Ordinary and Straordinary Shareholders' Meeting

Single session on April 18th, 2013 at 11:00 a.m.

Directors' Report on the agenda

Directors' Report on item 3 of the agenda: *"Appointment of the Audit Firm for the audit of financial statements and consolidated financial statements and the limited accounting review of the half-year financial reports for the period 2013-2021"*

Dear Shareholders,

your Company is required to engage external auditors with the mandate to audit the financial statements and the consolidated financial statements, pursuant to Legislative Decree n. 39 dated 27 January 2010 and Legislative Decree n. 58 dated 24 February 1998.

We remind that the mandate to the Audit Firm Reconta Ernst & Young S.p.A. to audit EI Towers' Group will expire with the approval of financial statements 2012.

In this respect we submit the "MOTIVATED PROPOSAL BY THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS' MEETING ABOUT THE AUDIT OF EI TOWERS S.p.A. FINANCIAL STATEMENTS, THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED HALF-YEAR REPORT FOR THE YEARS 2013 -2021"

Lissone, 27 febbraio 2013

FOR BOARD OF DIRECTORS
Chairman
Alberto Giussani

MOTIVATED PROPOSAL BY THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS' MEETING ABOUT THE AUDIT OF THE EI TOWERS S.P.A. FINANCIAL STATEMENTS, OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED HALF-YEAR REPORT FOR THE YEARS 2013-2021

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Shareholders,

with the approval of the financial statements at December 31, 2012 the appointment of statutory audit Reconta Ernst & Young SpA, appointed by the Shareholders of EI TOWER SpA (Formerly DMTSpA) on the 22nd March 2004 and then extended by the shareholders on the 27th April 2007, for a maximum of nine years in total shall expire.
The Board of Statutory Auditors of EI TOWERS S.p.A. has therefore prepared this motivated proposal to the Assembly on the appointment of the statutory audit of EI TOWERS for the years 2013-2021.

Given that:

- the Company is a listed company and therefore is among the institutions of public interest in accordance to the art. 16 of Legislative Decree no. N. 39 of 27 January 2010 ("**Decree**");
- Article 17 of the Decree provides that the statutory audit assignment can last for a period of maximum nine years for each firm and cannot be renewed or re-conferred to this firm until at least three years have elapsed from the date of termination of the previous appointment;
- the mandate given to the Ernst & Young SpA, with the release of the audit report to the Financial Statements at 31 December 2012, comes to the ninth fiscal year, that is the maximum period permitted by law and therefore it is necessary to assign the task to a new auditor ;
- in accordance with the art. 13 of the Decree, "the Assembly, on a motivated proposal of the board of auditors, appoints the statutory auditor or audit firm and determines the amount payable to the statutory auditor or audit firm for the entire duration of the assignment and any criteria for the adjustment of the amount payable during the assignment";

and noted that:

- Articles 10 and 17 of Decree recall the principles of independence and objectivity of the external auditors and, in particular, Article 10 provides that the compensation for the assignment cannot be subject to any conditions and should be determined in order to ensure the quality and reliability of the work;
- Article 11 of the Decree provides that the audit should be conducted in accordance with auditing standards adopted by the European Commission in accordance with art. 26, paragraphs 1 and 2 of Directive 2006/43/EC;
- Article 145 bis of the Consob Issuer Regulations provides that the payment and the measure of compensation "can not in any way be established according to the results of the review nor be linked to any services that the audit company or an entity within its Network provides " to the company which gives the position and his group;
- Consob Communication no. 96003556 of 18 April 1996 indicates, among other things, that (i) "the resources used in the review and certification must be qualitatively and quantitatively appropriate to achieve this objective", (ii) require an adequate supervision and address of the audit team, including specifying the optimal mix of resources by professional category, (iii) "the head of the audit and certification must have a specific technical expertise in the area of business of the appointing company ";
- Article 165 of Legislative Decree 58/1998 (still in force pending the issuance of regulations by Consob – pursuant to art. 43, paragraph 2 of the Decree) submits to the same legislation also subsidiaries of the listed issuer and considers the auditors of the listed parent company fully responsible for the audit of the consolidated financial statement,

the Board of Statutory Auditors of EI TOWERS S.p.A. has heard the management of the Company and has carried out the necessary activities to formulate its motivated proposal.

In particular, the Board of Statutory Auditors acknowledges that, in relation to the requirements of auditing firms participating in the selection (relating to enrollment in the register of statutory auditors, the volume of sales, the number of positions in other listed companies, adequate international presence and experience in the specific field technology, media and telecomunication) and the structural complexity of the Group,
an offer was requested to the auditing firm, Deloitte & Touche SpA and PricewaterhouseCoopers S.p.A..

The proposals made are composed by:

1. a technical proposal containing a description of how to perform the activities, auditing standards used, the mix of hours and the number of people employed by professional category, the CVs of the persons constituting the audit team or otherwise involved in review and their referrals;

2. an economic proposal, containing details of the costs divided by activity and company, hourly rates and other summaries of costs; in order to ensure uniformity of the proposals, it was required that the proposals show the separate quotation for each of (i) statutory audit activities or closely related activities (ii) other audit requests to the auditor by other rules, and (iii) other activities of voluntary auditing.

The Statutory Board has, therefore, examined the proposals received and compared their characteristic features.

In particular, the Statutory Board has analyzed the proposed approach to auditing by independent auditors and examined, in addition to the economic aspects of the proposals (payments, adjustments and fees), the technical documentation submitted in attachment to the proposals, with particular reference to the following:

- quality and adherence of the proposals to the needs of the client;
- professional referrals of the partner in charge of the audit team that the auditing firm will be using to do the task, and audit engagements performed in listed companies or large companies belonging to the sector of reference EI TOWERS SpA ("Area");
- membership to an international network which will ensure the same method of work in all countries of operation;
- the existence and availability of access to the network centers of excellence in relation to particular topics and themes also relating to the sector (the so-called "Specialists");
- plan of audit of the financial statements of EI TOWERS SpA and its subsidiary Towertel S.p.A.;
- methodology, operating tools and media used;
- attention to the analysis of the system of internal control;
- the existence of adequate tools for monitoring the independence requirements and procedures to prevent conflicts of interest;
- total hours required to carry out the audit and their allocation within professional categories.

In light of all the foregoing analysis, taking into account the objectives of protection of:

- the requirements of independence and absence of any situation of incompatibility;

• the adequacy of the organizational and technical suitability and quality compared to the complexity of the duties;

• the adequacy of the compensation required in relation to the team, taking into account the quality mix and the quote prepared for the two companies, both for the parent company and for its subsidiaries and affiliates,

the Board of Statutory Auditors of EI TOWERS S.p.A.

proposes

to the Shareholders' Meeting to assign the role of external auditors of EI Towers SpA to the independent auditors, Deloitte & Touche SpA for the nine-year period 2013-2021, in accordance to the Decree, in accordance with the proposal received on the 30th January 2013 by the Company.

In particular, the task includes the following activities:

• audit of the financial statements of the EI TOWERS SpA (including verification activities of the regular keeping of accounts in art. 14, paragraph 1, letter b) of the Decree);

• audit of the consolidated financial statements of EI TOWERS Group;

• limited review of the half-year report of EI TOWERS Group;

For the above activities of statutory audit, Deloitte & Touche SpA submitted a proposal for the period 2013-2021 for a total of € 114,000, divided as follows:

	Hourly rated fees		Compensations	
Activities	**Annual**	**Total 2013-2021**	**Annual**	**Total 2013-2021**
A) Separate Financial Statements (IFRS and auditing of the accounting records)	820	7380	74.000	666.000
b) Consolidated Financial Statements	170	1530	15.000	135.000
Totale auditing	**990**	**8910**	**89.000**	**801.000**
d) Half-year Financial Statements	280	2520	25.000	225.000
Totale half –year report	**280**	**2520**	**25.000**	**225.000**
TOTALE	**1270**	**11430**	**114.000**	**1.026.000**

The above remuneration shall be adjusted annually starting from the financial statements approved in 2014 in order to take into account the percentage change in the ISTAT cost of living.

Moreover, if you encounter any exceptional and unforeseen relevant circumstances, at the time of the preparation of the proposal, that can cause the need of a bigger amount of time to do the audit than estimated - such as, for example the change in the structure and size of the Company and / or Group, the modification in the principals established under the internal control system , changes in regulatory, accounting and / or auditing system, the performing of complex operations carried out by the Company and / or Group companies, additional audit procedures or additional requirements for carrying out the statutory audit as well as any additional activity carried out in relation to the companies audited by other auditors, as indicated in the proposal for the audit engagement - they will be notified to the Company in order to reach an agreement around activities not included in the proposal and the definition of the related fees; equally, the fees will be reduced proportionately if, in the auditing is used less time than expected.

Reimbursement for expenses incurred in the performance of work, charged to the fullest extent of 5% flat rate fees, as well as to the contribution of supervision due to Consob pursuant to art. 40 of the Law of 23 December 1994 no. 724 and subsequent amendments and additions, will be paid on top of the above fees.

The person in charge for the mandate will be Dr. Patrizia Arienti, as a partner of Deloitte & Touche SpA

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We invite you to approve, subject to the above terms and conditions, the proposal for the appointment of Deloitte & Touche SpA as independent audit company for the accounts of EI TOWERS SpA for the years 2013-2021 for a total period consideration of € 114,000.00 and the criteria for adjustment of the consideration described above.

Lissone, February 27, 2013

The Board of Statutory Auditors

Dr. Francesco Vittadini – Chief of the Board

Dr. Marco Armarolli – Auditor

Dr.ssa Anna Girello - Auditor