



RenoDeMedici

***Report of the Board of Directors
on item 3 on the agenda (the proposal to authorise the purchase and disposal of
treasury shares)
pursuant to Article 125-ter of the Legislative Decree n. 58/98 and Article 73 of the
Issuers' Regulation.***

28 September 2015

Reno De Medici S.p.A.
Registered office: 25 Viale Isonzo - Milan
Share capital: €185,122,487.06 fully paid-up
Tax code and VAT number 00883670150

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1. INTRODUCTION

Dear Shareholders,

You have been called to an Ordinary Shareholders' Meeting to discuss and resolve upon the purchase and disposal of treasury shares under the terms and procedures indicated below.

2. REASONS FOR REQUESTING AUTHORISATION FOR THE PURCHASE AND DISPOSAL OF TREASURY SHARES

The Board of Directors intends to pursue the following objectives through the operations for which authorisation has been requested:

- to establish a portfolio made up of the Company's ordinary shares to be used as payment in any extraordinary transactions, through the exchange of investments or as the subject of conferral, or for other purposes deemed to be of strategic, financial, industrial and/or operational interest for the Company;
- to offer shareholders a further monetisation instrument for their investment;
- to purchase treasury shares with a view to medium- and long-term investment;
- to intervene, in compliance with the provisions in force, directly or through intermediaries, to restrict irregular movements in quotations or to regulate trends in trading and share prices in response to momentary distorting episodes linked to excessive volatility or poor liquidity of traded volumes.

Note that, currently, the request for authorisation to purchase treasury shares is not instrumental to the approval of Incentive Plans and the reduction of the share capital by cancelling the treasury shares purchased, as this reduction operation is already on the agenda of today's Extraordinary Shareholders' Meeting, nor is it aimed at Company delisting operations.

3. MAXIMUM NUMBER OF SHARES SUBJECT TO THE AUTHORISATION PROPOSAL.

At the date of this report, the share capital, fully subscribed and paid-up, is equal to €185,122,487.06 and is divided into 377,800,994 shares with no par value, comprising:

- 377,512,370 ordinary shares
- 288,624 saving shares which can be converted into ordinary shares.

In this regard it should be noted that, at the date of this report:

- a) pursuant to Article 5 of the Company By-Laws, the period for the conversion of savings shares into ordinary shares at the request of the holders is in progress. As a result, any changes to the distribution of shares will be announced at the end of the above-mentioned conversion period;
- b) points 2 and 3 of the extraordinary part of this Shareholders' Meeting submit the reduction of the share capital pursuant to Articles 2445 and 2446 of the Italian Civil Code for your approval. If the above-mentioned proposals are approved, the share capital will be equal to € 150,399,255.80 without prejudice of

the consecutive reduction pursuant to article 2445 Italian Civil Code, whose effectiveness is subject to the deadline in the above provision and after which the capital shares will be equal to € 145,000,000.00.

It is therefore proposed that the Shareholders' Meeting authorise the purchase of treasury shares, on one or more occasions, up to the maximum permitted by law, i.e. one fifth of the amount of the share capital at the end of the effective term established by Article 2445 of the Italian Civil Code.

Purchases will be made within the limits of the distributable earnings and available reserves recorded in the most recent approved financial statements.

The authorisation includes the power subsequently to dispose of the shares in the portfolio, including before the maximum quantity of shares that can be purchased has been reached, and to buy back the same shares, if necessary, to ensure that the treasury shares held by the Company do not exceed the limit established by the authorisation.

4. INFORMATION USEFUL FOR ASSESSMENT OF COMPLIANCE WITH ARTICLE 2357, PARAGRAPH 3, OF THE ITALIAN CIVIL CODE.

As already explained, the total number of treasury shares that require authorisation for purchase must not exceed one fifth of the share capital, also taking into account the shares that may be purchased by the subsidiaries.

For the purposes of assessing compliance with the limits required by Article 2357, paragraph 3, of the Italian Civil Code, note that as of today the Company does not hold treasury shares and the subsidiaries do not hold shares of the Company.

The subsidiaries will be given specific instructions promptly to report any purchase of shares made pursuant to Article 2359-*bis* of the Italian Civil Code, as well as any disposal.

5. DURATION OF THE AUTHORISATION

Authorisation for the purchase of treasury shares is requested for a period of 18 months from the date of the Shareholders' Meeting which approved the authorisation. Authorisation for the disposal of treasury shares purchased from time to time and held in the portfolio is requested without any time limits.

The Board of Directors may carry out the authorised operations on one or more occasions and at any time.

6. MINIMUM AND MAXIMUM CONSIDERATION – CRITERIA FOR DETERMINING CONSIDERATION

Purchases should be made under price conditions which conform to the provisions of Article 5, paragraph 1 of (EC) Regulation no. 2273/2003 of the European Commission of 22 December 2003. Specifically, this article requires the issuer not to purchase shares at a price higher than the higher of the price of the latest independent transaction and the highest current independent offer price on the Mercato Telematico Azionario (MTA), the screen-based stock exchange market organised and managed by Borsa Italiana S.p.A.

Operations involving assets, specifically the sale of treasury shares, must not be carried out at a price 10% lower than the benchmark price recorded on the MTA in the stock exchange session prior to every individual operation. This parameter is deemed adequate to identify the range of values within which the sale is in the interest of the Company.

If the treasury shares are subject to trading, exchange, conferral or any other non-monetary act of disposal, the economic terms of the transaction shall be determined according to the nature and characteristics of the transaction, also taking into account the performance of Reno De Medici S.p.A. stock.

If the shares are used to support market liquidity, sales should comply with the criteria established by the Consob resolution on permitted market practices.

7. METHODS FOR EXECUTING TRANSACTIONS.

Taking into consideration the various purposes of transactions involving treasury shares, the Board of Directors proposes that authorisation be granted to make purchases in accordance with the provisions of Article 132 of Legislative Decree no. 58/98, Article 144-*bis* of the Issuers' Regulation and all other applicable regulations, as well as market practices recognised by Consob.

Specifically, purchases of treasury shares should be made in compliance with the methods stipulated by Article 144-*bis*, paragraph 1, letter b) of the Issuers' Regulation. Purchases may take place through methods other than those indicated above where permitted by Article 132, paragraph 3 of Legislative Decree 58/98 or by means of other arrangements from time to time in force at the time of the transaction.

With regard to types of operations for the disposal of treasury shares, the Board of Directors proposes that the authorisation allow execution on one or more occasions, without time limits and using the methods deemed most suitable to achieve the proposed aim, including sale on the regulated market, on the block market, with an institutional placement, through the placement of structured securities of any kind and type or as payment for purchases of equity investments and/or goods and/or assets.

Note that the request for authorisation involves the possibility of carrying out repeated and successive purchase, sale or disposal transactions involving treasury shares, including for fractions of the maximum authorised quantity.

Specifically, in the case of transfer, exchange or conferral there may be further purchase transactions until the expiry of the deadline of the authorisation by the Shareholders' Meeting, without prejudice to the legal quantitative limits, also with regard to the number of treasury shares which, at any time, can be held by the Company or its subsidiaries, as well as the conditions established by the Shareholders' Meeting.

Adequate notification of the completion of purchase and disposal transactions on treasury shares will be provided in compliance with the applicable disclosure requirements.

* * *

8 CONCLUSIONS

In the light of all of the above, we submit the following resolution for your approval:

“The Ordinary Shareholders’ Meeting of Reno De Medici S.p.A.:

- having examined the proposal of the Board of Directors;*
- aware of the provisions of Articles 2357 and 2357-ter of the Italian Civil Code, 132 of Legislative Decree no. 58/98 and 144-bis of the Issuers' Regulation, as well as any other applicable provision,*

resolves

1. to authorise the purchase, on one or more occasions, for a period of 18 months from the date of this resolution, of ordinary shares of Reno De Medici S.p.A. using the methods described below:

- the maximum number of shares that can be purchased is equal to the maximum permitted by law;*
- purchases should be made under price conditions that comply with the provisions of Article 5, paragraph 1, of (EC) Regulation no. 2273/2003 of the European Commission of 22 December 2003 and in compliance with the conditions and limits established by Consob with regard to permitted market practices, where applicable;*
- purchases should be made in compliance with the methods required by Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation.*

3. to authorise the disposal of treasury shares, on one or more occasions, without time limits, using the methods deemed most appropriate in the interest of the Company and in compliance with applicable regulations, using the methods described below:

- the shares purchased may be subject to disposal before the upper limit of purchases under this resolution has been reached;*
- operations involving assets, specifically the sale of treasury shares, must not be carried out at a price 10% lower than the benchmark price recorded on the MTA in the stock exchange session prior to every individual operation;*
- if the treasury shares are subject to trading, exchange, conferral or any other non-monetary act of disposal, the economic terms of the transaction shall be determined according to the nature and characteristics of the transaction, also taking into account the performance of Reno De Medici S.p.A. stock;*
- if the shares are used to support market liquidity, sales should comply with the criteria established by the Consob resolution on permitted market practices;*

4. to authorize the Board of Directors and through it on the Chairman and the CEO, separately, all powers necessary to practically and fully execute the resolutions in the previous points and to inform the market in this regard, pursuant to the applicable regulations.”

Milan, 28 September 2015

On behalf of the Board of Directors

The Chairman

Signed by Robert Hall