

MINUTES OF BOARD MEETING

REPUBLIC OF ITALY

The year 2010 two thousand and ten on the twenty-eighth day of the month of October at 11.10 a.m.

In Milan, in the offices in Via Ciovassino no. 1.

Before me, FRANCESCA TESTA Notary Public of Milan, registered with the Milan College of Notaries, the following individual appeared in person:

Dr STEFANO MICOSI born in Bologna on October 27 1946, domiciled for his position in the offices of the Company at the above address, in his role as Chairman of the Company

"CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE"

with headquarters in Turin, Via Valeggio no. 41, share capital of euro 396,058,633.50, registration number 00519120018 on the Turin Register of Companies, a company subject to management and coordination by "COFIDE S.p.A.".

This gentleman of whose identity I, the Notary, am certain,

Starts by saying

- that with an advice sent out in accordance with the terms of the Company Bylaws to all the Directors and Statutory Auditors in office on October 22 2010 a meeting has been called for today of the Board of Directors of the company as above to discuss and pass resolution on the following

AGENDA

Extraordinary Part

- 1) Amendment of the Company Bylaws in order to comply with the terms of the law, as per Art. 10 of the Company Bylaws.

Ordinary Part

- 2) Approval of the minutes of the previous meeting (30.7.10).
- 3) Communications from the Chairman.
- 4) Report on the activity carried out by the Executive Directors and briefing to the Board of Statutory Auditors as per Art. 13 of the Company Bylaws.
- 5) Extraordinary transactions relating to the capital of KOS.
- 6) Interim Financial Report as of September 30 2010.
- 7) Approval of the Procedure for Related Party Transactions.
- 8) Miscellaneous.

Given all of the above

The Person appearing before, in his aforesaid role, takes the chair and asks me to draw up the minutes. He then acknowledges that this meeting of the Board of Directors is validly constituted and thus qualified to adopt resolutions as, in addition to the Chairman, the Honorary Chairman Ing. Carlo De Benedetti and the following Directors are present, namely Messrs: Dr. Rodolfo De Benedetti - Chief Executive Officer and General Manager, Prof. Giampio Bracchi, Sen. Franco Debenedetti, Dr. Pierluigi Ferrero, Giovanni Germano, Dr. Luca Paravicini Crespi, Dr. Claudio Recchi and Dr. Massimo Segre as well as all the Statutory Auditors in of-

fice, namely Messrs: Prof. Pietro Manzonetto - Chairman of the Board of Statutory Auditors, Dr. Luigi Nani and Dr. Riccardo Zingales.

The Directors not present have sent apologies for absence.

The General Manager Dr. Alberto Piaser is also present.

Moving on to deal with the item on the Agenda for the Extraordinary Part of the meeting, the Chairman informs the Directors that it is necessary to amend the Company Bylaws to bring them into line with the mandatory rules introduced by D.Lgs no. 27 of January 27 2010, transposing Directive 2007/36/CE - in accordance with the provisions of Art. 10 of the Company Bylaws. To this end a note has been circulated to those present, showing the amendments needed, some of which are merely of a formal nature or are just a re-wording of the terminology, and he goes on to explain the reasons for these changes.

After his explanation, the Chairman submits to the Board the following text of a

Resolution

"the Board of Directors of the Company "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE",

- Having seen D.Lgs. No 27 of January 27 2010;
- Having heard the Chairman's explanation;
- Having read Art. 10, second sentence, of the Company Bylaws,

Resolves

- 1) To amend Art. 6 of the Company Bylaws as follows:

"WITHDRAWAL

ARTICLE 6

The right of withdrawal can be exercised by those entitled to do so in the cases and with the procedures provided for by law.

However those who do not take part in the approval of resolutions regarding the renewal of the term of duration of the Company and/or the introduction or the removal of restrictions on the circulation of shares shall not be entitled to withdraw from the Company.

Anyone intending to exercise his or her right of withdrawal shall give notification of the same by registered letter with advice of receipt addressed to the Company and giving, among other things, details of the deposit of the certificate attesting membership of the centralized system of managing shares in dematerialized form for the shares on which the same shareholder is exercising his or her right of withdrawal through an authorized intermediary with a restriction being placed on availability for the purposes of the withdrawal.

The right of withdrawal will take effect with the Company on the fifteenth day following the date on which the registered letter with advice of receipt sent by the party requesting withdrawal as per the third sentence of this article was actually received, in accordance with the provisions of Article 2437 bis, third paragraph, of the Civil Code."

2)To amend the fourth and fifth paragraphs of Art. 8 of the Com-

pany Bylaws as follows:

"The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed within the time limit and following the procedures laid down in the legislation on the subject.

Only Shareholders who alone or together with other Shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the time limit and following the procedures laid down in the legislation applicable. Shareholders who alone or together with other Shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates."

For the rest of the Article the text remains unchanged.

3) To amend Art. 15 of the Company Bylaws as follows:

"ARTICLE 15

A Meeting of the Shareholders is called by publishing a notice of meeting on the Company's internet website and in the daily newspaper "la Repubblica" according to the terms and procedures prescribed by current regulations. The Shareholders' Meeting can be convened in a place other than the Company offices provided that

it is situated in Italy.

The Ordinary Meeting of Shareholders (Annual General Meeting) must be convened at least once a year within one hundred and twenty days of the close of the financial year of the Company.

Where the conditions provided for by law exist, this time limit can be extended to one hundred and eighty days from the close of the financial year of the Company.

An Extraordinary Meeting of Shareholders is convened in the circumstances laid down by law and whenever the Board deems it to be appropriate."

4) To replace the replace the first three sentences of Article 16 with the following two new sentences:

"ARTICLE 16

The right to attend the Shareholders' Meeting and to appoint a proxy to attend are regulated by applicable legislation on the subject.

Proxies must be notified to the Company by Certified Electronic Mail before the start of the Meeting to the address indicated on the notice of meeting."

The rest of the article remains unchanged.

5) To amend the third and fourth sentences of Art. 19 of the Company Bylaws as follows:

"The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the laid down in the legislation applicable.

Only Shareholders who, either alone or with others, represent at least 2% of the share capital have the right to present lists and they are required to provide proof of ownership of the required number of shares within the terms and following the procedures laid down by law."

The text of the rest of the Article remains unchanged.

6) To amend Art. 21 of the Company Bylaws as follows:

"LEGAL AUDIT OF THE ACCOUNTS

ARTICLE 21

The legal audit of the accounts is exercised in accordance with the law."

7) To authorize the Chairman of today's Board Meeting to accept and introduce into the resolution adopted above, the amendments, deletions and additions of a formal nature that may be necessary for the purposes of registration and publication as per the terms of the law."

The Chairman then opens the debate.

Nobody requesting the floor, the proposed text of the resolution is put to the vote with a show of hands and is approved unanimously.

The Board duly acknowledges that, for the purposes of publication as per Art. 2436 of the Civil Code, following the above, the Company Bylaws, of which the rest remains unchanged, will be in the version signed by the person before me and by me, the Notary, and attached to these minutes as Annex A.

After which, there being nothing further requiring a vote at the Extraordinary Part, the Board moves on to deal with the Ordinary Part of the Agenda, as recorded in separate minutes.

The time is 11.25 a.m. (eleven twenty-five).

This deed is read out by me and given to the person appearing before me who, approving and confirming it, signs it together with me, the Notary at the end and in the margin of the other sheet at 11.25 a.m. (eleven twenty-five). The reading of the Annex is omitted at the express will of the person appearing before me.

It consists of two sheets comprising six full sides and three lines on the seventh side written by a person whom I trust.

Signed) Stefano Micossi

Signed) Francesca Testa Notary Public

COMPANY BYLAWS

NAME - HEADQUARTERS - DURATION

ARTICLE 1

A Public Limited Company named "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE" has been established.

This name can be abbreviated to CIR S.p.A.

ARTICLE 2

The Company has its registered office in Turin.

The Company has a branch office for operating purposes in Milan.

The Board of Directors has the right to establish, amend or close branch offices, agencies, representative offices and local offices of any kind both in Italy and abroad.

The domicile of the shareholders, for all their relations with the Company, shall be understood as being elected at the address given in the Shareholders' Book.

ARTICLE 3

The Company, founded in 1905, will exist until December 31 2050.

It can be dissolved before this date and can be renewed if a vote is passed by an Extraordinary Meeting of Shareholders.

SHARE CAPITAL - SHARES

ARTICLE 4

a) The share capital amounts to EUR 396,058,633.50 divided into 792,117,267 shares each with a nominal value of EUR 0.50.

b) The share capital can be increased by a further EUR 2,470.50 (two thousand four hundred and seventy point five zero) in order to allow shareholders holding Sasib privileged shares who have not yet exercised their option to exchange their shares in the incorporated company Sasib S.p.A..

The Board of Directors Meeting held on May 12 2000 on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders also held on May 12 2000, approved a share capital increase of a maximum total of EUR 1,555,000 through the issuance of a maximum of 3,110,000 shares - of which a maximum of EUR 1.315.500 remained at December 31 2009 for the issuance of a maximum of 2,631,000 shares - at the price of EUR 3.70 per share, reserved for subscription by employees of the Company and its subsidiaries and parent companies in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regola-

mento del Piano di Stock Option 2000" (*Regulations of Stock Option Plan 2000*), all on the basis of the conditions set out in the resolution approved on May 12 2000.

The Board of Directors Meeting held on September 13 2000, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 35,000 through the issuance of a maximum of 70,000 shares - of which a maximum of EURO 14,500 remained at December 31 2009 for the issuance of a maximum of 29,000 shares - at the price of EUR 4.06 per share, reserved for subscription by employees of the Company in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 13.9.2000", all on the basis of the conditions set out in the resolution approved on September 13 2000.

The Board of Directors Meeting held on January 30 2001, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 871,500 through the issuance of a maximum of 1,743,000 shares - of which a maximum of EUR 744,000 remained at December 31 2009 for the issuance of a maximum of 1,488,000 shares - at the price of EUR 2.62 per share, reserved for subscription by employees of the Company, its subsidiaries and its parent companies in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 30.1.2001", all on the basis of the conditions set out in the resolution approved on January 30 2001.

The Board of Directors Meeting held on September 7 2001, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 2,322,500 through the issuance of a maximum of 4,645,000 shares - of which a maximum of EUR 10,700 remained at December 31 2009 for the issuance of a maximum of 21,400 shares - at the price of EUR 1.28 per share, reserved for subscription by employees of the Company, its subsidia-

ries and its parent company in accordance with Article 2441, last paragraph of the Civil Code in execution of the documents "Regolamento del Piano di Stock Option 7.9.2001" and "Regolamento del Piano di Stock Option Dipendenti 2001" (*Regulations of Stock Option Plan for Employees 2001*), all on the basis of the conditions set out in the resolution approved on September 7 2001.

The Board of Directors Meeting held on September 5 2003, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 1,152,500 through the issuance of a maximum of 2,305,000 shares - of which EUR 56,250 still remained at December 31 2009 for the issuance of a maximum of 112,500 shares - at the price of EUR 1.13 per share, reserved for subscription by employees of the Company and its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 5.9.2003", all on the basis of the conditions set out in the resolution approved on September 5 2003.

The Board of Directors Meeting held on March 12 2004, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 1,272,500 through the issuance of a maximum of 2,545,000 shares - of which a maximum of EUR 197,800 remained at December 31 2009 for the issuance of a maximum of 395,600 shares - at the price of EUR 1.60 per share, reserved for subscription by employees of the Company and of its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 12.3.2004", all on the basis of the conditions set out in the resolution approved on March 12 2004.

The Board of Directors Meeting held on September 6 2004, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 1,297,500 through the issuance of a maximum of 2,595,000 shares - of which a maximum of

EUR 759,350 remained at December 31 2009 for the issuance of a maximum of 1,518,700 shares - at the price of EUR 1.56 (one euro fifty-five cents) per share, reserved for subscription by employees of the Company and of its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 6.9.2004", all on the basis of the conditions set out in the resolution approved on September 6 2004.

The Board of Directors Meeting held on March 11 2005, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on May 12 2000, approved a share capital increase of a maximum total of EUR 2,215,000 through the issuance of a maximum of 4,430,000 shares - of which a maximum of EUR 2,004,900 remained at December 31 2009 for the issuance of a maximum of 4,009,800 shares - at the price of EUR 2.34 per share, reserved for subscription by employees of the Company, of its subsidiary "CIR International S.A." and of its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the documents "Regolamento del Piano di Stock Option 11.3.2005" and "Regolamento del Piano di Stock Option Dipendenti 2005", all on the basis of the conditions set out in the resolution approved on March 11 2005.

The Board of Directors Meeting held on September 6 2005, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on April 27 2005, approved a share capital increase of a maximum total of EUR 1,395,000 through the issuance of a maximum of 2,790,000 shares - of which 1,352,500 still remained at December 31 2009 for the issuance of a maximum of 2,705,000 shares - at the price of EUR 2,49 per share, reserved for subscription by employees of the Company, of its subsidiary "Dry Products S.p.A." and of its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 6.9.2005", all on the basis of the conditions set out in the resolution approved on September 6 2005.

The Board of Directors Meeting held on April 27 2006, on the strength of the authorization given to it by the Extraordinary

Meeting of Shareholders held on April 27 2005, approved a share capital increase of a maximum total of EUR 2,765,000 through the issuance of a maximum of 5,530,000 shares - of which a maximum of EUR 2,765,000 remained at December 31 2009 for the issuance of a maximum of 5,530,000 shares - reserved for subscription by employees of the Company, of its subsidiary "Dry Products S.p.A." and of its parent company "COFIDE S.p.A.", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option 2006", all on the basis of the conditions set out in the resolution approved on April 27 2006.

The Board of Directors Meeting held on April 30 2009, on the strength of the authorization given to it by the Extraordinary Meeting of Shareholders held on April 27 2005, approved a share capital increase of a maximum total of EUR 11,777,500 (eleven million seven hundred and seventy-seven thousand five hundred) - of which a maximum of EUR 11,330,700 remained at December 31 2009 for the issuance of a maximum of 22,661,400 shares - reserved for subscription by employees of "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE", of its subsidiaries "CIR INTERNATIONAL S.A." and "Dry Products S.p.A." and of its parent company "COFIDE S.p.A. - COMPAGNIA FINANZIARIA DE BENEDETTI", in accordance with Article 2441, last paragraph, of the Civil Code in execution of the document "Regolamento del Piano di Stock Option Straordinario 2009" and of "Regolamento del Piano di Stock Option 2009", all on the basis of the conditions set out in the resolution approved on April 30 2009.

The Board of Directors Meeting held on April 30 2010, on the strength of the authorization given to it by the Extraordinary Meeting of the Shareholders held on April 30 2009, approved a share capital increase of a maximum of EUR 4,075,000 (four million seventy-five thousand) through the issuance of a maximum of 8,150,000 shares, reserved for subscription by executives of "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE", its subsidiaries "CIR International S.A." and "DRY PRODUCTS S.p.A." and its parent company "COFIDE S.p.A. - COMPAGNIA FINANZIARIA DE BENEDETTI", in accordance with the terms of Art. 2441, last paragraph, of the Civil

Code for the purpose of executing the document "Regolamento del Piano di Stock Option 2010", all on the basis of the conditions set out in the Resolution of April 30 2010.

c) The Board of Directors has the right for a period of five years as from April 30 2009 to increase the share capital either once or more than once to a maximum of EUR 500,000,000 nominal value through the issuance of shares with or without a share premium. These shares will be offered in subscription or will service warrants or the conversion of bond issues including issues made by third parties, both in Italy and abroad, or else they will be assigned free of charge to holders of option rights by allocating to share capital available reserves or provisions on the basis of the latest financial statements approved.

For a period of five years starting from April 30 2009 the Board of Directors also has the right to increase the share capital either once or more than once to a maximum of EUR 20,000,000 of nominal value through the issuance of shares to be reserved for subscription by employees of the Company and of its subsidiaries and parent companies in accordance with Article 2441, last paragraph, of the Civil Code. The same Board shall have the right to fix the price of issuance, which may not be lower than the nominal value of the shares, the requirements for subscription and the limits of the availability of the same shares, as well as the general terms and procedures for the said subscription.

d) The Board of Directors has the right for a period of five years starting from April 30 2009 to issue, once or more than once, even without the option right and in this case in favour of institutional investors, convertible bonds or bonds with warrants attached, which may also be in a foreign currency, if permitted by law, with a corresponding increase in share capital - within the limit of ten per cent of the existing share capital if the option right is not included - up to an amount which, taking into account the bonds in circulation at the date on which the issuance is approved, shall not exceed the limits established by regulations in force at that time.

And more in general the Board also has the right to define the

procedures, terms and conditions of the bond issuance and the rules governing such issuance.

ARTICLE 5

The shares are indivisible.

In the event of joint ownership of one or more shares, the rights of the joint owners towards the Company, in accordance with Article 2347 of the Civil Code, shall be exercised by a joint representative.

WITHDRAWAL OF A SHAREHOLDER

ARTICLE 6

The right of withdrawal can be exercised by those entitled to do so in the cases and with the procedures provided for by law.

However those who do not take part in the approval of resolutions regarding the renewal of the term of duration of the Company and/or the introduction or the removal of restrictions on the circulation of shares shall not be entitled to withdraw from the Company.

Anyone intending to exercise his or her right of withdrawal shall give notification of the same by registered letter with advice of receipt addressed to the Company and giving, among other things, details of the deposit of the certificate attesting membership of the centralized system of managing shares in dematerialized form for the shares on which the same shareholder is exercising his or her right of withdrawal through an authorized intermediary with a restriction being placed on availability for the purposes of the withdrawal.

The right of withdrawal will take effect with the Company on the fifteenth day following the date on which the registered letter with advice of receipt sent by the party requesting withdrawal as per the third sentence of this article was actually received, in accordance with the provisions of Article 2437 bis, third paragraph, of the Civil Code.

PURPOSE

ARTICLE 7

The purpose of the Company is the following: the management both directly and indirectly of industrial, commercial, real estate, agricultural and financial activities.

It can carry out any transaction either directly or indirectly aimed at achieving the corporate goal and this includes the right to acquire shareholdings or interests, in whatever form these may be, in companies or enterprises established or to be established, in Italy or abroad, including those in the banking or fiduciary sector.

The Company can also issue guarantees and make collateral deposits to third parties even in the interests of others.

Savings may be collected within the limits of and following the procedures permitted by Article 11 of the Banking and Credit Consolidation Act (*Testo Unico*) and by related secondary regulations, or within the limits of and following the procedures provided for by legislation in force at the time.

Banking activity, the professional exercise of investment services with the public and, in general, the exercise of those activities which the law limits to certain specific entities are prohibited as is the exercise of any activities that are prohibited by current legislation.

ADMINISTRATION

ARTICLE 8

The Company is administered by a Board of Directors comprising from five to twenty-one members, who need not necessarily be shareholders, whose mandate lasts for the period determined by the Shareholders Meeting, but which in any case shall not be longer

than three financial years, and who can be re-elected.

The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.

Minority Shareholders have the right to elect one member of the Board of Directors.

The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.

The lists, signed by the Shareholders who have presented them, must be filed within the time limit and following the procedures laid down in the legislation on the subject.

Only Shareholders who alone or together with other Shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the time limit and following the procedures laid down in the legislation applicable. Shareholders who alone or together with other Shareholders represent a total of less than 20% of the share capital can present lists containing no more than three candidates.

Any lists presented that do not comply with these instructions shall be considered as not having been presented.

No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control in accordance with Art. 93 of the Consolidation Act on the subject of Financial Intermediaries or those taking part in the same Shareholder pact for voting purposes may present or contribute to the presentation of just one list.

Each Shareholder can vote for just one list.

Each candidate can stand only in one list otherwise he or she cannot be elected.

Together with the presentation of the list, and within the same time limit as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations. They also declare that they possess the requisites stipulated in the law and in current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or her has the necessary requisites to be an independent Director in accordance with the terms of the law and regulations.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.

For electing the members of the Board of Directors the following procedure will be adhered to:

a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;

b) The other director will be the first name on the list which obtains the second most votes and which is not linked in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.

All the Directors elected must possess the requisites of integrity and professionalism required by current regulations. If they do not have these their appointment shall lapse.

In the event that only one list is presented or admitted to the

voting, all the Directors shall be drawn from that list.

In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders Meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.

ARTICLE 9

The Board of Directors shall appoint from its members a Chairman and possibly one or more Deputy Chairmen.

It shall also appoint a Secretary who need not necessarily be a member of the Board.

ARTICLE 10

The Board of Directors is invested with broad powers for the administration of the Company. It can carry out any action considered appropriate for achieving the objective of the Company, whether such action pertains to ordinary or extraordinary administration, with no exclusions or exceptions, apart from that which the law and these Bylaws have established as mandatory for the Shareholders' Meeting.

The Board of Directors can therefore adopt resolutions approving a reduction of the share capital of the Company in the event of the withdrawal of Shareholders, amending the bylaws to bring them into line with new regulations, moving the Company headquarters anywhere in the country and also approving the merger by incorporation of either a fully owned subsidiary or a subsidiary in which it holds a stake of at least 90%, all in compliance with the provisions of Articles 2505 and 2505-bis of the Civil Code.

The Board of Directors can, within the limits of the law, delegate its powers, establishing the content and the limits of any such

mandate, to an Executive Committee comprising some of its members, or to one or more of its members, possibly giving them the title of *Amministratori Delegati* (Chief Executive Officers/Managing Directors) and giving them the right to sign on behalf of the Company either individually or jointly. In order for the resolutions adopted by the Executive Committee to be valid, an absolute majority of its members must be present and must cast their vote in favour. The Board may also appoint General Managers, subject to first checking that they possess the requisites of integrity stipulated by law, who may also be members of the Board. A lack of the requisites of integrity will mean that they will lose their position. The Board can also appoint Officers with individual or joint signatures, establishing their powers and functions. It may also award mandates in general for certain actions or categories of actions.

The appointment of the Directors, Deputy Directors and Officers with the determination of their respective emoluments and functions can also be passed on by the Board to the Chairman or anyone acting for the Chairman, to the Managing Directors and to the General Managers.

The Board can set up from within its number committees with the function of consulting and making proposals, determining the scope of their activity and their powers.

The Board of Directors, at the proposal of the Chief Executive Officer and in agreement with the Chairman, subject to the favourable opinion of the Board of Statutory Auditors, shall appoint the officer responsible for the preparation of the company financial statements, who must have adequate experience on the subject of accounting and finance.

The Board of Directors also monitors that the officer appointed to prepare the financial statements of the Company has sufficient powers and means to carry out the duties assigned to him and that the administrative and accounting procedures are actually being complied with.

ARTICLE 11

The Chairman of the Board of Directors is the legal representative of the Company. Legal representation is also entrusted to the Deputy Chairmen, to the Managing Directors/Chief Executive Officers and to the General Managers and to anyone else designated by the Board of Directors, severally within the limits of the powers assigned to them individually, or otherwise jointly with another individual also having joint powers.

ARTICLE 12

The Board shall meet when convened by the Chairman or whoever is taking his place, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of two Directors.

The Board of Directors shall also meet when a meeting is called as per Art. 20 of these bylaws.

The Meeting is called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.

The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even by telephone- or video-conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.

The Meetings of the Board of Directors are chaired by the Chairman or, should the Chairman be absent, by one of the Deputy Chairmen or should there be no Deputy Chairmen by a Director designated by the Board.

In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present. Resolutions are taken with an absolute majority of the votes of those present,

and if the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which is decisive.

Board resolutions are set out in writing in the minutes which are signed by the person chairing the meeting and by the Secretary.

Meetings of the Board of Directors can be held by video - or telephone-conference call on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time on the items being treated and that they are in a position to receive, transmit and view documents.

Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.

When the minutes are not drawn up by a Notary, they are prepared by the Secretary and signed by the Chairman and the Secretary without delay.

ARTICLE 13

The Directors must report back to the Board of Directors and to the Board of Statutory Auditors on activities carried out and on anything else required by law at regular intervals at least once every three months when Board Meetings are held or whenever particular timing needs make it desirable. This report shall be made directly, in writing, or verbally and/or by telephone.

ARTICLE 14

The remuneration of the Directors holding particular functions in accordance with the provisions of the Bylaws will be determined by the Board of Directors after first obtaining the favourable opinion of the Board of Statutory Auditors.

SHAREHOLDERS' MEETINGS

ARTICLE 15

A Meeting of the Shareholders is called by publishing a notice of

meeting on the Company's internet website and in the daily newspaper "la Repubblica" according to the terms and procedures prescribed by current regulations. The Shareholders' Meeting can be convened in a place other than the Company offices provided that it is situated in Italy.

The Ordinary Meeting of Shareholders (Annual General Meeting) must be convened at least once a year within one hundred and twenty days of the close of the financial year of the Company.

Where the conditions provided for by law exist, this time limit can be extended to one hundred and eighty days from the close of the financial year of the Company.

An Extraordinary Meeting of Shareholders is convened in the circumstances laid down by law and whenever the Board deems it to be appropriate.

ARTICLE 16

The right to attend the Shareholders' Meeting and to appoint a proxy to attend are regulated by applicable legislation on the subject.

Proxies must be notified to the Company by Certified Electronic Mail before the start of the Meeting to the address indicated on the notice of meeting.

It is up to the Chairman of the Shareholders' Meeting to check that all the proxies are in order and that all those present have the right to take part in the Meeting.

Each share gives the right to one vote.

Both the Ordinary and the Extraordinary Meetings of the Shareholders are considered to be duly constituted and may adopt resolutions according to the provisions of the law.

ARTICLE 17

Shareholders' Meetings will be chaired by the Chairman of the Board of Directors or, in his absence, by someone designated by

the Meeting.

The Chairman will be assisted by a Secretary who is the Secretary to the Board or, in his or her absence, by a person designated by the Meeting.

The assistance of the Secretary is not necessary when the minutes of the Meeting are drawn up by a Notary Public.

ARTICLE 18

The procedure for voting on the individual items is established by the Chairman.

BOARD OF STATUTORY AUDITORS

ARTICLE 19

The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be reappointed. Minority Shareholders can elect one Statutory Auditor and one Alternate Auditor.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders consisting of two sections: one for the candidates for the position of Statutory Auditor and the other for the candidates for the position of Alternate Auditor and the candidates in each section are listed in numerical order.

The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the laid down in the legislation applicable.

Only Shareholders who, either alone or with others, represent at least 2% of the share capital have the right to present lists and they are required to provide proof of ownership of the required number of shares within the terms and following the procedures laid down by law.

Lists presented which do not comply with the above rules will be

considered as not having been presented.

No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control as per the terms of Art.93 of the Consolidation Act on the subject of financial intermediation or those who take part in the same shareholder agreement for voting purposes can present or jointly present just one list. Each Shareholder can vote for just one list.

Candidates can be present on only one list otherwise they will be excluded from election.

No Shareholder, or Shareholders belonging to the same group, can present more than one list of candidates even through an intermediary or through a fiduciary company, neither can they vote for different lists. Candidates can be present in only one list otherwise they will be excluded from election.

Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per articles 63 and 67 of D.Lgs. no. 58/98 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.

Within the above-mentioned time limit and together with each list, a declaration signed by each candidate must be submitted. This declaration should attest that the candidate, under his or her own responsibility, accepts his or her nomination and should certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for members of Board of Statutory Auditors.

The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of

any other positions of director or auditor held in other companies.

Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

The election of the members of the Board of Statutory Auditors will take place as follows:

1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;

2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;

3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.

The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors.

If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.

Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.

Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor.

ARTICLE 20

The meetings of the Board of Statutory Auditors can also take place using telecommunications facilities provided that the following conditions are met with:

- a) That participants are able to view, receive or transmit all the necessary documentation;
- b) That they can take part in real time in the discussion respecting the methodology of their function (the *collegio* method).

The meetings are held in the place where the Chairman is or, in his absence, where the oldest Statutory Auditor in terms of age is located.

The Board of Statutory Auditors can, provided that the Chairman is notified, call a Shareholders' Meeting, a Board of Directors Meeting or an Executive Committee Meeting. The power to call a Board of Directors Meeting or an Executive Committee Meeting can be exercised individually by any member of the Board of Statutory Auditors; the right to call a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors.

LEGAL AUDIT OF THE ACCOUNTS

ARTICLE 21

The legal audit of the accounts is exercised in accordance with the law.

FINANCIAL STATEMENTS AND NET INCOME

ARTICLE 22

The financial year of the Company closes at December 31 of each year.

ARTICLE 23

From the amount of net income resulting from the financial statements 5% must be subtracted and allocated to the Legal Reserve until this reaches an amount equal to one fifth of the share capital of the Company. From the remaining income 2.5% will be deducted and will be made available to the Board of Directors.

The remainder will be used for distribution in the form of a dividend as approved by the Shareholders' Meeting or will be used for any other purposes that the same Shareholders shall deem appropriate or necessary.

Any dividends unclaimed after a period of five years from the date on which they became payable will be allocated to the Statutory Reserve. The Board of Directors has the right to approve payments on account of dividends according to the terms of and within the limits laid down by law.

LIQUIDATION

ARTICLE 24

In the event of liquidation of the Company the terms of the law will be applicable.

LEGAL REFERENCE

ARTICLE 25

For any issues not covered by these Bylaws, explicit reference will be made to current legislation.