of Directors' meeting occurring after the Plan approval by the shareholders'

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general meeting, will have an issue price equal to Euro 8,0470, which corresponds to the volume weighted average price of the Shares registered on the Italian stock exchange (Mercato Telematico Azionario) during the month of July 2010, corresponding to the month preceding the date on which the Remuneration Committee has submitted to the Board of Directors, for the first time, the opportunity to adopt a stock incentive plan.

For more details on the proposed capital increase for the Plan, please refer to the relevant Board of Director's report drawn-up according to Article 72 of the Consob Regulation made available according to the law provisions.

The Options will be granted in four tranches. The amount of each tranche will be determined by the Board of Directors, taking into account the performance and the professional skills of the Beneficiaries. The first tranche ("**First Tranche**") will be granted by the Board of Directors during the meeting following the today Shareholders' meeting, the second tranche ("**Second Tranche**") will be granted the day on which the Board of Directors approves the 2010 financial year's results; the third tranche ("**Third Tranche**") will be granted the day on which the Board of Directors approves the 2011 financial year's results and the last tranche ("**Forth Tranche**") will be granted the day on which the Board of Directors approves the 2012 financial year's results.

The Company will send to the eligible Beneficiaries, selected by the Board of directors, pursuant to the proposal of the Remuneration Committee, the Regulations and the Award Agreement indicating the number of Options granted.

In order to participate in the Plan, the Beneficiaries must fill in and sign the Award Agreement and a copy of the Regulations and return them to the Company within ten Working Days from their receipt.

The date on which the Company receives the Award Agreement and a copy of the Regulations duly completed and signed, the Options will be considered as awarded and the Company will sign the Award Agreement received by the Beneficiary for confirmation.

The options granted will become vested only upon the occurrence of the following performance conditions:

- (a)** Except for what provided in case of disruption of the relationship, in any event, and in respect of all the options granted, upon the continuation of the relationship between the Beneficiary and the Company or a subsidiary at the vesting date, and
- (b)** With reference to the options granted under the First Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the

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years ending on 31.12.2010, 31.12.2011 or 31.12.2012 has been at least equal to Euro 60.000.000 ("**First Target**"); with reference to the options granted under the Second Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2011, 31.12.2012 o 31.12.2013 has been at least equal to Euro 66.000.000 ("**Second Target**"); with reference to the options granted under the Third Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2012, 31.12.2013 o 31.12.2014 has been at least equal to Euro 72.500.000 ("**Third Target**"); with reference to the options granted under the Fourth Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2013, 31.12.2014 o 31.12.2015 has been at least equal to Euro 80.000.000 ("**Fourth Target**").

For the purposes to determine the achievement of the target, EBIT shall mean the net operating income of a specific financial year, adjusted for potential acquisitions and divestures, based on the audited financial statements which will be approved by the Shareholders' meeting of the Company and as determined by the Board of Directors.

### **1.4. Whether the plan enjoys any support from the special fund for encouraging worker participation in firms referred to in Article 4, paragraph 112 of Law 350/2003**

At present, the Plan doesn't enjoy any support from the special fund for encouraging worker participation in firms referred to in Article 4, paragraph 112 of Law 350/2003.

### **1.5. The procedures for determining either the prices or the criteria for determining the prices for the subscription or purchase of shares;**

The exercise price of the Options (and also the price for the subscription of the newly issued Shares) (the "**Exercise Price**"), is equal to the volume weighted average price of the Company shares registered on the Italian stock exchange (Mercato Telematico Azionario) for the preceding month leading up the day on which the Board of Directors resolves the granting of Options under the Plan (then the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average). Nevertheless the option to purchase Company's shares granted in occasion of the first Board of Directors' meeting occurring after the Plan approval by the shareholders' general meeting, will have an issue price equal to Euro 8,0470, which corresponds to the volume weighted average price of

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the Shares registered on the Italian stock exchange (Mercato Telematico Azionario) during the month of July 2010, corresponding to the month preceding the date on which the Remuneration Committee has submitted to the Board of Directors, for the first time, the opportunity to adopt a stock incentive plan.

### **1.6. The Terms of the Plan and the exercise of the Options**

The Options granted to the beneficiaries shall be exercised in accordance with the Regulation of the Plan 2010 and the related award form. The Plan provides that (i) Options shall be granted to the Beneficiaries identified by the Board of Directors, pursuant to the proposal of the Remuneration Committee, pursuant to the timeframe described under previous paragraph 1.3 (ii) the Options are exercisable during the periods established in the Regulations of the Plan which are anticipated to be as follows:

- with reference to the Option granted under the First Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2012 until its own expiry date (31 May 2016);
- with reference to the Option granted under the Second Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2013 until its own the expiry date (31 May 2017);
- with reference to the Option granted under the Third Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2014 until its own expiry date (31 May 2018);
- with reference to the Option granted under the Fourth Tranche the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2015 until its own expiry date (31 May 2019).

As stated above, the options granted by means of different tranches will have a different expiration date but is always understood that the deadline for the exercise of the options granted within the last tranche expires on May 31, 2019.

### **1.7 The restrictions on the availability of the shares or options allocated, with special reference to the time limits within which the subsequent transfer of shares to the company or third parties is permitted or prohibited.**

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The options granted to the Beneficiaries are strictly personal and cannot be transferred, pledged, mortgaged, or encumbered in any way whatsoever, nor is a beneficiary allowed to enter into any transaction related to the options granted.

There are no restrictions on the availability of the shares subscribed upon the exercise of the Options.

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### **Resolution Proposal**

*Dear Shareholders,*

*for the reasons described above, the Board of Directors propose you to pass the following resolutions;*

*"Safilo Group S.p.A. shareholder's meeting, on the basis of the related relation of the Board of Directors, having regard to Article 114-bis of the Legislative Decree 24 February 1998 n. 58 and the regulations issued by Consob and by the Italian Stock Exchange ("**Borsa Italiana**"), taken note of the favorable opinion of the Audit Committee*

### ***deliberate***

- 1.)** *to approve, according to Art. 114-bis of the Legislative Decree 24 February 1998, n. 58, the adoption of a stock option plan entitled "Stock Option Plan Safilo Group S.p.A. 2010 - 2013 "for the grant of a maximum of 1,700,000 options which confer the right to any Beneficiary to subscribe newly issued ordinary shares of the Company par value euro 5.00 each, at the rate of n. 1 share for each option, aimed to directors and/or employees of the Company and/or companies directly or indirectly controlled by the Company itself, to be identified by name, even in several occasions, by the Board of Directors, pursuant to the proposal of the Remuneration Committee, in accordance with the guidelines outlined in the report of Board of Directors and in the informative document attached thereto, attached to this report, instructing the Board to adopt the related regulations;*
- 2.)** *to confer the Board of Directors, with express power to sub-delegation, any powers necessary or appropriate to give full and complete effect to the "Safilo Group S.p.A. Stock Option Plan 2010 - 2013 "and, in particular and among other things the power to identify the beneficiaries, pursuant to the proposal of the Remuneration Committee, and determine the quantity of options to be granted to each of them, to proceed with the grant to the beneficiaries, and to carry out any act, requirement, formality or*

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*communication as needed for the management and/or implementation of the Plan, with the authority to delegate its powers, duties and responsibilities concerning the implementation and enforcement of the plan to the President and/or to the Chairman of the Company, also separately.*

*It is understood that any decision related to the grant of the option to the beneficiaries who are also the President and/or the Chairman of Safilo Group S.p.A. (like every other decision related to the management and/or implementation of the plan towards them) will be at the exclusive competence of the Board of Directors."*

### **Attachment:**

Informative Document concerning the "Safilo Group S.p.A. Stock Option Plan 2010-2013" in favor of a selected group of directors and/or employees of Safilo Group S.p.A., concerning the grant of a maximum of 1.700.000 options free of charge which give the right to subscribe a maximum of 1.700.000 ordinary shares of Safilo Group S.p.A., drafted pursuant to article 84-bis Consob Regulation.

**SAFILO GROUP S.P.A.**

**INFORMATION MEMORANDUM RELATED TO THE SAFILO GROUP S.P.A. STOCK OPTION PLAN  
2010-2013**

**PREPARED ACCORDING TO ARTICLE 84-BIS OF ISSUER REGULATION**

## PREAMBLE

According to the provisions of article 114-bis of the Legislative Decree n. 58/1998, the Board of Directors of Safilo Group S.p.A., pursuant to the proposal of the Remuneration Committee, approved the decision to submit to the attention of the Shareholder's meeting, the proposal concerning the adoption of a stock option plan reserved to some executives and/or directors of the Company and/or its subsidiaries.

The Plan provides for the grant of personal and non transferable options which entitle the beneficiary to purchase ordinary shares of the Company.

This informative document is drawn-up according to the provisions of the schedule 3A, scheme 7 of the Consob Regulation n.11971 as provided for by article 84-bis of the same Regulation.

## DEFINITIONS

<u>Award date:</u>	the date in which the Board of Directors assigns the Options to the Beneficiaries and establishes the Exercise Price under the provisions of art. 4.19 of this Informative Document.
<u>Beneficiaries:</u>	those individuals, selected by the Board of Directors, pursuant to the proposal of the Remuneration Committee, who are eligible to receive the Options.
<u>Company:</u>	Safilo Group S.p.A.
<u>Consob Regulation or Issuer's Regulation:</u>	the Consob Regulation n. 11971 of 14 May, 1999, as subsequently amended and integrated.
<u>Exercise Price:</u>	the price per Share to be paid by the Beneficiary to exercise the Options.
<u>Group:</u>	Safilo Group S.p.A. and its subsidiaries.
<u>Options:</u>	any option that is granted to the Beneficiaries under the terms and conditions of this Plan to purchase and acquire one or more Shares.
<u>Shareholders' meeting:</u>	the extraordinary and ordinary meeting of the shareholders of the Company.
<u>Shares:</u>	the ordinary stocks, par value Euro 5 per share, of the Company.
<u>Stock Option Plan or the Plan:</u>	the "Safilo Group S.p.A. Stock Option Plan 2010-2013".

## **1. The beneficiaries**

**1.1 The names of the beneficiaries who are members of the board of directors or the management board of the issuer of the financial instruments, of the companies controlling the issuer, and of the companies controlled, directly or indirectly, by the issuer.**

The Plan is aimed to those executives and directors of the Company and/or its subsidiaries who hold a strategic role in the achievement of the long-term goals of the Group. The Beneficiaries will be selected by the Board of Director among the directors and/or employees of the Group, pursuant to the proposal made by the Remuneration Committee, after the Shareholders' meeting approval of the Plan, according to paragraph 4.2.

**1.2 The categories of employees or collaborators of the issuer of the financial instruments and of the companies controlling or controlled by this issuer.**

**For the significant schemes as defined in Article 84-bis, paragraph 2 of the Issuers' Regulation in addition to the information required under items 1.1 and 1.2:**

Not Applicable,

**1.3 The names of the persons who benefit from the scheme belonging to the following groups:**

**a) the general managers referred to in Article 152-sexies, paragraph 1, subparagraph c)-c.2 in the company issuing the shares;**

Not Applicable,

**b) general managers in a company controlled, directly or indirectly, by an issuer of shares, if the book value of the shareholding in the aforesaid controlled company represents more than fifty percent of the balance sheet assets of the issuer of shares, as shown in the latest approved financial statement, as specified in Article 152-sexies, paragraph 1, subparagraph c)-c.3;**

Not Applicable

**c) the natural persons controlling the issuer of shares, who are employees or work on contract within the issuer of shares.**

Not Applicable

**1.4 Description and number, broken down by category:**

**a) of the group of managers who have regular access to inside information and are authorized to take management decisions that can influence the development and prospects of the issuer of shares, referred to in Article 152-sexies, paragraph 1, subparagraph c)-c.2;**

Not Applicable

**b) of the group of managers who have regular access to inside information and are authorized to take management decisions that can influence the development and prospects of a company controlled, directly or indirectly, by an issuer of shares, if the book value of the shareholding in the aforesaid controlled company represents more than fifty percent of the balance sheet assets of the issuer of shares, as shown in the latest approved financial statement, as specified in Article 152-sexies, paragraph 1, subparagraph c)-c.3**

Not Applicable.

**c) any other categories of employees or collaborators subject to different treatment under the scheme (for example, senior managers, middle managers, clerical workers etc.);**

Not Applicable

## **2. The reasons for the adoption of the scheme**

### **2.1 The objectives to be achieved through the awarding of the schemes.**

**For the significant schemes as defined in Article 84-bis, paragraph 2 of the Issuers' Regulation**

The Plan is designed for the purposes of achieving the long-term goals of the Company and to increase the value for the shareholders by means of an incentive stock option plan which aligns the interests of the Company's shareholders with the interests of the Beneficiaries.

The lifetime of the Plan is about 9 year, in line with the long-term target of the Company. Said timeframe has been held as the most suitable to retain and motivate the Beneficiaries and focus their efforts to the achievement of the strategic medium/long-term goals of the Company.

With reference to the ration between the compensation deriving from the stock option and other items of the total remuneration of the top managers, the Company makes reference to the best market practice of companies belonging to the same industry..

### **2.2 the key variables, also in the form of performance indicators, considered for the allocation of schemes based on financial instruments.**

**For the significant schemes as defined in Article 84-bis, paragraph 2 of the Issuers' Regulation**

The exercise of options by the Beneficiaries is subject to the achievement of a specified target in terms of performance and to the continuation of the employment relationship / member of the board of director of the Company or its subsidiaries upon the end of the vesting period (as better described below in article 4.5).

The targets the exercise of the Option is subject to are deemed to be the most effective for the purposing of representing the future growth of the Company and they will be applied to all the Beneficiaries.

### **2.3 the factors underlying the establishment of the extent of the remuneration based on financial instruments, or the criteria used for its establishment;**

**For the significant schemes as defined in Article 84-bis, paragraph 2 of the Issuers' Regulation**

The maximum amount of options that will be awarded to the Beneficiaries of the Plan is equal to no. 1,700,000.

The number of Options to be awarded to each Beneficiary shall be determined by taking into account: (i) the position within the Group and related responsibilities, (ii) the remuneration structure provided for each Beneficiary and (iii) the seniority of the employment relationship.

**2.4 The reasons behind any decision to award remuneration schemes based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries or controlling companies or by third party companies with respect to its group; if the aforesaid instruments are not tradable on regulated markets, information on the criteria used to determine the value attributable to them;**

Not Applicable

**2.5 Assessment of the significant tax and accounting implications that influenced the formulation of the schemes;**

Not Applicable because the formulation of the Plan has not been influenced by any tax and accounting reasons. .

**2.6 Any support for the scheme from the special fund for the encouragement of worker participation in firms, referred to in Article 4, paragraph 112, of the Italian Law 350 of 24 December 2003.**

Not Applicable

### **3. Approval procedures and timescales for the assignment of the instruments**

**3.1 Scope of the powers and functions assigned to the shareholders' meeting and the board of directors for the implementation of the scheme;**

On 4 October 2010, the Board of Director has resolved to submit to the Shareholders' meeting approval the main terms and conditions of a stock options plan, pursuant to which no. 1,700,000 Options will be granted to the Beneficiaries.

The Shareholders's meeting , shall adopt the Plan and give the Board of Directors all the necessary powers to implement the Plan, including the power to select the Beneficiaries (pursuant to the proposal made by the Remuneration Committee), assign the options, to adopt the related regulations (the "**Regulations**"), as well as to carry out any act, fulfillment, formality, communication is needed for the management and/or implementation of the Plan.

**3.2 specification of the persons appointed to administer the scheme and their function and responsibilities;**

The Plan is administered by the Board of Directors. The Board of Directors shall have the wider power, conferred by the Shareholders' meeting to give full execution to the Plan and apply the rules provided by the Regulations.

**3.3 any existing procedures for the revision of the schemes, also with respect to changes in the key objectives;**

The Board of Directors may, at its complete discretion, amend the Plan in whole or in part including, without limitation, the adoption of any amendment deemed necessary or desirable for the best achievement of Plan objectives, unless it adversely affects the rights or position of the Beneficiary.

**3.4 description of the methods used to determine the availability and the assignment of the financial instruments that the schemes are based on (for example: the assignment of shares free of charge, share capital increases with the exclusion of pre-emptive rights, and the sale and purchase of treasury shares).**

**For the significant schemes as defined in Article 84-bis, paragraph 2 of the Issuers' Regulation**

The Options entitle the Beneficiaries to subscribe an equal number of newly issued Shares with exclusion of the option right according to article 2441, paragraphs 4 second part of the Civil Code.

**3.5 the role performed by each director in determining the features of the abovementioned schemes and the occurrence of any situations of conflicts of interest for the directors involved;**

The terms and condition of the Plan have been determined by the Board of Directors and shall be approved by the Shareholder's meeting according to article 114-bis of the Legislative Decree no. 58/1998.

The resolutions of the Board of Directors have been adopted on the basis of the proposals submitted by the Remuneration Committee.

**3.6 for the purposes of the requirements of Article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the schemes to the shareholders' meeting and the proposal by the remuneration committee, if present;**

On October 4, 2010, the Board of Directors resolved to submit the Plan to the Shareholders meeting approval, as per the proposal made by the Remuneration Committee on August 2, 2010.

**3.7 for the purposes of the requirements of Article 84-bis, paragraph 5, the date of the decision made by the body responsible for the assignment of the instruments and any proposal to the aforementioned body made by the remuneration committee, if present;**

See the above paragraph.

**3.8 the market price, recorded on the aforesaid dates, for the financial instruments on which the schemes are based, if traded in regulated markets;**

The price of the Shares on October 4, 2010 is Euro 9,445 (closing price)

**3.9 in the case of schemes based on financial instruments traded in regulated markets, the terms and procedures adopted by the issuer in determining the timescales for the assignment of the financial instruments to take account of any possible time correlation between:**

**i) the aforementioned assignment or any related decisions made by the remuneration committee, and ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1; for example, when the information is:**

**a. not already public and capable of positively influencing the market prices, or**

**b. already published and capable of negatively influencing the market prices.**

The Options issued by the Company for the purposes of the Plan will be granted to the Beneficiaries in four tranches, by the Board of Directors which will also determine the Exercise Price.

The Exercise Price of each Shares underlying the Option granted under the tranches following the first tranche will be equal to the volume weighted average price of the Shares registered on the Italian Stock Exchange (Mercato Telematico Azionario) for the preceding month leading up the day in which the Board of Directors resolves the grant of outstanding Options [assuming as a prior month the period from the day prior to said meeting and the same day of the preceding month, taking into account only the days in which the stock exchange is open]. The Exercise Price of the Options to be granted under the first tranche (which will occur upon the Board of Directors' meeting after the Shareholders' meeting approving the Plan) is equal to Euro 8,0470, equal to volume weighted average price of the Shares registered on the Italian Stock Exchange (Mercato Telematico Azionario) in July 2010, the month preceding the day in which the Remuneration Committee has proposed the implementation of a stock option plan to the Board of Directors.

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

**4.1 details of the structure of the remuneration schemes based on financial instruments; for example, specify whether the plan is based on the assignment of: financial instruments (assignment of restricted stock); increase in the value of these instruments (phantom stock); options to subsequently buy the financial instruments (option grants) with settlement by physical delivery (stock options) or in cash on the basis of a differential (stock appreciation rights);**

The Plan provides for the grant of Options to the Beneficiaries for the purposes to purchase an equivalent number of newly issued shares through the payment of the Exercise Price.

The options granted are strictly personal and non-transferable and they may not be pledged, mortgaged, encumbered in any way whatsoever, nor is a Beneficiary allowed to enter into any transaction related to the Options granted.

**4.2 specification of the scheme's effective period of implementation, also with reference to the various cycles established;**

The Plan lasts around 9 years (from 2010 to 2019). The Options granted become exercisable after three years (except for the first tranche which will benefit of a shorter vesting period) from the Award Date.

The Options will be granted in four tranches. The first tranche ("**First Tranche**") will be granted by the Board of Directors during the meeting following the Shareholders' meeting approving the Plan, the second tranche ("**Second Tranche**") will be granted the day on which the Board of Directors approves the 2010 financial year's results; the third tranche ("**Third Tranche**") will be granted the day on which the Board of Directors approves the 2011 financial year's results and the fourth tranche ("**Fourth Tranche**") will be granted the day on which the Board of Directors approves the 2012 financial year's results.

#### **4.3 the end date of the scheme;**

The Plan terminates on the May 31, 2019 and the Options not exercised within that date will immediately become null and void.

#### **4.4 the maximum number of financial instruments, including in the form of options, assigned in each tax year in relation to the persons identified by name or the categories stated;**

The maximum number of Options provided for by the Plan is equal to no. 1.700.000, each of them giving the right to purchase one Share per Option exercised.

#### **4.5 the scheme's implementation procedures and clauses for the scheme, specifying whether the actual assignment of the instruments is subject to the meeting of certain conditions or the achievement of particular results, including performance related; and description of the these conditions and results;**

The 1.700.000 Options are granted to the Beneficiaries in four tranches according to the timeframe described under paragraph 4.2.

The options granted can be exercised by the Beneficiary only upon the occurrence of the following performance conditions:

- upon the continuation of the relationship between the Beneficiary and the Company or a subsidiary and/or the office of member of the board of director of the Company or a Subsidiary at vesting date, **and**
- With reference to the Option granted under the First Tranche, providing that the EBIT (as defined by the Regulations) deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2010, 31.12.2011 or 31.12.2012 has been at least equal to Euro 60.000.000 ("**First Target**"); with reference to the Options granted under the Second Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2011, 31.12.2012 o 31.12.2013 has been at least equal to Euro 66.000.000 ("**Second Target**"); with reference to the Options granted under the Third Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the years ending on 31.12.2012, 31.12.2013 o 31.12.2014 has been at least equal to Euro 72.500.000 ("**Third Target**"); with reference to the Options granted under the Fourth Tranche, providing that the EBIT deriving from the consolidated balance sheet of the Company related to one of the year ending on 31.12.2013, 31.12.2014 o 31.12.2015 has been at least equal to Euro 80.000.000 ("**Fourth Target**").

For the purposes of the Plan, EBIT shall mean the net operating income of a specific financial year, adjusted for potential acquisitions and divestures, based on the audited financial statements which will be approved by the Shareholders' meeting of the Company and as determined by the Board of Directors.

The Shares will be transferred to the bank account selected by the Beneficiary according to the current market practice and what provided by the Regulations of the Plan and the related exercise form.

It remains also agreed that failure to pay the full exercise price will make the Options exercised by the Beneficiary null and void.

**4.6 details of any restrictions on the availability of the instruments or the instruments deriving from the exercise of the options, with particular reference to the periods within which the subsequent transfer to the company or to third parties is permitted or prohibited;**

Upon the exercise of the Options, the Beneficiary will acquire ordinary Shares which have the same rights of the outstanding share capital at the date they are exercised

**4.7 description of any termination conditions for the assignments under the schemes if the beneficiaries conduct hedging transactions that neutralise any restrictions on the sale of the financial instruments assigned, including in the form of options, or the financial instruments resulting from the exercise of these options;**

Not Applicable

**4.8 description of the effects generated by the termination of the employment relationship;**

The Options granted to the Beneficiaries, either having an employment relationship with the Company or its subsidiaries or being member of the board of directors of the Company or its subsidiaries, who terminate their relationship with the Company or its subsidiaries, are subject to the following consequences:

- (a) In the event of termination of the relationship due to dismissal or revocation for just cause, subjective cause (as defined by the Regulations), or voluntary resignation, all his/her Options, even if vested and/or exercisable, shall automatically become null, void and without effect as from the date of receipt of termination notice . It is understood that should the Beneficiary be placed under disciplinary processes, his/her right to exercise the Options, which have become exercisable, will be suspended until the end of the disciplinary process;
- (b) should the Beneficiary's dismissal be due to objective cause (as defined by the Regulations of the Plan), or the director (the Beneficiary being member of the board of directors of the Company or its subsidiaries) terminated due to the natural expiry of the appointment, or in the event of termination of the relationship for any reason other than those set forth under previous letter (a) or following letter (c), the Beneficiary shall retain all rights to his/her Options, which are vested at the date the termination becomes effective and/or become vested during any notice period;
- (c) Both in the event of Beneficiary's death and in the event of permanent disability which prevents the continuation of the relationship, all the Options granted, even if neither vested nor exercisable at the date the event occurred, will become exercisable by the Beneficiary, or by his heirs or legal representatives, who must have been given an exercise form, reporting the number of exercisable options and their exercise period, which shall be no less than thirty days from the date when the event occurred.

**4.9 details of any other reasons for the cancellation of the schemes;**

Not Applicable.

**4.10 the reasons for the provision of any “redemption” by the company of the financial instruments involved in the schemes, pursuant to Article 2357 and following of the Italian Civil Code; the beneficiaries of the redemption, specifying whether it only applies to particular categories of employees; and the effects of the termination of the employment relationship on the aforementioned redemption;**

Not Applicable

**4.11 any loans or concessions due to be granted for the purchase of the shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code;**

Not Applicable

**4.12 details of the valuations of the expected burden for the company as at the date of the assignment, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the scheme;**

The potential burden for the Company will be eventually calculated since the Plan provides for an increase of capital according to the international accounting standards (IFRS 2).

**4.13 specification of any dilution effect on the capital generated by the remuneration schemes.**

Assuming that all the Options (as referred to in previous paragraph 4.4) were assigned and exercised, the dilution effect on the share capital of the Company would be equal to 3%.

**With particular reference to the allocation of shares**

**4.14 any limits established for the exercise of the voting rights and for the assignment of the property rights;**

Not Applicable

**4.15 if the shares are not traded in regulated markets, any other information needed to properly measure the value attributable to them;**

Not Applicable

**4.16 number of financial instruments underlying each option;**

Each Option gives the right to subscribe one Share.

**4.17 maturity date of the options;**

See following paragraph 4.18.

**4.18 exercise procedures (American/European), timescales (e.g. exercise periods) and clauses (e.g. knock-in and knock-out clauses);**

The exercise period, upon the achievement of the conditions described in paragraph 4.5 is determined as follows:

- with reference to the Option granted under the First Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2012 until its own expiry date (31 May 2016);
- with reference to the Option granted under the Second Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2013 until its own the expiry date (31 May 2017);
- with reference to the Option granted under the Third Tranche, the period from the day following the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2014 until its own expiry date (31 May 2018);
- with reference to the Option granted under the Fourth Tranche the Company's shareholder resolution which approves the consolidated balance sheet of the Company for the year ended 31.12.2015 until its own expiry date (31 May 2019).

**4.19 the strike price of the option or the methods and criteria for its determination, particularly with reference to:**

**a) the formula for the calculation of the strike price in relation to a particular market price (fair market value) (for example: strike price corresponding to 90%, 100% or 110% of the market price), and**

**b) the methods for the determination of the market price used as a reference for the determination of the strike price (for example: last price on the day before the assignment, average for the day, average of the last 30 days etc.);**

See paragraph 3.9.

**4.20 if the strike price is not equal to the market price determined in the manner specified in item 4.19.b (fair market value), the reasons for this difference;**

The Exercise Price calculated as described in the previous paragraph, is deemed to be the most effective to determine the value of the Shares, regardless the occurrence of extraordinary events which may influence the price of the Shares.

**4.21 the criteria for the establishment of different strike prices between the various beneficiaries or the various categories of beneficiaries;**

Not Applicable

**4.22 if the financial instruments underlying the options are not traded in regulated markets, specification of the value attributable to the underlying instruments or the criteria used to determine their value;**

Not Applicable

**4.23 criteria for the adjustments needed as a result of corporate actions involving equity or other corporate actions entailing a change in the number of the underlying instruments (capital increases, extraordinary dividends, consolidation or splitting of the underlying shares, mergers and splits, conversions into other classes of shares, etc.);**

The Board of Directors may, at its complete discretion, revise or amend the Plan in whole or in part including, without limitation, the adoption of any amendment deemed necessary or desirable for the best achievement of the Plan's objectives, unless it adversely affects the rights or position of the Beneficiary, with respect to any Option previously granted to any Beneficiary.

In occasion of special event related to the Shares and/or the Company's share capital, the Board of Directors will make any required adjustments, if necessary, to the Exercise Price and/or number of Shares related to any outstanding vested but not exercised according to best practices commonly accepted by financial markets.

In the event of a public or exchange offering, according to Law 24 February 1998, n. 58 on the Shares or in case of change of control of the Company - under art. 2359, paragraph 1 and 2, of the Italian Civil Code - any Beneficiary may (i) continue his/her participation in the Plan under the terms and conditions of the regulations of the Plan, unless otherwise provided for in any new stock option plan proposed by the Company acquirer, or (ii) receive the immediate exercisability of all the granted and unexercised Options, regardless of the achievement of the performance conditions referred to in paragraph 4.5.

In case of delisting any Beneficiary shall be entitled to exercise all his/her granted Options in advance, regardless of the achievement of the performance conditions referred to in paragraph 4.5.

**4.24 The Table provided by the Issuer Regulation is not attached to this Informative Document because the Beneficiaries will be selected by the Board of Director after the Shareholders' meeting approval of the Plan.**