EI TOWERS

**REPORT OF THE BOARD OF DIRECTORS OF EI TOWERS S.P.A.
ABOUT THE PROPOSALS CONCERNING MATTERS PLACED ON THE MEETING AGENDA FOR THE ORDINARY MEETING OF SHAREHOLDERS**

FEBRUARY 29, 2012, 10:00 a.m. (single session)

Report of the directors on the first matter on the meeting agenda
"Appointment of the Board of Directors

1. Determination of the number of members of the Board of Directors
2. Determination of the term in office
3. Determination of director compensation
4. Appointment of the Board of Directors
5. Appointment of the Chairman of the Board of Directors"

To the Shareholders:

As communicated to the market on December 30, 2011, the directors Marco Almerigogna, Fabio Caccia, Carlo Ramella, Raoul Giuseppe Fiano and Alessandro Torrisi, all of whom were appointed by the shareholders' meeting of May 6, 2011, tendered their resignation on December 30, 2011, with effect as of the first shareholders' meeting held after the merger by acquisition of the company, EI Towers S.p.A., namely, this shareholders' meeting.

This shareholders' meeting also marks the termination of the mandate to directors Alberto Giussani (non-executive, independent director), Guido Barbieri and Valter Gottardi (executive directors), who were appointed by the board of directors on December 30, 2011, pursuant to Article 2386 of the Italian Civil Code and the provisions of the Company's by-laws, to substitute the directors Alessandro Falciai, Carlo Samuele Pelizzari and Federico Falciai who resigned as of the same date.

With the entire board of directors thus resigning, you are asked to deliberate on the appointment of the members of the board of directors, and specifically:

a) To determine the number of members of the board of directors, with it noted in this regard that Article 13 of the Company's by-laws provides that the board of directors is made up of a minimum of 5 members and a maximum of 21 members;
b) To determine the term in office of the board of directors that may not be more than three years, as provided by Article 13, letter A) of the Company's by-laws;
c) To determine the compensation of the directors pursuant to Article 13 letter E) of the Company's by-laws;
d) To appoint the members of the board of directors pursuant to Article 13 letter F) of the Company's by-laws;
e) To appoint the chairman of the board of directors pursuant to Article 13 letter D) of the Company's by-laws.

We note that the appointment of the board of directors occurs on the basis of lists filed by the shareholders. Reference should be made to the notice of the shareholders' meeting published today with regard to the terms and conditions for the filing and publication of the lists.

It is furthermore noted that, pursuant to Article 147-*ter*, Paragraph 4 of Legislative Decree 58/1998, at least one of the members of the board of directors, or two if the board of directors is made up of more than seven members, must possess the same requisites of independence established for statutory auditors by Article 148, Paragraph 3 of Legislative Decree 58/1998. In addition, Article147-*quinquies* of Legislative Decree 58/1998 requires that directors of companies with publicly traded shares must possess the same ethical requisites established for statutory auditors of companies with publicly traded shares, currently governed by Article 2 of the Decree of the Ministry of Justice n. 162 of March 30, 2000.

In accordance with the Corporate Governance Code for publicly traded companies (with which the Company abides), an adequate number of independent directors is recommended among the non-executive directors.
It is noted that pursuant to the aforementioned code (as updated in December 2011), a director does not generally appear independent under the following non-binding assumptions:
a) if the director directly or indirectly (through subsidiary companies, fiduciaries or another intermediary) controls the issuer, or is able to exercise significant influence over the issuer, or participates in a shareholder agreement through which one or more persons exercise control or significant influence over the issuer;
b) if the director is, or has been in the preceding three years, a significant representative of the issuer, of a subsidiary of the issuer with strategic significance or a company under joint control with the issuer, or of a company or entity which, including with others through a shareholder agreement, controls the issuer or is able to exercise in significant influence over the issuer;
c) if the director, directly or indirectly (for example, through subsidiary companies or as a significant representative, or as a partner of a professional firm or consulting company) has, or has had in the prior year, a significant business, financial or professional relationship:
– with the issuer, a subsidiary of the issuer, or with any of the related significant representatives;
– with a person who, including with others via a shareholder agreement, controls the issuer, or – in the case of companies or entities – with the related significant representatives;
or if the director is, or has been in the previous three years, an employee of any one of the aforementioned persons;
d) if the director receives, or has received in the previous three years, from the issuer or from a subsidiary of the issuer or the controlling shareholder of the issuer any significant additional compensation (with respect to the fixed fee for non-executive directors of the issuer and the compensation for participation in the committees recommended by the Corporate Governance Code) including in the form of participation in incentive plans tied to corporate performance, including share-based compensation;
e) if the director has been a director of the issuer for more than 9 of the past 12 years;
f) if the director serves as an executive director of another company in which an executive director of the issuer is a director;

g) if the director is a partner or director of a company or entity belonging to the network of the company engaged as the legal auditor of the issuer;
h) if the director is a close family tie of a person who is in one of the situations indicated in the preceding points.

The board of directors notes finally that the number of independent directors – in conformity with the criteria provided by Article IA.2.10.6 of the Borsa Italiana S.p.A. Instructions – must be:
- at least 2 independent directors for boards of directors consisting of up to 8 members;
- at least 3 independent directors for boards of directors consisting of 9 to 14 members;
- at least 4 independent directors for boards of directors consisting of more than 14 members.

Lissone, 20 January 2012

For the Board of Directors
Chairman
Alberto Giussani

Extract from the Company's by-laws

Article 13
Company's board of directors

A) The Company is administered by a board of directors consisting of a minimum of 5 (five) and a maximum of 21 (twenty-one) members, who may or may not be shareholders, and who remain in office for a period, as determined by the shareholders' meeting, of no more than 3 (three) years and may be re-elected.
B) The shareholders' meeting at the time of the appointment of the board of directors, to be done with the means specified in Letter F) of this Article, shall determine the number of the members within the aforementioned limits. The number of directors may be increased with resolution of the shareholders' meeting, in respect of the maximum limit indicated above, including during the board of directors' term in office; the directors so nominated shall serve to the end of the term for the directors' already in office at the time of the new directors' appointment.
C) The directors are domiciled for the purposes of their office at the Company's registered office.
D) Should the shareholders' meeting not have arranged to do so, the board of directors shall elect one of its members as the chairman of the board of directors.
E) The expenses sustained for purposes of their office shall be reimbursed to directors.
The shareholders' meeting may assign annual, fixed compensation to the directors, or compensation in proportion to the net earnings for the year. The shareholders' meeting may also determine an indemnity for the resignation from office and may resolve to set aside provisions to the related pension fund with means established through the decision of the shareholders, including through the execution of an insurance policy.
Should total compensation be fixed, the same shall be distributed among the persons entitled, in the proportions that shall be established by the board of directors.
The compensation to the chairman of the board of directors, the members of the executive committee or managing directors, if appointed, is established by the board of directors - after having obtained the opinion of the board of statutory auditors - without prejudice to the authority of the shareholders' meeting to determine a total amount of compensation for all directors, including those vested with specific responsibilities.
F) The directors are appointed by the shareholders' meeting on the basis of lists (where the candidates will need to be listed with a progressive number) presented by shareholders, who represent, alone or together with other shareholders, at least 2.5% (two point five percent) of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations.
A single candidate may be presented on one list only; otherwise the candidate may not be elected.
A single shareholder may present, or contribute to presenting, directly or indirectly, including through a fiduciary company or intermediary, a single list: in the event of violation, the support given by the shareholder to any list shall not be considered.
The lists signed by the parties presenting them, accompanied by the curricula vitae regarding the personal and professional characteristics of the candidates, with the possible indication of the suitability to qualify as independent directors, shall be filed at the Company's registered office no later than the twenty-fifth day prior to day scheduled for the first session or sole session of the shareholders' meeting.

The ownership of the minimum percentage shareholding required for the presentation of the lists is determined with regard to the shares that are registered in favor of the shareholder on the day in which the lists are filed with the Company.
In order to prove the ownership of the number of the shares needed for the presentation of the lists by the shareholders, the related certification shall be produced at the latest by the deadline provided by prevailing laws and regulations for the publication of the lists by the issuer.
Without prejudice to the option of producing the certification proving the ownership of the shareholding by the deadline provided in the preceding paragraph, information in relation to the identity of the shareholders who presented the list shall be provided upon the presentation of the list, along with the indication of the percentage of the shareholding held overall.
Statements with which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility, as well as the existence of any requisites that might be set for their respective offices, and any other document provided by applicable laws and regulations shall be filed with each list, by the deadline indicated for the deposit of the list.
Any list presented for which the provisions of this Article have not been respected shall be considered as not presented.
The lists shall be made public through the filing at the registered office and with the other means provided by prevailing laws and regulations, within the terms provided by the same.
Any person entitled to vote may vote for one list only.
The procedure for the election of the directors is as follows:
i) directors representing the number of members of the board of directors less one shall be taken from the list having obtained the majority of the votes expressed by the shareholders, in the progressive order with which the candidates were listed on the list ;
ii) the last director shall be taken from the second list which is not related in any manner, including indirectly, with the list referenced in the preceding letter i), with the shareholders who presented or voted the list referenced in the preceding letter i), and which obtained the second highest number of votes expressed by the shareholders.
Should the candidates elected with the procedure indicated above not result in the appointment of a number of directors in possession of the requisites for independence established for statutory auditors by Article 148, Paragraph 3 of the Legislative Decree no. 58 of the February 28, 1998 equal to number minimum established by law in relation to the total number of the directors, the last non-independent candidate elected listed on the list which received the highest number of votes, referenced in letter i) of the preceding Paragraph, will be substituted by the first independent candidate not elected according to the progressive order of such list, or, in absence thereof, by the first independent candidate not elected according to the progressive order of the other lists, according to the number of votes obtained by each list. Such substitution procedure shall continue until the board of directors has a number of members in possession of the requisites referenced in Article 148, Paragraph 3, of the Legislative Decree n. 58/1998 equal at least to the minimum set by law. Finally, should this procedure not ensure the final result indicated, the substitution shall occur with a resolution passed by the relative majority at the shareholders' meeting, subject to presentation of candidates in possession of the referenced requisites.
Should only a single list be presented, all directors to be elected shall be taken from such list; should no list be presented, the shareholders' meeting shall deliberate with the majorities provided by the law, without observing the procedure provided above.

Notwithstanding the foregoing, any different or other provisions provided by mandatory laws or regulations shall prevail.
Should one or more directors appointed on the basis of the list vote no longer serve in office during the year, such director(s) shall be substituted with persons listed on the same list as the director(s) to be substituted, or should there be no more candidates not elected from such list or no candidates with the requisites required, the board of directors shall arrange for the substitution pursuant to Article 2386 of the Italian Civil Code, just as the shareholders' meeting shall arrange thereafter for the substitution with the majorities provided by law, without any list vote. In any event, the board and the shareholders' meeting shall proceed with the appointment in a manner so as to ensure the presence of a number of independent directors equal to the total minimum number required by the laws and regulations as prevailing from time to time.