

February 4, 2011

Via SIPE

CONSOB
Divisione Studi Giuridici
Via G. B. Martini, 3
00198 ROMA

RE: Requests of disclosure pursuant to Article 114, paragraph 5, of the Consolidated Law on Finance on indemnities in the case of early termination, succession planning and board evaluation and recommendations on individual disclosure of remuneration

Dear Sirs,

We welcome the opportunity to comment on the proposed regulatory measures regarding director and executive remuneration, as well as succession planning and board evaluation. We believe that CONSOB's efforts to ensure adequate disclosure over certain important aspects of a company's corporate governance practices will assuage some investor concerns regarding the level of transparency of Italian issuers. We agree that the information currently provided by listed companies is oftentimes partial, unclear and not easily comparable.

We commend CONSOB's initiative to introduce regulatory measures directed to address some issues identified through the analysis of the information included in the annual reports, pending the adoption of more exhaustive rules in the near future. We believe that the market will benefit from increased transparency. Furthermore, the introduction of the measures submitted to public consultation will encourage the adoption of best practices without imposing overly restrictive reporting requirements on issuers.

Glass Lewis is an independent proxy research advisor that provides proxy voting research, analysis and recommendations to institutional investors from around the world. Glass Lewis is providing this comment as an interested industry advisor, not on behalf of any or all of its clients.

Requests for information and recommendation on remuneration

Transparency is fundamental to promoting an effective dialogue between companies and shareholders, which is important to the healthy functioning of the market. The lack of clear understanding of the amount and structure of a company's remuneration may prevent investors from casting informed votes at shareholders' meetings and engaging with issuers. We acknowledge that CONSOB Regulations 11971 ("*Regolamento Emittenti*") already require companies to provide information on emoluments for the office, non-monetary benefits, bonuses and other incentives, as well as other remuneration paid to board members and top executives on an individual basis in table form. Nevertheless, despite the legal provisions, we recognized that there have been instances in which the information has not been clearly provided making it difficult for shareholders to fully assess the structure of the remuneration package. Therefore, we are supportive of CONSOB's recommendation pursuant to which companies are urged to follow Model 1 of Annex 3C of the abovementioned *Regolamento Emittenti* more strictly, and to clarify which remuneration components have not been paid during the year.

Similarly, we welcome the proposed recommendation that issuers should clearly disclose the nature of the different payments qualified as "emoluments for the office" and "other remuneration" in order to enable shareholders to receive more detailed information on the sub-categories of two components of remuneration whose level of transparency is sometimes perceived as opaque. In particular, precise information on any "other remuneration" paid to board members and top officers is critical to identify any potential conflict of interests deriving from services rendered or activities performed outside of regular board service.

It is also critical that companies provide adequate disclosure on severance packages, including, as suggested by CONSOB, details on whether or not agreements that provide for any benefits in case of termination of employment have been entered into between the company and its executive, as well as information on the events that trigger such payments. In particular, we believe that it would be useful to know, in addition to the amount of the potential payout, whether the payment is subject to any performance targets so as to evaluate compliance with domestic and international quantitative and qualitative best practices.

Furthermore, we believe that increased transparency should be also encouraged with respect to disclosure of performance criteria and targets for bonus payments. Shareholders expect stretching performance targets to be set in a company's incentive plan. Information on the quantum paid appears valuable only if accompanied by details

regarding the rationale for such payments. While we acknowledge that some performance measures may result in the disclosure of commercially sensitive information, we believe that where a bonus has been paid, companies should disclose the extent to which performance has been achieved against relevant targets.

Board evaluation and succession planning

The recent global financial crisis has highlighted the need for effective and properly functioning boards. We share CONSOB's view that issuers should be requested to disclose information on the board evaluation process so as to enable the market to know, in particular, which areas for improvements have been identified and the actions planned to correct any deficiencies. We also agree that it is reasonable to limit this requirement to FTSE MIB companies. Having knowledge of the frequency of the board evaluation, as well as of its scope and consequences would permit investors to better gauge a company's adherence to corporate governance best practices.

Additionally, we recognize that the proposal made by CONSOB to request FTSE MIB companies to disclose whether a succession plan has been developed would fill a gap of Italian mandatory and self-regulation, which currently do not address such topic explicitly, and would align Italian corporate governance standards with international best practices. A properly designed process to ensure a smooth transition both in the event of planned departures and emergency successions is vital to avoid uncertainty and retain investor confidence. Given the impact that executive succession may have on a company's performance and shareholder value, we believe it is reasonable to demand boards to adequately disclose their approach with respect to this important governance issue.

Thank you for the opportunity to comment on the proposed regulatory measures.

Sincerely,

/s/

Carla Topino, Associate Vice President, European and Emerging Markets Policy