

DIRECTORS' REPORT RELATING TO THE PROPOSAL TO AUTHORISE THE PURCHASE AND PLACEMENT OF TREASURY SHARES

Prepared in accordance with article 73 of CONSOB Regulation No. 11971 of May 14th 1999, as subsequently modified (“Issuers’ Regulations”) and in conformity with attachment 3A, schedule 4 of the Issuers’ Regulations.

Dear Shareholders,

The Board of Directors of Caltagirone Editore S.p.A. (the “**Company**”) has convened you to discuss and resolve upon the proposal to purchase and sell treasury shares in accordance with article 2357 of the Civil Code and applicable regulations. Pursuant to that requested by Attachment 3A of the Issuers’ Regulations, the present Report sets out the motivations behind the authorisation request, as well as the terms and methods according to which the company intends to carry out the purchase and placement of treasury shares, as per articles 2357 and 2357-ter of the Civil Code.

1) Reasons for the requested authorisation to purchase and sell treasury shares

The authorisation to purchase and/or sell treasury shares is requested in order to improve the liquidity of the shares on the market, allowing normalised trading of the shares - countering interfering factors largely related to excessive volatility.

The Board of Directors also believe it necessary that the Company can sell treasury shares purchased to enable the maximisation of the value through trading activities on the market.

The authorisation request would permit the Board of Directors to carry out repeated purchase and sales operations (or other placement operations) of treasury shares, also for fractions of the maximum authorised quantity, within the legal limits and based on that authorised by the Shareholders’ Meeting of the Company.

2) Maximum number, category and nominal value of the shares relating to the authorisation

The number of shares proposed to be purchased is the maximum allowed by law; specifically, in conformity with article 2357 of the Civil Code, 10% of the share capital and therefore 12,500,000 shares of the Company.

As the share capital of the Company is represented solely by ordinary shares of a nominal unitary value of one Euro, the operations refer exclusively to this category.

3) Compliance with the provisions of paragraph 3 of article 2357 of the Civil Code

The nominal value of the shares to be purchased will be determined within the limits of the previous point, taking account of any shares held by the subsidiary Companies.

In no case, therefore, in conformity with article 2357, paragraph 3 of the Civil Code, may the number of treasury shares purchased (and taking account of any shares held by the subsidiary companies) exceed or will exceed one tenth of the total number of shares issued.

The purchase of treasury shares must be within the limits of the distributable profits and available reserves from the latest approved financial statements.

4) Duration of authorisation

Authorisation to carry out the operations mentioned for a maximum duration of 18 months from the date of the resolution of the Shareholders' Meeting is requested.

The authorisation to place the treasury shares which will be purchased is requested without time limit.

5) Minimum and maximum price, as well as the market valuation based on which price is determined.

The purchase price of the operations will be determined in conformity with the regulations introduced by CONSOB Resolution No. 16839 of March 19th 2009, or rather an amount not above the higher between the last independent price and the highest current trading price for independent purchases on the market in which the purchase proposal is included.

The sales prices will not be below the lower of the last independent price and the lowest current trading price for independent sales on the market in which the sales proposal is included.

In any case, the above price limit for purchase and sale of treasury shares will not be above any limits set out in applicable regulations.

6) Method through which the purchases can be carried out

The purchase operations will be carried out on regulated markets according to the operating procedures established by the organisation and management regulations of the markets, which do not allow the direct subscription of a purchase trading proposal with a corresponding predetermined sales proposal.

For the carrying out of purchase operations of treasury shares, the Board of Directors proposes the constitution of a reserve for an amount of Euro 25 million to be utilised from the Share Premium Reserve included under the Shareholders' Equity of the Company, as stated in the financial statements at December 31st 2008.

In relation to the placement operations, the Board of Directors proposes the authorisation to allow the adoption of any method considered appropriate.