

CARRARO SpA

ARTICLES OF ASSOCIATION

Art. 1

A joint stock company has been founded under the name "**CARRARO S.P.A.**".

Art. 2

The Company's purpose is:

a) The production, sale and design of axles, gears and mechanical components in general for tractors, earth moving machines, elevator trucks, cars, lorries, buses and special vehicles, and the production of tractors;

b) the acquisition of interests in other companies or entities;

the financing and technical-financial coordination of the companies and entities of which it holds interests.

The company may also buy, sell, exchange, construct internally or pursuant to contract real estate assets, both rural and urban, both civil and industrial, and rent and manage such assets;

c) the assumption of agencies, for the same as, similar to or connected in any way with the activities specified in point a); the sale of spare parts;

d) the Company may also grant endorsements and sureties of any kind and nature, for any amount and period of time, with or without tangible guarantees, in favour of third parties, entities or companies; this faculty may be exercised by the Board of Directors pursuant to art. 28 of the Articles of Association;

d) stipulate and perform, also via the stipulation of non-typical contracts, any other financial operation that may interest the Company or which falls within or is connected, also indirectly, to its own corporate purpose or that of the company in which it holds an interest.

Art. 3

The company's head office is in Campodarsego (PD).

The Board of Directors may establish or suppress secondary seats and branches in other localities both in Italy and abroad, and also transfer the head office provided it remains within Italy.

Art. 4

The duration of the company is established as until 31st (thirty-first) December 2050 (two thousand and fifty) and may be extended by Shareholders' Meeting resolution.

Art. 5

The Share Capital is established as Euro 23,914,696 (twenty-three million nine hundred and fourteen thousand six hundred and ninety-six) fully paid up, divided into 45,989,800 (forty-five million nine hundred and eighty-nine thousand eight hundred) ordinary shares with a par value of Euro 0.52 (zero point five two) each.

The Company has the faculty of issuing other categories of shares and financial instruments, including preference shares, savings shares, warrants, and bonds, also convertible into shares or cum warrants. The issue of shares may also take place by the conversion of other categories of shares.

The capital may also be increased by the issue of shares with rights different from those of the ordinary shares, within the limits allowed by law.

In the case of a capital increase on payment, the option right may be excluded within the limit of 10% of the pre-existing share capital providing the issue price corresponds to the market value of the shares and that this is confirmed in a special report issued by the firm mandated to audit the accounts.

The Company may proceed to buy its own shares in compliance with the provisions of art. 2357 of the Civil Code.

Art. 6

The Company's shares may be freely sold with effect towards the same in respect of the laws in force.

Art. 7

The general Shareholders' Meeting shall be called by the Board of Directors, except in the cases for which law or the Articles of Association rule otherwise.

The ordinary Shareholders' Meeting must be called at least once a year, within 120 days from the closure of the financial period, or within 180 days from the closure of the financial period, pursuant to and by effect of art.

2364 of the civil code, if the Company is held to draft a consolidated financial statement or when particular needs relative to the Company's structure or purpose so require.

Art. 8

The Shareholders' Meeting must be called immediately when requested by a number of shareholders representing at least **one twentieth** of the share capital. The relative request must be sent to the Chairman of the Board of Directors by registered letter with indication of the matters to be discussed, accompanied by suitable documentation testifying to the individual shareholdings on the date of the despatch of the registered letter.

Convocation on the request of shareholders is not allowed for subjects on which the Shareholders' Meeting passes resolution, pursuant to law, on proposal of the directors or on the basis of a project or report drawn up by the latter.

Art. 9

The Shareholders' Meeting is convoked within the terms and according to the modalities contemplated by the legal provisions in force.

The convocation notice must be published within the terms of law in the Official Journal of the Italian Republic or in at least one of the following daily newspapers: "Il Sole 24 Ore", "Il Corriere della Sera", "La Repubblica" or "MF - Milano Finanza".

The notice must indicate the time, the day, the month, the year and the place of the Meeting, the list of matters to be discussed and the additional information requested by the laws in force.

The shareholders, also jointly, representing at least one fortieth of the share capital can request, within ten days of the publication of the Shareholders' Meeting convocation notice (or within five days in the cases contemplated by law), additions to the list of matters to be discussed, indicating in the request the additional arguments proposed. Notice of such additions shall be given, in the same forms as those prescribed for the publication of the convocation notice, at least fifteen days (or at least seven days in the cases contemplated by

law) before the day fixed for the meeting. The addition of subjects to be discussed is not allowed for subjects on which the Shareholders' Meeting passes resolution, pursuant to law, on proposal of the directors or on the basis of a project or report drawn up by the latter, other than those referred to in art. 125-ter, paragraph 1, of Lgs. Decree n. 58 of 24.2.1998.

The extraordinary Shareholders' Meeting may be called on third convocation pursuant to law.

Art. 10

In the absence of the formalities indicated in art. 9 of these Articles of Association, the Shareholders' Meeting shall be deemed validly constituted when the entire share capital is represented and when it is attended by the majority of the members of the Board of Directors and of the Board of Auditors; in such a case, notification of the resolutions passed must be immediately communicated to the members of the Board of Directors and of the Board of Auditors who are not present.

However, in such a case each of the participants may oppose the discussion of any subject on which he/she maintains that he/she has not been sufficiently informed.

Art. 11

The second or third convocation of the Shareholders' Meeting must be at least 24 hours after the first or second convocation respectively when the said convocation has been indicated in the same Shareholders' Meeting notice of first or second convocation.

If the day for the second or third convocation is not indicated in the aforesaid notice, the Meeting must be convoked again within third days from the first or second convocation and the term established for publication of the notice is reduced to ten days, providing the list of matters to be discussed is not modified.

Art. 12

The right to take the floor at the Meeting is held by those with voting rights and for whom the Company has received a communication transmitted from the intermediary on the basis of the relative evidence at the end of the accounting day of the seventh open market day prior to the date fixed for the Meeting on first convocation.

Art. 13

Those with voting rights can be represented by third parties, also not shareholders, by written power of proxy, always with respect for the applicable provisions of law.

Art. 14

The chair of the Meeting is held by the Chairman of the Board of Directors or, in his/her absence or impediment, by another director appointed by the Shareholders' Meeting itself.

Art. 15

The right to take the floor at the Meetings and the regularity of the powers of proxy are verified and declared by the Chairman of the Meeting, who ascertains the identity and entitlements of those present, checks the regularity of the constitution of the Meeting, regulates the proceedings of the same, and pronounces the results of the voting; the results of such verifications and pronouncements must be reported in the minutes.

Art. 16

The Chairman of the Meeting is assisted in his/her duties by a secretary, who need not necessarily be a shareholder, chosen from those present. For extraordinary Shareholders' Meetings, the minutes must be drawn up by a Notary Public, in which case the assistance of the secretary is not necessary.

Art. 17

The constitution of the ordinary Shareholders' Meeting is valid if it is attended in person or by proxy by a number of subjects with voting rights which represent at least half of the share capital, excluding from the count the shares without voting rights at the Shareholders' Meeting. The constitution of the ordinary Shareholders' Meeting on second convocation is valid regardless of the share capital present.

Art. 18

The constitution of the extraordinary Shareholders' Meeting, on first convocation, is valid with the presence of a number of subjects with voting rights representing more than half the share capital, and on second

convocation with the presence of a number of subjects with voting rights representing more than one third of the share capital, and on third convocation with the presence of a number of subjects with voting rights representing more than one fifth of the share capital, excluding from the count the shares without voting rights at the Shareholders' Meeting.

The extraordinary Shareholders' Meeting on first, second and third convocation passes resolutions with the favourable vote of the subjects representing at least two thirds of the capital represented at the Meeting.

Art. 19

The ordinary Shareholders' Resolutions are valid if passed with the absolute majority of the votes present.

Art. 20

The minutes testifying to the ordinary Shareholders' Meeting resolutions are signed by the Chairman and the Secretary of the Meeting and, if appointed, also by the scrutineers.

Art. 21

The administration of the Company is entrusted to a Board of Directors composed of from three to eleven members, who need not necessarily be shareholders, chosen and elected by the Shareholders' Meeting.

The directors are appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders, on each of which there may be no more than eleven candidates, each associated with a progressive number.

Each candidate may be present on only one list, on penalty of ineligibility.

If several lists are presented, they must not be connected in any way, even indirectly, with each other.

Therefore, no shareholder can present or contribute towards presenting, even indirectly by proxy or trustee, more than one list. In the case of the breach of these rules, no account shall be taken of the vote of the shareholder in respect of any of the lists presented.

The right to present the lists is held only by shareholders who alone or jointly with other shareholders represent at least 2.5% (two point five percent) of the share capital underwritten at the moment of the presentation of the list, or a diverse percentage requested by CONSOB (the Italian Securities and Investments Board) regulation,

which shall be indicated in the convocation notice of the Shareholders' Meeting called to decide on the appointment of the Board of Directors. The minimum quota of shares required for participation in the presentation of the lists is determined with reference to the shares registered in the name of the shareholder on the day on which the lists are deposited with the Company. The relative certification may be produced after the deposit providing it is produced within the term contemplated for the publication of the lists on the part of the Company.

The lists, accompanied by the professional curricula of the designated subjects and undersigned by the presenting shareholders, must be delivered to the Company's head office at least twenty-five days before the first Shareholders' Meeting. Within the same term, the statements must be deposited by which the single candidates accept their candidature and declare, under their own responsibility, the inexistence of reasons for ineligibility or incompatibility contemplated by law, the existence of any requisites prescribed by law and by the regulations applicable to members of the Board of Directors, as well as directorships and auditorships held in other companies. The lists are made available to the public at the Company's head office, at the Company's internet site, and by the other modalities contemplated by the laws in force, at least twenty-one days before the date of the Meeting. Each list must contain, and expressly indicate, the candidature of at least one subject holding the requisites of independence established for auditors pursuant to art. 148, paragraph 3, Lgs. Decree 58/1998, or two if the Shareholders' Meeting determines that the number of directors shall be more than seven, pursuant to art. 147-ter, paragraph 4, Lgs. Decree 58/1998. Each list may also contain express indication, if it is the case, of the directors holding the requisites of independence contemplated by the Codes of Conduct drawn up by the management companies of the regulated markets or by the category associations. On conclusion of the voting, the candidates elected shall be those of the two lists which have obtained the greater number of votes, according to the following criteria:

a) of the list which has obtained the greater number of votes (hereinafter, the "Majority List"), a number of directors equal to the total number of members of the Board of Directors are taken, as established previously by

the Shareholders' Meeting, minus one; the candidates thus elected shall be those in numerical order indicated on the list;

b) of the list which has obtained the second greatest number of votes (hereinafter, the "Minority List"), one director is taken, and namely the candidate indicated by the first number of the said list.

The candidate indicated in the first position on the Majority List shall be appointed as Chairman of the Board of Directors.

If the two lists obtain an equal number of votes, the voting shall be repeated by the Shareholders' Meeting, offering only the first two lists.

If only one list has been presented, the Shareholders' Meeting expresses its vote on the same and if the same obtains the relative majority the candidates listed in progressive order, up to the number fixed by the Shareholders' Meeting are elected. The candidate indicated in the first position on the list shall be appointed as Chairman of the Board of Directors.

No account shall be taken of lists which have not achieved a percentage of votes equal to at least half those requested by these Articles of Association for presentation of the same.

If the appointment of one or more directors is impossible with the list voting, pursuant to the provisions of this article, for any reason whatsoever, the modalities and the majorities of law shall be adopted.

The directors shall remain in office until the day of the presentation to the Shareholders' Meeting of the annual financial statement of the third financial period of their term of office. The independent directors must immediately inform the Board of Directors if they no longer hold the requisites of independence required by law. The loss of such requisites shall involve their fall from office when the minimum number of directors holding the requisites of independence required by law is no longer reached.

In one or more directors no longer hold their office, for any reason whatsoever, they shall be replaced by the Board of Directors by resolution approved by the Board of Auditors, choosing from the candidates indicted on the list on which the director or directors who no longer hold office were included, and providing the majority is

still composed of directors appointed by the Shareholders' Meeting. If such a former director was an independent director, another independent director must be co-opted.

The directors thus appointed shall remain in office until the next Shareholders' Meeting, which shall be called for their confirmation, or to bring the Board of Directors' members to the full number by the appointment of other directors, or to reduce the number of directors. The directors thus appointed by the Shareholders' Meeting shall remain in office until the expiry of the term of office of the other administrators in office at the moment of the appointment of the former.

If it is not possible to take from the Minority List any director to be co-opted, the Board of Directors shall co-opt a director chosen by the Board itself holding the requisites of independence established by law. The director thus co-opted shall remain in office until the first Shareholder's Meeting, in the date of which all the other directors shall fall from office, and the entire Board of Directors must therefore be reconstituted by list voting. If there is no longer a majority of directors appointed by the Shareholders' Meeting, the entire Board shall fall from office; the directors remaining in office must urgently call the Shareholders' Meeting for the appointment of a new Board.

The fees and the participation in the profits due to the members of the Board of Directors are established by the ordinary Shareholders' Meeting. The fees for directors invested with special duties pursuant to the Articles of Association are established by the Board of Directors after consultation with the Board of Auditors. The Shareholders' Meeting may determine a total sum for the fees of all the directors, including those invested with special duties.

Art. 22

The members of the Board of Directors have the right to the reimbursement of expenses sustained in the performance of their duties.

Art. 23

The Board of Directors, at the first meeting after its appointment, elects a Chairman from among its members, unless this office has already been conferred by the Shareholders' Meeting pursuant to the preceding art. 21.

The Chairman:

- a) legally represents the Company before third parties and in court, with the faculty of filing actions and petitions before any authority whatsoever and at any degree of jurisdiction, also before the courts of appeal and the Supreme Court, and of appointing for the purpose lawyers and attorneys at law and experts;
- b) chairs and directs the Board of Directors' Meetings and the Shareholders' Meetings;
- c) exercises all the other functions as far as delegated by the Board pursuant to art. 28 of these Articles of Association.

Art. 24

The Board of Auditors, after written communication to the Chairman of the Board of Directors, may convoke the Shareholders' Meeting, Board of Directors' meetings and meetings of the Executive Committee, if appointed.

The powers of convocation may also be exercised individually by each member of the Board of Auditors, except as regards the Shareholders' Meeting, in which case the Meeting must be called by at least two members of the Board of Auditors.

Art. 25

The Board of Directors' meeting is convoked by the Chairman or, in the case of his/her impediment, by a Managing Director (if appointed), at the Company's head office or elsewhere, providing it is in Italy, in the countries of the European Union or in any other state where the head office of one of the companies belonging to the Group is located, every time it is deemed opportune or when requested by at least two directors, by registered letter, telegram, fax or electronic mail, sent to the members of the Board of Directors itself and to the members of the Board of Auditors at least two days before the date fixed.

The convocation is made by notice containing indication of the day, time and place of the meeting and the relative agenda.

The convocation shall be maintained valid in any case if all the directors and all the standing members of the Board of Auditors are present.

Board of Directors' meetings shall be validly constituted also if held by tele-conference or video-conference, providing all participants can be identified by the Chairman and by all other participants, and providing all participants have the possibility of following the discussion and of intervening in real time in the discussion of the subjects on the agenda, of exchanging documents relative to such subjects and that all the above is recorded in the relative minutes.

Under such conditions, the meeting shall be maintained as being held in the place where the Chairman is physically present together with the Secretary to allow for the drafting of the relative minutes.

Art. 26

Board of Directors' meetings are chaired by the Chairman or, in the case of his/her absence or impediment, by the oldest Vice Chairman or, in the case of the absence or impediment of the latter, by the oldest Managing Director or, in the case of this latter's absence or impediment, by the person designated by those present.

The resolutions of the Board of Directors' meeting, regularly constituted with the presence of the absolute majority of its members, are validly adopted with the approval of the absolute majority of the directors invited and entitled to vote. Directors in a situation of conflicting interests are counted solely for the purposes of ascertaining the required quorum for the constitution of the Board meeting.

Art. 27

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company, with the express faculty of carrying out all acts deemed opportune for the pursuit of the Company's purpose, excluding only those peremptorily reserved by law to the Shareholders' Meeting.

The Board of Directors is also responsible, always within the limits of law, for passing resolution on:

- the establishment or suppression of secondary seats;
- the transfer of the company's head office elsewhere on national territory;
- merger in the cases contemplated by arts. 2505 and 2505-*bis* of the Civil Code, also as referred to for unbundling pursuant to art. 2506-*ter* of the Civil Code;
- the reduction of the share capital in the case of the withdrawal of a shareholder;
- amendments to the Articles of Association in order to comply with provisions of law.

The above provisions do not exclude the possibility of the adoption of the above mentioned resolutions by the extraordinary Shareholders' Meeting if deemed opportune by the Board of Directors.

The Board of Directors, also via the Chairman and/or Managing Director, if appointed, reports to the Board of Auditors, pursuant to art. 150 of Lgs. Decree n. 58 of 24th February 1998, on the occasion of the Board of Directors' meetings and, in any case, at least once every three months, on the activity carried out and on the operations of major relevance on the economic, financial and equity situation of the Company or its subsidiaries and, in particular, on the operations in which it has an interest on its own behalf or on behalf of third parties, or which are influenced by the subject which exercises direction and coordination. The reporting to the Board of Auditors may also take place, for reasons of immediacy, directly or on the occasion of the meetings of the Executive Committee, if constituted.

Art. 28

The Board of Directors, according to criteria which it shall consider as most closely corresponding to the best interests of the Company, may:

- a) entrust all or part of its own functions to one or more of its members, which shall act with the title of Managing Directors, determining the relative powers; the office of Managing Director is compatible with that of President of the Company. The Managing Directors report, also orally, to the Board of Directors and to the Board of Auditors, pursuant to art. 2381 of the Civil Code, at least every three months;
- b) entrust special duties and powers of representation to one or more directors relative to one or more business

deals in which the Company is interested;

d) appoint from among its members and Executive Committee, determining, within the terms allowed by law, the attributions and the functioning modalities;

d) entrust the executive part of Company operations to one or more directors;

e) appoint committees, without external relevance, electing the relative components from among the directors themselves, establishing objectives and determining the relative regulations;

f) appoint one or more Vice Chairman, determining the relative duties.

Art. 29

The Board of Directors and the Chairman and, if appointed, each Managing Director, within the limits of the powers conferred on the same, have the faculty of appointing attorneys-in-fact *ad negotia*, directors, and special proxies for certain acts or categories of acts, simultaneously determining duties, powers and attributions, always with respect for the limitations of law.

Art. 30

The Board of Auditors is composed of three standing members and two alternative members, who remain in office for three financial periods, until the date of the Shareholders' Meeting convoked for the approval of the financial statement relative to the third financial period of their term of office, and they may be re-elected.

The members of the Board of Auditors are appointed by the Shareholders' Meeting as established here following.

In order to ensure the election of a standing member and an alternative member of the Board of Auditors representing the minority interests, the appointment of the Board of Auditors takes place on the basis of lists presented by the shareholders, in which the candidates are listed by a progressive number.

The lists are composed of two sections: one for the candidates for the office of standing member of the Board of Auditors and the other for candidates for the office of alternative member. The right to present the lists is held only by shareholders who alone or jointly with other shareholders with voting rights at the ordinary

Shareholders' Meeting represent at least 2.5% of the share capital, or a diverse percentage requested by CONSOB regulation, which shall be indicated in the convocation notice of the Shareholders' Meeting called to decide on the appointment of the Board of Auditors. The minimum quota of shares required for participation in the presentation of the lists is determined with reference to the shares registered in the name of the shareholder on the day on which the lists are deposited with the Company. The relative certification may be produced after the deposit providing it is produced within the term contemplated for the publication of the lists on the part of the Company.

Every shareholder, as well as shareholders belonging to the same group, and the subjects who participate, also through a subsidiary, to a shareholders' agreement pursuant to art. 122 of Lgs. Decree n. 58 of 24th February 1998, cannot present or vote for, in person or by proxy or through a trustee company, more than one list.

Each candidate may be present on only one list, on penalty of ineligibility.

The lists may not include candidates who hold offices of administration or control above the limits established by the provisions of law and regulations in force and who do not hold the requisites of honour and professional skill established by law.

The proposing shareholders, at least twenty-five days before that fixed for the Shareholders' Meeting on first convocation or the diverse term established by CONSOB regulation, must:

- deposit, at the Company's head office, the lists undersigned by those who present the same;
- present and/or deliver to the Company's head office the documentation proving the holding of the shares necessary for the presentation of the lists;
- deposit full information on the personal and professional features of the candidates together with the list of offices of administration and control held in other companies;
- deposit a declaration of the shareholders other than those which hold, also jointly, a controlling interest or a relative majority, testifying to the absence of relationships with the latter contemplated by art. 144-quinquies of CONSOB regulation n. 11971/1999;

- deposit the declarations by which the single candidates accept the candidature and guarantee, under their own responsibility, the inexistence of any cause for ineligibility or incompatibility, as well as the existence of the requisites pursuant to law and these Articles of Association for the respective offices.

The list presented without compliance with the above prescriptions shall be considered as not presented. All those entitled to vote can vote for only one list.

The lists are made available to the public at the Company's head office, at the Company's internet site, and by the other modalities contemplated by the laws in force, at least twenty-one days before the date of the Meeting.

Two standing members and one alternative member are taken, on the basis of the progressive order in which they are listed, from the list which has obtained most votes at the Shareholders' Meeting, and one standing member and the other alternative member are taken, on the basis of the progressive order in which they are listed, from the list which has obtained the second greatest number of votes at the Shareholders' Meeting.

In the case of a par vote between the first and the second lists which have obtained the greatest number of votes, the voting shall be repeated by the entire Shareholders' Meeting; the list which then results as elected shall be the list which obtains the simple majority of the votes; if parity occurs for the lists which have both obtained the second greatest number of votes, the candidate which has obtained the vote of the greatest number of shareholders shall be elected, while in every other case the voting shall be repeated by the Shareholders' Meeting with list voting, for the election of the entire Board of Auditors.

In the case of non-regular presentation of at least one list on the part of the minority interests, the first three standing members and the first two alternative members of the Board of Auditors shall be those on the list presented by the majority interests.

The chair of the Board of Auditors shall be held by the first candidate of the minority list or, in the case of the non-regular presentation of at least one list by the minority interests, the chair of the Board of Auditors shall be taken by the first candidate on the list presented by the majority interests. If, during the course of the financial period, one or more standing auditors taken from the list which has obtained most votes fall from office for any

reason whatsoever, the alternative auditor belonging to the same list as the auditor who no longer holds office shall take the latter's place.

If, during the course of the financial period, the standing auditor taken from the list which has obtained the second greatest number of votes and also holding the chair of the Board of Auditors falls from office for any reason whatsoever, his/her place shall be taken by the alternative auditor elected from the same list who shall also hold the chair of the Board of Auditors.

If no list is presented, or in the case of the irregular presentation of all the lists, the Shareholders' Meeting shall pass resolution with the majority pursuant to law without the restriction of lists.

For the appointment of auditors not appointed pursuant to the above paragraphs, the Shareholders' Meeting passes resolution with the majority prescribed by law and without the restriction of lists.

The members of the Board of Auditors are remunerated by a fixed sum determined by the Shareholders' Meeting at the moment of their appointment.

Art. 31

Each Board of Auditors member may proceed individually to carry out all inspections and supervision that he/she may deem opportune.

Art. 32

The Board of Auditors members supervise to ensure respect of law and of the Articles of Association pursuant to arts. 2403 and 2403-*bis* of the Civil Code and report the results of their verifications in the report to be drawn up in the specific book.

The Board of Auditors may take avail of its own assistants and, subject to communication to the Chairman of the Board of Directors, of the Company's employees for the execution of its duties.

The information from the Directors to the Board of Auditors, established by art. 150 of Lgs. Decree n. 58 of 24th February 1998, is communicated at least quarterly, also orally.

In addition, the Board of Auditors members may, also individually, request the directors for news and

clarifications on the information transmitted to the same and, more in general, on the trend of Company operations or on specific business deals, and also proceed, at any moment, with inspections and controls. The Board of Auditors and the Auditing Firm exchange relevant data and information for the performance of their respective duties.

The Board of Auditors must meet at least once every ninety days, on convocation by the Chairman.

For the validity of the resolutions, the majority of the standing auditors in office must be present and the resolutions are passed with the favourable vote of the majority of those present. Distance participation at Board of Auditors meetings is allowed, by means of suitable tele-conference or video-conference system, providing all participants can be identified and can follow and intervene in real time in the discussion of the subjects on the agenda and can receive, transmit and examine documents. On fulfilment of these requisites, the Board of Auditors' meeting shall be presumed as held in the place where the Chairman of the meeting is physically present. The meetings and the initiatives, including individual inspections and control also through assistants, must be recorded in the minutes.

Art. 33

The financial periods close on 31st (thirty-first) December of each year.

At the end of each financial period, the Board of Directors draws up the financial statement, accompanied by a report on the Company's situation and on the management trend, to be presented to the Shareholders' Meeting for approval, in compliance with the provisions of law.

The Company's accounts are audited by an Auditing Firm holding the requisites of law. The mandate for the legal audit of the accounts is conferred, on the basis of motivations presented by the Board of Auditors, by the ordinary Shareholders' Meeting which also determined the fee for the entire term of the mandate.

The Board of Directors, after hearing the obligatory opinion of the Board of Auditors, appoints a manager of the Company for the preparation of the Company's accounting documents pursuant to art. 154-*bis* of Lgs. Decree n. 58/1998.

The Board of Directors ensures that the manager appointed to draw up the Company's accounting documents is endowed with adequate powers and means for the performance of his/her duties, and also supervises to ensure effective respect of the administrative and accounting procedures.

The said appointed manager must have:

- several years' experience in the field of administration, finance and auditing;
- the requisites of honour contemplated by law for the office of director.

The manager appointed to draw up the Company's accounting documents is subject to the provisions which apply to directors relative to the duties entrusted to the same, except for action which can be filed on the basis of labour relations with the Company.

Art. 34

The net profits shall be destined as follows:

- a) five percent shall be allocated to the legal reserve until this has reached one fifth of the share capital;
- b) the rest shall be distributed to the shareholders, unless otherwise destined by the Shareholders' Meeting on the occasion of the approval of the financial statement.

The Board of Directors may pass resolution in favour of the distribution of advances on dividends, pursuant to the modalities established by art. 2433-*bis* of the Civil Code, providing the conditions prescribed by law are fulfilled.

Art. 35

Withdrawal from the company is admitted only in the cases allowed by law, the limitations established by these Articles of Association remaining absolutely binding.

Art. 36

If the Company is wound up, the Shareholders' Meeting establishes the liquidation modalities and appoints one or more liquidators, specifying their powers.

Art. 37

Any dispute that may arise between shareholders, or between shareholders and the Company, the Directors, the members of the Board of Auditors and/or the liquidators, or between the Company and the Directors, the members of the Board of Auditors and/or the liquidators, or between the Directors, the members of the Board of Auditors and/or the liquidators, relative and/or inherent to these Articles of Association, the Deed of Constitution and, in general, any other relationship or agreement relative to the life of the Company and which is not submitted to any other judge pursuant to imperative provisions, shall fall under the exclusive jurisdiction of the Court of the place where the Company has its head office.

Art. 38

In the case of anything not expressly contemplated by these Articles of Association, the provisions of law shall be applied.