



COMPAGNIE INDUSTRIALI RIUNITE

ORDINARY AND EXTRAORDINARY GENERAL MEETING
OF THE SHAREHOLDERS

APRIL 30 2010

CIR S.p.A.

COMPAGNIE INDUSTRIALI RIUNITE

Public Limited Company (*Società per Azioni*) – Share capital €395,587,633.50 – Registered Office: Via Valeggio, 41 – 10129 Turin – www.cirgroup.com
R.E.A. no. 3933 – Turin Register of Companies / Tax Code / IVA no. 00519120018
Company subject to management and coordination by COFIDE S.p.A.

Operating headquarters: Via Ciovassino 1 – 20121 Milan – Tel. +39 02 72270.1
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 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 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 the recommendation of Consob contained in its Communiqué no. DAC/RM/97001574 of February 20 1997:

- (1) Legal representative
- (2) Power to sign all documents relating to 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

Turin, April 2010, 1st call
Turin, April 30 2010, 2nd call

NOTICE OF ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

Shareholders are invited to attend the Ordinary and Extraordinary Sessions of the Annual General Meeting of the Shareholders of the Company to be held in the Congress Centre of the Unione Industriale di Torino in Turin - Via Fanti 17, on April 29 2010 at 10.30 a.m. at the first call and on April 30 2010 at the same time and the same place, if a second call is necessary, in order to discuss and pass resolution on the following:

AGENDA

Ordinary Session

1. Annual Report and Financial Statements for the year ended December 31 2009. Report of the Board of Statutory Auditors. Resolutions pertaining to the above.
2. Proposal to revoke the resolution adopted on April 30 2009 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
3. Proposal regarding the approval of the stock option plan for 2010.

Extraordinary Session

4. Proposal to supplement the power to issue convertible bonds or bonds with warrants attached assigned to the Board of Directors by the Extraordinary Meeting of the Shareholders on April 30 2009 as per the terms of Art. 2420-ter of the Civil Code. Consequent amendment of Art. 4 of the Company Bylaws.

The share capital consists of 792,117,267 ordinary shares with a nominal value of Euro 0.5 each with voting rights of which 43,074,000 own shares without voting rights.

Shareholders are entitled to attend the Meeting of Shareholders provided that their intermediaries have sent in the notification required by Article 23 of Consob / Bank of Italy Measure of February 22 2008 at least two working days before the meeting.

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 38 of Consob / Bank of Italy Measure of February 22 2008, and should request that the notification as above be sent in within the time limit mentioned above.

To facilitate the checking process, shareholders are requested to show their copy of the notification made to the Company which the intermediary, in accordance with current regulations, is required to make available to them. This same copy of the notification should be used for delegating a proxy to represent them by signing the proxy form at the bottom of the document in question.

Shareholders may obtain a copy of the documentation regarding the items on the Agenda, as per the provisions of the law, from the Company offices or from Borsa Italiana S.p.A.

for THE BOARD OF DIRECTORS
THE CHAIRMAN
Stefano Micossi

Notice of this meeting was published in the newspaper "la Repubblica" on March 26 2010

**PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 30 2009 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 2009 to buy back a maximum of 35,000,000 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 buy back of the company's own shares remain valid, and these are the following:

- The possibility of investing in 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 costs of capital.

The authorization, 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 2009, 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 and 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 is identical to the one currently in force. 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 2009 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 2009, 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 and the price is fixed;
 - 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 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, without any time limit, to arrange 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;
 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, 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 OPTION PLAN 2010

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 their respective companies, we propose that you approve the stock option plan for 2010 for executives of the Company, of its Parent Company and of its subsidiaries, for a maximum total of 8,300,000 options assignable in the year.

The stock option plan involves the award free of charge of options non-transferrable by deed between living persons, the exercise of which is subject to the observance of a vesting period which allows the options to mature gradually over a period of time.

Each option gives the right to subscribe one newly issued CIR share, under the terms and conditions set out in the Regulations.

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 Stock Option Plan 2010 aimed at executives of the Company, its parent company and its subsidiaries through the issuance of a maximum of 8,300,000 options, 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 options to be awarded to each Beneficiary in respect to the maximum number of Options 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) Fix the strike price of the Options, in accordance with the terms illustrated in the Information Document;
- d) Fulfill the relative disclosure obligations with Consob and the market.”

STOCK OPTION PLAN 2010 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 Option Plan 2010, which meets the definition of a relevant plan as per the terms of Art. 84-bis, 2nd 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”: the ordinary shares of the Company
- “Beneficiaries”: the executives of the Company, the executives of the subsidiaries CIR International S.A. and Dry Products S.p.A. and of the parent company COFIDE S.p.A., to whom Options are awarded
- “Board of Directors”: the Board of Directors of the Company at any one time
- “Group”: the company COFIDE S.p.A. and the companies controlled by the same
- “Options”: the options being the subject of the Plan, which are free of charge and cannot be transferred between living persons, each of which gives the right to subscribe 1 CIR share.
- “Options Awarded”: the Options for which the Company sent the Beneficiaries the Membership Form which they then received back from them duly signed
- “First Tranche Options”: the quantity of Options Awarded to the Beneficiaries on or before May 14 2010 and the “Second Tranche Options”: the further quantity of Options Awarded to the Beneficiaries on or before October 15 2010.
- “Exercisable Options”: the Options Awarded for which the initial vesting period set out in the regulations has already passed and for which the Final Maturity has not yet been reached.
- “Exercise Period of the Plan”: without distinction, the periods from February 16 to February 28, from June 16 to June 30, from September 16 to September 30 and from December 16 to December 31 of each year; during which periods, the vesting conditions are met with and the Exercisable Options may be exercised.

- “Plan”: Stock Option Plan 2010.
- “Employment Relationship”: the employment relationship 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.
- “Strike price of the Options of the Plan”: the strike price of each option, to be paid to the Company in order to subscribe one share, shall be determined in accordance with the terms of Art. 9, paragraph 4 of the Income Tax Consolidation Act (TUIR) D.P.R. 917/86 and subsequent amendments and additions to the same, and therefore refers to the simple arithmetic average of the official Stock Exchange prices of the Shares of the Company recorded in the previous month. For the First Tranche Options the price will be determined considering the period April 14 – May 14 2010 and for the Second Tranche Options considering the period September 15 – October 15 2010. This price – which may not in any case be lower than the nominal value of the same shares - shall be determined by the Chairman of the Board of Directors or by any other Board Member delegated to this end.
- “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 to all and extents and purposes gives the Beneficiaries full and unconditional membership of the Plan.
- “Company”: CIR S.p.A.
- “Final Maturity of the Plan”: the 30th day of September 2020 for the First Tranche Options and the 28th day of February 2021 for the Second Tranche Options, dates upon which they will cease to be effective and any Options not exercised for any reason or cause will no longer be exercisable.

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 of the Company CIR, of CIR International, of Dry Products and of 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 CIR responsible for the preparation of the company's accounting documents 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 performance of the stock price 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.

For these reasons the Plan put forward involves the award of Options, which vest gradually over a period of several years. Each Option gives the right to receive 1 newly issued CIR share.

As far as the time horizon of the Plan is concerned, the adoption of a vesting period for the Options of a maximum of 4 years and of a further period of approximately 6 years before they reach their final maturity for exercise, gives the beneficiaries a reasonable time frame in which they can reap 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.

2.2 Key variables and performance indicators

Following the practice adopted in previous years, for the purposes of awarding the Options, only the performance of CIR shares on the stock exchange was considered, in the belief that in the long term it is this performance that is the best measurement of management's capacity to contribute, through its strategic choices and managerial effectiveness, to the success of the enterprise, the value of which thus changes over a period of time.

2.3 Criteria for determining the number of Options to award

As far as the Plan is concerned, the number of Options Awarded 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 Option using the financial parameters in general use (mainly: Stock Exchange price and volatility of the share), the number of Options to be awarded 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 options being awarded under the Plan are awarded to all effects on or before May 14 2010 for the First Tranche Options and on or before October 14 2010 for the Second Tranche Options.

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

Non applicable.

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

The stock option Plan involves recording in the income statement, in the period between the award date and that of the maturity of the Plan, the cost representing the market value of the Options Awarded to Beneficiaries at the time of the award.

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.

Non applicable.

3. Approval process and timing for award 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: the power to define the number of Options to be awarded to each Beneficiary (in accordance with the maximum number of Options 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 determine the strike price; the power to comply with communication 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 Options 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.

3.4 Procedures for determining the availability and assignation of shares

On the date of exercise, each Option (exercised) gives the right to receive 1 (one) newly issued CIR Share. The Board of Directors, on the strength of the authorization received on April 30 2009 from the Extraordinary Meeting of the Shareholders of the Company and subject to the limits of the same, will implement the plan, after it has been approved by the Shareholders, approving a share capital increase, excluding option rights as per the last paragraph of Art. 2441 of the Civil Code, to service the Plan.

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

The Board of Directors prepares and approves the proposed Plan taking into account the indications formulated by the Compensation Committee, as set out in the Code of Conduct for Listed Companies. After the Plan has been approved by the Shareholders' Meeting, the Compensation Committee draws up the Regulations and specifies the number of Options for each Beneficiary, taking into account, for 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 Options assigned to them respectively and authorizes the Chairman of the Board of Directors and another Director (severally) to fix the strike price of the Options which are the subject of the Plan.

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 11 2010 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 29 2010, at the first call, and on April 30 2010, at the second call.

3.7 Date of the decision taken by the appropriate body on the subject of the award of Options and of the proposal of the Compensation Committee, if applicable.

When the Ordinary Meeting of the Shareholders has finished, the Compensation Committee will meet and will draw up the Regulations of the Plan and will also, for the purposes of the Plan, identify the individual Beneficiaries and propose a number of Options to be assigned to each of them. Then on the same day the Board of Directors will meet to pass resolution on the proposal.

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

On March 11 2010 (date on which the Compensation Committee and the Board of Directors met to define the proposal and approve a resolution to submit to the Shareholders on the subject of Stock Option Plan 2010) the market price of CIR shares was €1.699.

3.9 Procedures adopted by the Company regarding the possible time correlation between the date of award of the Options 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 award of the Options 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 strike price of the Options is established following the procedures indicated in paragraph 4.19 below. The Options of the award will be assigned to all effects and purposes following the procedures indicated in paragraph 2.3 above.

4. The characteristics of the instruments awarded

4.1 Structure of the Plan

The Plan aims to award free of charge to the Beneficiaries a maximum of 8,300,000 Options, each of which gives the right to receive 1 newly issued CIR Share at the moment when the Option is exercised, according to the terms and conditions contained in the Regulations.

4.2 Vesting period of the Plan

The Plan states that the Options will be assigned in two Tranches: the first Tranche by May 14 2010 and the second Tranche by October 15 2010.

The Options of the first Tranche will vest gradually starting from September 30 2010 until June 30 2014, thereby becoming Exercisable Options as follows:

- As to 12% of the First Tranche Options, on September 30 2010;
- Up to a maximum of 6% of the total of the First Tranche Options, starting from each of the following dates:
 - 6% from December 31 2010;
 - 6% from February 28 2011; 6% from June 30 2011; 6% from September 30 2011; 6% from December 31 2011;
 - 6% from February 28 2012; 6% from June 30 2012; 6% from September 30 2012; 6% from December 31 2012;
 - 6% from February 28 2013; 6% from June 30 2013; 6% from September 30 2013; 6% from December 31 2013;
 - 6% from February 28 2014;
- The remaining 4% of the total First Tranche Options, as from June 30 2014.

All of the First Tranche Options may be exercised until the Final Maturity of September 30 2020.

The Options of the Second Tranche will vest gradually starting from February 28 2011 until December 31 2014, thereby becoming Exercisable Options as follows:

- As to 12% of the Second Tranche Options, on February 28 2011;
- Up to a maximum of 6% of the total of the Second Tranche Options, starting from each of the following dates:
 - 6% from June 30 2011; 6% from September 30 2011; 6% from December 31 2011;
 - 6% from February 28 2012; 6% from June 30 2012; 6% from September 30 2012; 6% from December 31 2012;
 - 6% from February 28 2013; 6% from June 30 2013; 6% from September 30 2013; 6% from December 31 2013;
 - 6% from February 28 2014; 6% from June 30 2014; 6% from September 30 2014;
- The remaining 4% of the total Second Tranche Options, as from December 31 2014.

All of the Second Tranche Options may be exercised until the Final Maturity of February 28 2021.

4.3 Maturity of the Plan

Options of Stock Option Plan 2010 not exercised will cease to be effective and will in any case no longer be exercisable when the final maturity is reached, i.e. for the First Tranche Options on September 30 2020, and for the Second Tranche Options on February 20 2021.

4.4 Maximum number of options awarded

The maximum number of Options assignable to the Beneficiaries in execution of Stock Option Plan 2010 is equal to 8,300,000 Options.

4.5 Procedures and clauses for implementing the Plan

As already stated in point 2.3 above, the number of Options Awarded 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 award free of charge of Options that are not transferrable between living people, the exercise of which is not subject to reaching certain economic and financial results but depends on the observance of a vesting period with the Options vesting gradually over time. The Options may be exercised from the day they become exercisable until the Final Maturity indicated in point 4.3.

4.6 Limits on the availability of the shares

The Options are granted to the Beneficiaries personally and may not be transferred by deed to any other living person on any account. Moreover, the right to exercise the Options Awarded is dependent on the Employment Relationship between the Beneficiary and the Company, the subsidiaries and the parent company continuing to exist.

4.7 Possible termination conditions in relation to the Plan in the event of the Beneficiaries entering into hedging transactions allowing them to neutralize any bar on selling the options or the shares

There are no such conditions.

4.8 Effects resulting from the termination of the employment

In the event of the termination of the Employment Relationship, for whatever reason, the Beneficiaries or their heirs may exercise only the Options Exercisable at the moment the employment ceased for up to 12 months from the cease of the same, unless the Board of Directors should decide otherwise.

The Board of Directors has the right, at its discretion and uncontested decision, to allow one or more of the Beneficiaries or their heirs to keep the rights resulting from the Plan and in particular the partial or total exercise of the Options Awarded and not Exercisable, with the assignment of a special time limit for the same.

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 Options

There may be no form of redemption of the Options 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 award of the Options

The expected expense of the Company at the award date of the Options is based on the market value of the Options Awarded.

4.13 Possible dilutive effects of the Plan

A maximum of 8,300,000 CIR shares with a nominal value of €0.50, equal to 1.05% of the share capital, will be issued to service this Plan.

4.14 Possible limits on voting rights and for the assignation of patrimonial rights

There are no limits on voting rights and for the assignation 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 Option

Each Option gives the right to subscribe 1 newly issued CIR share.

4.17 Maturity of the Options

The Final Maturity for the exercise of the First Tranche Options is September 30 2020 and for the Second Tranche Options February 28 2021.

4.18 Procedures, timing and clauses for exercise of the Plan

The Options are exercisable, without any distinction, from February 16 to February 28, from June 16 to June 30, from September 16 to September 30 and from December 16 to December 31 of each year starting from September 30 2010 until

the Final Maturity of September 30 2020 for the First Tranche and until the Final Maturity of February 28 2021 for the Second Tranche.

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

4.19 The strike price of the options of the Plan or the procedures and criteria for its determination

The strike price of each Option, to be paid to the Company in order to subscribe one share, is established in accordance with the terms of Art. 9 paragraph 4 of the Income Tax Consolidation Act (TUIR) D.P.R. 917/86 and subsequent amendments and additions, and therefore refers to the simple arithmetic average of the official Stock Exchange prices of the Shares of the Company recorded in the previous month. For the First Tranche Options the price will be determined considering the period April 14–May 14 2010 and for the Second Tranche Options considering the period September 15–October 15 2010. This price shall be determined by the Chairman of the Board of Directors or by any other Board Member delegated to this end.

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

Given the loyalty-rewarding and incentive aims of the Plan, the strike price is determined at the moment the Options are awarded, following the procedure indicated in the previous paragraphs.

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

Non applicable.

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

Non 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

		CHART 1						
		Financial instruments other than options						
		Section 1						
		Instruments 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 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-mag-07	3.0877	3.006	30-set-17
Other employees (no. 1)	Executives	27-apr-07	Phantom stock options	65.000	15-ott-07	2.7344	2.713	31-mar-18
Other employees (no. 1)	Executives	29-apr-08	Phantom stock options	65.000	16-mag-08	1.6806	1.764	30-set-18
Other employees (no. 1)	Executives	29-apr-08	Phantom stock option	65.000	16-ott-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 an employee of 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	No. of financial instruments underlying options awarded but not yet exercisable	No. of financial instruments 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	CEO	12-mag-00	Stock option		1.500.000	12-mag-00	3,7	5,434	30-set-10
Other CIR employees (no. 6)	Executives	12-mag-00	Stock option		251.000	12-mag-00	3,7	5,434	30-set-10
Employees of parent company (no. 3)	Executives	12-mag-00	Stock option		880.000 (1)	12-mag-00	3,7	5,434	30-set-10
Other CIR employees (no. 2)	Executives	13-set-00 (*)	Stock option		29.000	13-set-00	4,06	3,886	31-mar-11
De Benedetti Rodolfo	CEO	30-gen-01 (*)	Stock option		1.000.000	30-gen-01	2,62	2,623	30-set-11
Other CIR employees (no. 6)	Executives	30-gen-01 (*)	Stock option		160.000	30-gen-01	2,62	2,623	30-set-11
Employees of parent company (no. 3)	Executives	30-gen-01 (*)	Stock option		328.000 (2)	30-gen-01	2,62	2,623	30-set-11
Other CIR employees (no. 4)	Executives	07-set-01 (*)	Stock option		21.400	07-set-01	1,28	1,121	31-dic-11

Notes (*): date on which, on the strength of authorization given by the AGM on May 12 2000, the Board of Directors approved the capital increase
(1): of which 80,000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired
(2): of which 30,000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms 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	No. 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	CEO	05-set-03 (*)	Stock option		112.500	05-set-03	1,13	1,207	28-feb-14
De Benedetti Rodolfo	CEO	12-mar-04 (*)	Stock option		275.000	12-mar-04	1,6	1,566	30-set-14
Piaser Alberto	General Manager	12-mar-04 (*)	Stock option		12.000	12-mar-04	1,6	1,566	30-set-14
Other CIR employees (no. 4)	Executives	12-mar-04 (*)	Stock option		36.000	12-mar-04	1,6	1,566	30-set-14
Employees of parent company (no. 3)	Executives	12-mar-04 (*)	Stock option		72.600	12-mar-04	1,6	1,566	30-set-14
De Benedetti Rodolfo	CEO	06-set-04 (*)	Stock option		1.250.000	06-set-04	1,56	1,641	28-feb-15
Piaser Alberto	General Manager	06-set-04 (*)	Stock option		48.000	06-set-04	1,56	1,641	28-feb-15
Other CIR employees (no. 5)	Executives	06-set-04 (*)	Stock option		83.300	06-set-04	1,56	1,641	28-feb-15
Employees of parent company (no. 3)	Executives	06-set-04 (*)	Stock option		137.400	06-set-04	1,56	1,641	28-feb-15

Note (): date on which, on the strength of the authorization given by the AGM on May 12 maggio 2000, the Board of Directors approved the capital increase*

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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	No. 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	CEO	11-gen-05 (**)	Stock option		10.000.000	11-gen-05	2,15	2,14	30-apr-10
Other CIR employees (no. 1)	Executives	11-gen-05 (**)	Stock option		400.000	11-gen-05	2,15	2,14	30-apr-10
Employees of parent company (no. 1)	Executives	11-gen-05 (**)	Stock option		650.000	11-gen-05	2,15	2,14	30-apr-10
De Benedetti Rodolfo	CEO	11-mar-05 (*)	Stock option		1.350.000	11-mar-05	2,34	2,335	30-set-15
Flaser Alberto	General Manager	11-mar-05 (*)	Stock option		400.000	11-mar-05	2,34	2,335	30-set-15
Other CIR employees (no. 24)	Executives/Office staff	11-mar-05 (*)	Stock option		1.307.200	11-mar-05	2,34	2,335	30-set-15
Employees of parent company (no. 5)	Executives/Office staff	11-mar-05 (*)	Stock option		940.600 (3)	11-mar-05	2,34	2,335	30-set-15
Employees of subsidiaries (no. 2)	Executives/Office staff	11-mar-05 (*)	Stock option		12.000	11-mar-05	2,34	2,335	30-set-15

Notes (*): date on which, on the strength of the authorization given by the AGM on May 12 2000, the Board of Directors approved the capital increase
(**): date on which, on the strength of the authorization given by the AGM on April 30 2004, the Board of Directors approved the award of options for the purchase of shares already held by the company in its portfolio
(3): of which 155.000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired

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Table no. 1 of schedule 7 of Annex 3A of Regulation no. 11971/1999

		CHART 2 Option grant							
		Section I							
		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	No. of financial instruments underlying options awarded but not yet exercisable	Number of financial instruments 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	CEO	06-set-05 (***)	Stock option		1.250.000	06-set-05	2,49	2,495	29-feb-16
Piaser Alberto	General Manager	06-set-05 (***)	Stock option		300.000	06-set-05	2,49	2,495	29-feb-16
Other CIR employees (num. 7)	Executives	06-set-05 (***)	Stock option		510.000	06-set-05	2,49	2,495	29-feb-16
Employees of parent company (no. 3)	Executives	06-set-05 (***)	Stock option		595.000 (4)	06-set-05	2,49	2,495	29-feb-16
Employees of subsidiary (no. 1)	Executives	06-set-05 (***)	Stock option		50.000	06-set-05	2,49	2,495	29-feb-16
De Benedetti Rodolfo	CEO	27-apr-06	Stock option	125.000	1.125.000	18-mag-06	2,5	2,366	31-dic-16
Piaser Alberto	General Manager	27-apr-06	Stock option	30.000	270.000	18-mag-06	2,5	2,366	31-dic-16
Other CIR employees (no. 7)	Executives	27-apr-06	Stock option	57.000	513.000	18-mag-06	2,5	2,366	31-dic-16
Employees of parent company (no. 3)	Executives	27-apr-06	Stock option	59.500	535.500 (4)	18-mag-06	2,5	2,366	31-dic-16
Employees of subsidiary (no. 1)	Executives	27-apr-06	Stock option	5.000	45.000	18-mag-06	2,5	2,366	31-dic-16

Notes (**): Date on which, on the strength of the authorization given by the AGM on April 27 2005, the Board of Directors approved the capital increase
(4): of which 55,000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired
(5): of which 55,000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired

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		CHART 2 Option grant									
		Section I									
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	No. 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	CEO	27-apr-06	Stock option	275.000	975.000	21-nov-06	2,47	2,485	30-giu-17		
Piasser Alberto	General Manager	27-apr-06	Stock option	66.000	234.000	21-nov-06	2,47	2,485	30-giu-17		
Other CIR employees (no. 5)	Executives	27-apr-06	Stock option	125.400	444.600	21-nov-06	2,47	2,485	30-giu-17		
Employees of parent company (no. 3)	Executives	27-apr-06	Stock option	130.900	464.100 (6)	21-nov-06	2,47	2,485	30-giu-17		
Employees of subsidiary (no. 1)	Executives	27-apr-06	Stock option	11.000	39.000	21-nov-06	2,47	2,485	30-giu-17		
De Benedetti Rodolfo	CEO	27-apr-07	Stock option (7)	490.000	1.260.000	15-mag-07	3.0877	3.006	30-set-17		
Piasser Alberto	General Manager	27-apr-07	Stock option (7)	117.600	302.400	15-mag-07	3.0877	3.006	30-set-17		
Other CIR employees (no. 8)	Executives	27-apr-07	Stock option (7)	247.100	635.400	15-mag-07	3.0877	3.006	30-set-17		
Employees of parent company (no. 2)	Executives	27-apr-07	Stock option (7)	203.000 (8)	522.000	15-mag-07	3.0877	3.006	30-set-17		
Employees of subsidiary (no. 1)	Executives	27-apr-07	Stock option (7)	21.000	54.000	15-mag-07	3.0877	3.006	30-set-17		

Notes (6): of which 55.000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired

(7): Stock options resulting from the replacement of a phantom stock option plan. Approval by the Shareholders' Meeting on April 30 2009

(8): of which 15.000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired

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Table no. 1 of schedule 7 of Annex 3A of Regulation no. 11971/1999

CHART 2									
Option grant									
Section I									
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	No. of financial instruments underlying options awarded but not yet exercisable	No. of financial instruments 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	CEO	27-apr-07	Stock option (9)	700.000	1.050.000	15-oct-07	2.7344	2.713	31-mar-18
Piasser Alberto	General Manager	27-apr-07	Stock option (9)	168.000	252.000	15-oct-07	2.7344	2.713	31-mar-18
Other CIR employees (no. 8)	Executives	27-apr-07	Stock option (9)	353.000	529.500	15-oct-07	2.7344	2.713	31-mar-18
Employees of parent company (no. 2)	Executives	27-apr-07	Stock option (9)	290.000 (10)	435.000	15-oct-07	2.7344	2.713	31-mar-18
Employees of subsidiary (no. 1)	Executives	27-apr-07	Stock option (9)	30.000	45.000	15-oct-07	2.7344	2.713	31-mar-18
De Benedetti Rodolfo	CEO	29-apr-08	Stock option (11)	910.000	840.000	16-mag-08	1.6806	1.764	30-set-18
Piasser Alberto	General Manager	29-apr-08	Stock option (11)	218.400	201.600	16-mag-08	1.6806	1.764	30-set-18
Other CIR employees (no. 9)	Executives	29-apr-08	Stock option (11)	496.600	458.400	16-mag-08	1.6806	1.764	30-set-18
Employees of parent company (no. 2)	Executives	29-apr-08	Stock option (11)	377.000 (12)	348.000	16-mag-08	1.6806	1.764	30-set-18
Employees of subsidiary (no. 1)	Executives	29-apr-08	Stock option (11)	44.200	40.800	16-mag-08	1.6806	1.764	30-set-18
De Benedetti Rodolfo	CEO	29-apr-08	Stock option (13)	1.120.000	630.000	16-oct-08	1.0718	0.9696	31-mar-19
Piasser Alberto	General Manager	29-apr-08	Stock option (13)	268.800	25.200	16-oct-08	1.0718	0.9696	31-mar-19
Other CIR employees (no. 9)	Executives	29-apr-08	Stock option (13)	611.200	170.800	16-oct-08	1.0718	0.9696	31-mar-19
Employees of parent company (no. 2)	Executives	29-apr-08	Stock option (13)	464.000 (14)	51.000	16-oct-08	1.0718	0.9696	31-mar-19
Employees of subsidiary (no. 1)	Executives	29-apr-08	Stock option (13)	54.400	5.100	16-oct-08	1.0718	0.9696	31-mar-19

Notes: (9): stock options resulting from the replacement of a phantom stock option plan. Approval by the Shareholders' Meeting on April 30 2009
(10): of which 22.500 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired
(11): stock options resulting from the replacement of a phantom stock option plan. Approval by the Shareholders' Meeting on April 30 2009
(12): of which 15.000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms set out in the Regulations have expired
(13): stock options resulting from the replacement of a phantom stock option plan. Approval by the Shareholders' Meeting on April 30 2009
(14): of which 15.000 options are no longer exercisable. The Beneficiary has lapsed and the vesting terms 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	No. of financial instruments underlying options awarded but not yet exercisable	No. 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	CEO	30-apr-09	Stock option	1.330.000	420.000	15-mag-09	0,9907	1,0007	30-set-19
Fiaser Alberto	General Manager	30-apr-09	Stock option	319.200	25.200	15-mag-09	0,9907	1,0007	30-set-19
Other CIR employees (no. 10)	Executives	30-apr-09	Stock option	839.800	128.400	15-mag-09	0,9907	1,0007	30-set-19
Employees of parent company (no. 1)	Executives	30-apr-09	Stock option	532.000	42.000	15-mag-09	0,9907	1,0007	30-set-19
Employees of subsidiary (no. 2)	Executives	30-apr-09	Stock option	87.400	6.900	15-mag-09	0,9907	1,0007	30-set-19
De Benedetti Rodolfo	CEO	30-apr-09	Stock option	1.540.000	210.000	16-ott-09	1,5449	1,7142	28-feb-10
Fiaser Alberto	General Manager	30-apr-09	Stock option	369.600	50.400	16-ott-09	1,5449	1,7142	28-feb-10
Other CIR employees (no. 10)	Executives	30-apr-09	Stock option	884.400	120.600	16-ott-09	1,5449	1,7142	28-feb-10
Employees of parent company (no. 1)	Executives	30-apr-09	Stock option	528.000	72.000	16-ott-09	1,5449	1,7142	28-feb-10
Employees of subsidiary (no. 2)	Executives	30-apr-09	Stock option	101.200	13.800	16-ott-09	1,5449	1,7142	28-feb-10

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Table no. 1 of schedule 7 of Annex 3A of Regulation no. 11971/1999

CHART 2								
Option grant								
<u>Section 2</u>								
Name or category	Position	Options newly awarded on the basis of the decision: x of the Board of Directors as a motion for the AGM - of the competent body for implementing an AGM resolution						
		Date of AGM resolution	Description of instrument	Number of financial instruments underlying the options awarded for each individual or category	Date of award by competent body	Strike price	Market price of financial instruments on award date	Expiry of option
Rodolfo De Benedetti	CEO		stock option					
Alberto Piaser	General Manager		stock option					
Other CIR employees	Executives		stock option					
Employees of parent company	Executives		stock option					
Employees of subsidiaries	Executives		stock option					

**PROPOSAL TO SUPPLEMENT
THE POWER TO ISSUE CONVERTIBLE BONDS OR BONDS WITH
WARRANTS ATTACHED ASSIGNED TO THE BOARD OF DIRECTORS BY
THE EXTRAORDINARY MEETING OF THE SHAREHOLDERS HELD ON
APRIL 30 2009 AS PER THE TERMS OF ART. 2420-TER OF THE CIVIL CODE
CONSEQUENT AMENDMENT OF ART. 4 OF THE COMPANY BYLAWS**

Dear Shareholders,

On April 30 2009 a proposal was made to you, among other things, that the Board of Directors be given the power – for a period of 5 years - to issue convertible bonds or bonds with warrants attached, either once or more than once, for a period of five years, the amount of which shall not at the issuance date exceed the limits established by current legislation.

The very positive performance of the equity markets in 2009 generated strong demand by institutional investors for equity linked issues, i.e. issues having a fixed-rate bond component combined with a convertibility option correlated with the forward prices of the stock that they are combined with.

2009 was in fact the year that saw the best ever performance in the history of this asset class, with average gains for investors in the region of 40% and the strategy of investing in convertible instruments was the most profitable one last year.

The extreme liquidity of the market makes this kind of investment very popular and there is a lot of demand this year too, which enables issuers to benefit from significant forward premiums in the region of 30-35% of current market prices.

On the other hand, the interest rate curve, still at all-time lows for maturities of up to 5 years, and the credit spreads of corporate issuers, which have narrowed considerably in recent months, make it possible to take advantage of funding at extremely interesting conditions, benefiting from the equity component contained in the instrument.

The fact that the issuance of convertible bonds approved by the Board of Directors may take place even with the exclusion of the option right is therefore justified on the one hand by the above-mentioned opportunities offered by the financial markets and on the other hand by the Company's need to be equipped with all the juridical instruments that the law allows to meet any financial needs arising by having timely access to forms of funding that are particularly advantageous.

We therefore propose that the powers assigned by the cited Extraordinary Meeting of the Shareholders held on April 30 2009 be supplemented so that the Board of Directors may approve the issuance of convertible bonds and bonds with warrants attached even with the exclusion of the option right in favour of the Shareholders, thus in favour of institutional investors and on the condition that the share capital increase reserved for the conversion of the bonds does not exceed the limit of ten percent of the share capital on the date of the resolution.

The other terms and conditions contained in the above-mentioned resolution

adopted by the Extraordinary Meeting of the Shareholders on April 30 2009 remain unchanged and in particular the term of five years for the exercise of this power, starting from the same date of April 30 2009.

On the basis of the above, we would ask you to approve the following resolution:

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

- having seen the proposals of the Board of Directors
- duly acknowledging that the current share capital of Euro 395,058,633.50 is fully paid up, as is confirmed by the Board of Statutory Auditors
- having recalled the resolution of the Extraordinary Meeting of the Shareholders of April 30 2009

RESOLVES

- 1) To supplement the power assigned to the Board of Directors, in accordance with the terms of Art. 2420-ter of the Civil Code, by the Extraordinary Meeting of the Shareholders on April 30 2009 – as per the minutes drawn up on that date by Notary Public Giancarlo Grassi Reverdini of Turin no. 95029/26777 – in order to give the Board the right to issue, either once or more than once, even without the option right, in which case in favour of institutional investors, convertible bonds or bonds with warrants attached, even in foreign currencies, where the law permits, with the related share capital increase – within the limit of ten per cent of the existing share capital if the option right is not included – up to an amount which, taking into account the bonds in circulation on the date the issue is approved, shall not exceed the limits established by regulations in force at the moment the board resolution is adopted.
- 2) To amend Article 4 letter d) of the Company Bylaws as follows:

<i>Current text</i>	<i>Proposed text</i>
SHARE CAPITAL – SHARES	SHARE CAPITAL – SHARES
Article 4	Article 4
a) <i>(unchanged)</i>	a) <i>(unchanged)</i>
b) <i>(unchanged)</i>	b) <i>(unchanged)</i>
c) <i>(unchanged)</i>	c) <i>(unchanged)</i>

d) 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, 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 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 that time.

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.

d) 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 this 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 – within the limit of ten per cent of the existing share capital if the option right is not 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 that time.

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.

- 3) To give the Board of Directors and for the Board the Chairman and the Chief Executive Officer in office, severally, the broadest powers to implement the resolutions adopted.
- 4) To give the Chairman of the Shareholders' Meeting and the Chief Executive Officer, severally, the broadest powers to make any changes to this resolution that may be required by the competent Authorities, provided that they are only of a formal nature”.

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

- YEAR 2009 -

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 2009.

The Report, which was approved by the Board of Directors Meeting held on March 11 2010, 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 2009, 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 in the section “Governance”.

Information on the ownership structure (Art. 123bis, paragraph 1, T.U.F.) as of December 31 2009

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 € 395,587,633.50, comprising 791,175,267 ordinary shares, listed on the MTA, Italian Equities Market, of the Milan Stock Exchange –Blue Chip segment.

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 2009 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.): 45.830%

Bestinver Gestion SA SGIIC: 7.547%

Mackenzie Cundill Investment Management Ltd: 2.245%

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 a remaining 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, 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 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 that time.

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 2009 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 the date of the resolution adopted by the Shareholders, according to the following procedure:

- A maximum of 35,000,000 shares (in addition to the shares already being held) can be bought back for a nominal value of euro 17,500,000, which shall not in any circumstances exceed one tenth 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. 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;

- 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)

- d) 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;

- e) 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 2009 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).

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 2009, in the last two months of the year 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

() 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.*

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;
- 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 milion;
 - 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.

On April 29 2008, the Board of Directors of the Company had assigned powers as follows:

- Directors Franco Girard and Pierluigi Ferrero were given the power, with their joint signatures, to: a) negotiate and sign loan agreements, credit facilities or overdraft facilities, secured by collateral involving securities or real estate; b) issue guarantees, even for third-party debt, pledging securities or real estate, the power to pledge assets, take out mortgages and to issue guarantees and back bills also on behalf of subsidiaries or affiliates; c) to issue letters of comfort;
- Director Massimo Segre was given the power to represent the Company before the entities listed below and before any entities that depend on the same or may be linked to the same in terms of their function or their hierarchy: the Financial Administration of the State and of Local Authorities, the Inland Revenue Department, the Agency for the Territory, Regional, Provincial or Central Tax Commissions, the Ministry of the Economy and of Finance, the Ministry of Economic Development, the Ministry of Communications, the Ministry of Foreign Trade, the Italian Exchange Office (now UIF), Bank of Italy, Chambers of Commerce, the Register of Companies, Justices of the Peace, Courts of Law, Courts of Appeal, of Cassation, Regional Administrative Courts (TAR), the Council of State, the Customs Authorities, the Land and Buildings Register, Public Registry Offices, Consob, ISVAP, the Competition and Markets Watchdog Authorities, the Communications Watchdog, the Italian Exchange and other Companies managing regulated markets, Monte Titoli and other Companies managing a centralized custody service for financial instruments, and the Police

Authorities. These powers are granted for the fulfilment of all obligations, for all current relationships and/or documentation with the exception of deeds disposing of assets, the assumption of liabilities and charges and the issue of guarantees of any kind and in any form.

The powers assigned to Messrs Pierluigi Ferrero and Franco Girard with joint signatures, and to Mr Massimo Segre, with single signature, were cancelled by the Board of Directors on March 11 2010.

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 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	30.04.09	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	100%	7
Debenedetti Franco	Director	29.4.2008	M		X			100%	4
Ferrero Pierluigi	Director	29.4.2008	M		X			100%	3
Germano Giovanni	Director	29.4.2008	M		X	X	X	100%	1
Girard Franco	Director	29.4.2008	M		X			100%	4
Mancinelli Paolo	Director	29.4.2008	M		X	X	X	100%	--
Paravicini Crespi Luca	Director	29.4.2008	M		X	X	X	50%	6
Recchi Claudio	Director	29.4.2008	M		X	X	X	50%	5
Segre Massimo	Director	29.4.2008	M		X			100%	5
Tabellini Guido	Director	29.4.2008	M		X	X	X	75%	--
Zanni Umberto	Director	29.4.2008	M		X	X	X	63%	--

Number of Board of Directors Meetings: 8

Key:

* Chairman until April 30 2009

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

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) Appointed members of the Internal Control Committee on April 30 2009.

(b) Members of the Internal Control Committee until April 30 2009.

(c) The Appointments Committee (set up on April 30 2009) did not meet during the year 2009.

Mr Stefano Micossi was put forward as a candidate for the position of Director by the majority Shareholder COFIDE S.p.A., owner – on the date of the Shareholders' Meeting – of 45.88% of CIR's shares.

On his appointment as Director, Mr Stefano Micossi filed a statement in which he attested that there were no reasons why he might have been ineligible or incompatible under the terms of the law and declared that he had the requisites of integrity and professionalism required by current regulations and also by the Company Bylaws.

It should be noted that the personal and professional characteristics of Mr Stefano Micossi are given at the end of this Report.

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, who 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.

During the Board meetings held in 2009 the Chief Executive of the Company described the objectives and strategies being pursued by the Company and the Chief Executives of the main companies heading sector subgroups also intervened to illustrate the management objectives and strategies being pursued by each of them.

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 will be 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 2009 the Board of Directors met eight times and more frequent meetings are not expected for this current calendar year. On average, the meetings last for approximately two hours. For the year 2010, as of the date of the approval of this report, seven 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 2009 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 2009 the Independent Directors met – without the other Directors – on March 9 2009 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, quarterly and semi-annual 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.

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 with the Company headquarters at least fifteen days before the date fixed for the first

call of the Shareholders Meeting and this fact shall be mentioned in the notice of meeting sent out.

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 at least five working days before the first call of the Shareholders' Meeting. 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 2009. 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 granted to each of them.

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.

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 the 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 officers” as above.

The internal control officers were appointed by a resolution of the Board of Directors on September 21 1999. During the year under examination until September 30 2009 the position was held by Mr Oliviero Maria Brega, Central Director for Planning and Control, and Mr Giuseppe Gianoglio, Director of Internal Auditing for the Group and Director of Administration, each of which with precise and well-defined areas of competence since Mr Oliviero Maria Brega was responsible for CIR S.p.A. while Mr Giuseppe Gianoglio was responsible for the subsidiaries. On September 30 2009 Mr Oliviero Maria Brega retired and the position of officer responsible for the Internal Control Committee was entrusted entirely to Mr Giuseppe Gianoglio.

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 proposals submitted by auditing firms for award of the company's auditing mandate, their 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 interim accounts 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 2009 the Committee held two regular meetings of which minutes were taken, at which the Internal Control Officers were present and reported back on their 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

Lastly, it should be noted that following the meeting of the Independent Directors held on March 9 2009, the attention of the Chairman and of the Chief Executive Officer was drawn to the need to conduct a full and detailed analysis of the risks to which the Group is exposed and to study in depth the general strategies and long-term prospects of the Group.

Therefore on April 30 2009 the Chief Executive Officer illustrated to the Board of Directors the system of risk management currently used at Company and at Group level, describing the main risks faced and the operating procedures in place for controlling them.

As part of this analysis – which was the subject of a special item on the agenda – a particularly thorough analysis was carried out of the procedures in place for controlling financial risk, for the illustration of which the Chief Executive Officer had the assistance of the Central Finance Director, Mr Giuliano Cecchini, who was present at the Board of Directors Meeting while the item on the agenda was being discussed.

Risk management and internal control system in relation to the financial information 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 information

The existing risk management and internal control system in relation to the process of financial information 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 information;
- consolidated financial information.

Individual financial information

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 information

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 subholdings. Control is therefore partly delegated to the subholdings who in turn guarantee uniformity in the treatment of information by their operating subsidiaries at all levels.

Specifically, the subholdings 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

The principles of conduct governing transactions with related parties are the following:

1. The Board of Directors, having heard the Internal Control Committee, must give their prior approval to transactions with related parties including intercompany operations with the exclusion of typical or routine transactions or those that can be considered as carried out at standard conditions.

2. Typical or routine transactions are those carried out in the normal course of business of the company and those transactions the characteristics of which do not involve any critical or risky elements.
Transactions carried out at standard conditions are those entered into by the company at conditions applied to any third party.
3. For transactions with related parties subject to its prior approval, the Board of Directors shall receive adequate information regarding the nature of the relationship involved, the conditions applied, the procedures for executing the transaction and the valuation procedure followed. In consideration of the nature and characteristics of the transaction, the Board of Directors may also avail itself of the assistance of independent experts.
4. For transactions with related parties subject to approval by the Board of Directors, Directors who are in a potential conflict of interest, shall limit themselves to providing clarification and the Board of Directors will assess for each single case whether it is appropriate for these Directors to leave the meeting before the vote is taken.
5. For transactions with related parties not subject to the prior approval of the Board of Directors because they are typical, routine and/or carried out at standard conditions, the Chief Executive Officer shall ensure that sufficient information on the nature of the same is documented and kept on record together with the execution procedures and the economic conditions applied.

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 with the Company headquarters at least fifteen days before the date fixed for the first call of the Shareholders’ Meeting, and this will be mentioned in the notice of meeting.

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 no later than five working days before the first call of the Shareholders' Meeting.

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 2009 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	--	4
Ponzellini Gianluca	Alternate	29.4.2008	M	X	--	3
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 2009 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 and documents to the Market.

To this end the Chief Executive Officer appointed Mr Giuliano Cecchini, Central Finance Director, to be in charge of the Investor Relations function, managing the flow of information to Shareholders, analysts and institutional investors, in compliance with the rules established for the disclosure of Company 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 Meeting is called by means of the publication of a notice containing an indication of the day, the time, the place where the meeting will be held together with its Agenda in the Gazzetta Ufficiale or in the newspaper "la Repubblica" within the time limits laid down by law or by regulations.

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

Shareholders who, even jointly, represent at least 2% of the share capital can request, up to five days from the publication of the notice of the Shareholders Meeting, the inclusion of an item on the Agenda, indicating in their request the further topics to be included.

Shareholders can take part in the Shareholders' Meeting provided that the authorized intermediary has notified the Company of attendance at least two working days prior to the meeting in accordance with current legislation for taking part in shareholders' meetings.

The shares referred to in the notification as above remain unavailable until the end of the Meeting.

Each Shareholder who has the right to take part in the Meeting can be represented by another person subject to signing a written proxy in accordance with the terms of the law. 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 April 29 2009 Independent Directors Paolo Mancinelli and Claudio Recchi as well as the Director of Internal Auditing of the Group, Mr Giuseppe Gianoglio, were appointed as members of the Surveillance Body.

On October 26 2009 the Board of Directors appointed as members of the Body - as from January 1 2010 – external legal consultants Giuseppe Bianchi and Andrea Gottardo, in replacement of the above-cited Independent Directors, who stayed in office until December 31 2009.

During 2009 the Surveillance Body met twice 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 9 2009.

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 2009).

De Benedetti Carlo	Honorary Chairman & Director of Cofide S.p.A.* Chairman of Gruppo Editoriale L'Espresso S.p.A.* Honorary Chairman & Chief Executive 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. Chairman of MilanoSerravalle-Milano Tangenziali S.p.A. Director of Amplifon S.p.A. Director of Banca del Sempione S.A. Chairman of Perennius Capital Partners SGR Director of LMF & Partners SIM
Debenedetti Franco	Director of Cofide S.p.A. * Director of Piaggio & C. S.p.A. Director of Iride S.p.A. Director of Banca Popolare di Milano
Ferrero Pierluigi	Director of Cofide S.p.A. * Director of Sogefi 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. * Director of di Sogefi S.p.A. * Director of Banca Intermobiliare di Investimenti e Gestioni 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 Pirelli & C. Real Estate 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 Banca Intermobiliare di Investimenti e Gestioni 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 2009)

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. * Statutory Auditor of Banca Intermobiliare di Investimenti e Gestioni S.p.A.
Ponzellini Gianluca	Member of the Supervisory Board of Intesa Sanpaolo S.p.A. Statutory Auditor of Telecom Italia S.p.A. Chairman of the Board of Statutory Auditors of De'Longhi 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*

CURRICULUM VITAE

Stefano Micossi

Born in Bologna on October 27 1946, married with two children

Business address: Assonime Roma, Piazza Venezia 11, 00187 Rome

e-mail: stefano_micossi@assonime.it

- General Manager of Assonime, the Italian Association of SpAs (since 1999).
Professor of the European College, Bruges (since 1991)

Other positions

- Member of the Board of Directors (independent) of Banca Nazionale del Lavoro
- Member of the Management Board and of the Executive Committee of the European Association of Issuers (European Issuers)
- Member of the General Board of Assicurazioni Generali di Venezia
- Member of the Board of Directors of the Centre for European Policy Studies (CEPS) in Brussels
- Member and coordinator of the Scientific Committee of Confindustria
- Founder member and coordinator of EuropEos, an association of journalists, jurists, economists and political science scholars

Previous positions

- General Manager for Industry of the European Commission (1995-1998)
- Director of the Research Centre of Confindustria (1988-1994)
- Economist (1972-78), Head of Department (1980-85), Director (1987-88) of the International Sector of the Research Department of Bank of Italy
- From June 1978 to June 1980 seconded to the Board of the International Monetary Fund

Academic qualifications

- Degree in Law, University of Milan (1971)
- MA (1973) and M.Phil. (1974), Yale University, Department of Economics

Publications

Has published numerous volumes and articles in national and international financial newspapers.

Writes leading articles for the Sole 24 Ore and occasionally for Project Syndicate, the Financial Times, the Wall Street Journal Europe, Vox, La Voce.

