

BYLAWS

TITLE I

COMPANY NAME - REGISTERED OFFICE - DURATION - CORPORATE SCOPE

1. Company name

1.1 The limited company is established under the name: "LOTTOMATICA GROUP S.p.A.".

2. Head Office

2.1 The head office of the Company is located in Rome. The Board of Directors has the right to determine the transfer of the Company head office within the boundaries of the Republic of Italy and to establish or to close down ancillary offices.

2.2 The Board of Directors can determine the establishment and extinguishment of branches, offices, agencies and representatives throughout Italy and abroad.

3. Duration

3.1 The Company will remain in existence until December 31, 2070. This term can be extended one or more times by resolution passed by an Extraordinary Shareholders' Meeting, with the exception of, under Clause 26 of the Bylaws, the right of withdrawal by those Shareholders not in agreement with the approval of the motion.

4. Objective

4.1 The Company objective is all activities pertaining to the organisation, management and fulfilment of games and/or lotteries, instant and/or traditional, for example games of ability, forecasting competitions, lottery draws and betting, whether directly or through concessions, in Italy or abroad.

In particular the Company can organise and manage, under licence from the Department of Finance, the automatic lottery, as provided for by section 1 of the d.m. 4832/GAB of March 17, 1993 and subsequent amendments.

The Company can also carry out any concessionary activity and/or activities connected with services delegated, or in any way given in concession, to tobacconist shops and/or collectors for the Public Administration, including the collection of car taxes.

The Company can further exercise and develop, under concession, national pari-mutuel games through a distribution network.

4.2 The Company can carry out any other delegated activity granted by the Public Administration in connection to concessionary services or activities.

4.3 The Company can carry out all manufacturing, financial, commercial, security and real estate transactions, in any way instrumental to the pursuit of the company objective, including the issuing of surety bonds and collateral securities, the acquisition, assignment and use of industrial rights, patents and inventions.

4.4 The Company can participate with and have interests in other companies, businesses and associations, established or in formation, including foreign companies, essential to, connected with or instrumental in achieving the company objective and can carry out, in general, any essential or desirable transaction with this aim in mind within the provisions of activity as per Section 106 and following sections of the Legislative Decree no. 385/1993 and related administrative provisions.

TITLE II

SHARE CAPITAL - SHARES - BONDS

5. Share Capital

5.1 The share capital, resolved for a total of Euro 183,332,984.00, is underwritten and paid up for an amount of Euro 172,140,797, divided into 172,140,797 ordinary shares each with a nominal value of Euro 1.00 and all with equal rights.

The share capital can also be increased through contributions in kind or of receivables.

5.2 In the event of an increase in the share capital against payment, the right to options can be prohibited if so determined by the Shareholders' Meeting or, if so delegated, by the Board of Directors, within the limits and by means provided for in by Article 2441, paragraph 4, second sentence, of the Italian Civil Code.

5.3 The Extraordinary Shareholders' Meeting of 28 April 2011, pursuant to Article 2443 of the Italian Civil Code, granted the Board of Directors the power to increase the share capital against payment and/or for free, on one or more occasions and even in tranches, with no pre-emption right pursuant to the fourth paragraph, second sentence, of article 2441 of the Italian Civil Code, up to the maximum nominal amount of Euro 17,201,537, for a period of no more than five years from the date of the resolution, serving: (i) existing and future compensation plans based on Lottomatica Group S.p.A. shares and/or financial instruments related to Lottomatica Group S.p.A. shares, pursuant to art. 152-sexies, paragraph 1, letter b) of the implementation regulations of Legislative Decree no. 58 of 24 February 1998, concerning procedures for listed issuers, adopted by

Consob Decision no. 11971 of 14 May 1999, and later amendments and additions, in favour of directors and employees of the Company and/or its subsidiaries, up to the maximum limit of 33% per annum with the possibility to carry over any unused portion of a given year for use together with the amounts allocated for subsequent years, and/or in favour of employees of the Company and/or its subsidiaries for assignment pursuant to Article 2349 of the Italian Civil Code, and/or (ii) transactions for acquisition of equity investments (including mergers and de-mergers), companies or company branches operating in sectors of strategic interest for the Company, without any annual limit.

Except for the case of increasing share capital at no charge by issuing shares for assignment to employees of the Company and/or its subsidiaries pursuant to Article 2349 of the Italian Civil Code, the Board of Directors shall determine the price of the new shares by adopting the following criteria, as confirmed by the provided report of the legal auditor or legal audit firm as provided for by law provision:

a) in the event of increasing share capital for consideration to support existing and future plans for compensation of directors and/or employees of the Company and/or its subsidiaries based on financial instruments, the Board of Directors shall determine the issue value, corresponding to the market value of the shares, based on the average market prices of the shares concerned over a significant period of time and, in any case, not less than the arithmetic average of the official prices of ordinary shares of the Company on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. during the month before the Board of Directors allocates the financial instruments linked to Lottomatica Group S.p.A. shares (the month before meaning the period from the date of allocation of the financial instruments linked to Lottomatica Group S.p.A. shares excluding the same day of the previous month and confirming that, for the given period, the only days that will contribute to determination of the arithmetic average will be the days of operation of the market when the official price of the ordinary shares of the Company had actually been recorded);

b) in the event of increasing share capital to support transactions for acquisition of equity investments (including mergers and de-mergers), companies or company branches operating in sectors of strategic interest for the Company, the Board of Directors shall determine the issue value, corresponding to the market value of the shares, based on the average

market prices of the shares concerned over a significant period of time, or by applying more representative assessment criteria such as, for example, the stock exchange quotations method, the discounted cash flow method or the market multiples method.

In the event of increasing share capital at no charge by issuing shares for assignment to employees pursuant to Article 2349 of the Italian Civil Code, the Board of Directors shall make use of the special reserve denominated "Reserve for plans ex Art. 2349 of the Civil Code", resolved by the Extraordinary meeting of 23 April 2007 equal to Euro 1,833,284 at 31 December 2010, as replenished, increased or otherwise regulated from year to year in accordance with the provisions in force at the time for the increase of share capital.

On 28 July 2011 the Board of Directors - upon delegation given by the Extraordinary Shareholders' meeting held on 28 April 2011 - resolved to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, even in tranches, with no pre-emption right pursuant to the fourth paragraph, second sentence, of article 2441 of the Italian Civil Code, (i) against payment, up to the maximum nominal amount of Euro 1,724,816.00, through the issuance in one or more tranches, of up to a maximum of no. 1,724,816 new ordinary shares, each of a nominal value Euro 1.00 worth, at a unit price of Euro 12.87 each, inclusive of nominal value and share premium, having normal dividend rights, to be subscribed by no later than December 31, 2017, to be used in connection with the "Lottomatica Group 2010-2017 Stock Option Plan reserved for employees" of the Company and/or its subsidiaries, and (ii) for free, up to the maximum nominal amount of Euro 125,424.00, through the issuance in one or more tranches, of up to a maximum of no. 125,424 new ordinary shares, each of a nominal value Euro 1.00 worth, having normal dividend rights, to be assigned to certain beneficiaries of the "2006-2011 Share Allocation Retention Plan", pursuant to Article 2349 of the Italian Civil Code, taken from the special reserve called "Plans Reserve pursuant to Article 2349 of the Italian Civil Code", already created with resolution of the Extraordinary Shareholders' meeting held on 23 April 2007, and to be subscribed within 30 September 2011.

5.4 The Extraordinary Shareholders' Meeting of 28 April 2011, pursuant to Article 2443 of the Italian Civil Code, moreover granted the Board of Directors the power to increase the share capital against payment, on one or more occasions and even in tranches, and even under article 2441,

fifth paragraph, of the Italian Civil Code, up to the maximum nominal amount of Euro 125,000,000, for a period of no more than five years from the date of the resolution, to cover certain provisions of the hybrid bonds issued in 2006, with expiry in 2066. In exercising this power, Directors have been granted the amplest discretion to determine, from time to time, the method, terms and conditions of the increase of share capital, including the number of shares to issue from time to time in the exercise of this mandate, the subscription price (including any premium) and the related subscription ratio for exercising the option rights that will be in case offered to shareholders. In particular, the Board of Directors will account for the conditions of financial markets and the trend of the quotations of Company shares recorded when the issue is imminent, in determining the subscription price of the new shares, including any premium.

5.5 From time to time the Board of Directors in execution of the power granting pursuant to Clauses 5.3 and 5.4 above, will resolve the specific term for subscribing to the shares and will also resolve that, whether the increase of share capital is not fully subscribed within the same term, the increase of share capital will be equal to the amount of the subscriptions collected to that date. The Board of Directors has been granted all powers concerning issue of new shares and to amend the Bylaws relating to the sum of share capital and the number of shares issued in accordance with the outcome of implementing each increase of share capital.

6 Shares

6.1 The share are nominative, non-divisible, and freely transferable. This, however, excludes the release of share titles where the Company is bound by the system of obligatory dematerialization of issued financial instruments.

6.2 The extraordinary Shareholders' Meeting can resolve upon the issuance of ordinary shares, special categories of shares or other financial instruments to be allocated to the employees of the Company or of its subsidiaries, pursuant to Article 2349 of the Italian Civil Code.

7. Bonds

7.1 The Company can issue bonds determining the means and conditions of placement, including bearer or nominative bonds, convertible or equity

warrant, according to the powers established by the provisions of the relevant laws.

TITLE III - SHAREHOLDERS' MEETING

8. Convocation

8.1 The Shareholders' Meeting will be convened in the Republic of Italy, and may be outside the area of the Company head office, as provided for by law, wherever and whenever agreed by the Board of Directors, with notification signed by the Chairman as required by the applicable provisions. The Shareholders' Meeting can be held in ordinary and extraordinary sessions, even through calls of notice subsequent to the first one, and it is validly held and it resolves with the majorities pursuant to the applicable provisions. The Board of Directors can resolve, if it is deemed appropriate and by expressly indicating in the notice of call, in relation to both ordinary and extraordinary sessions, that the Shareholders' Meeting be held upon a single notice of call, with the majorities established by the applicable provisions.

8.2 In the cases allowed by the applicable provisions, the Shareholders' Meeting is also called by the Board of Directors at the request of several Shareholders who represent at least the minimum percentage of the share capital provided by the applicable provisions, or by the Board of Statutory Auditors or at least two regular members of the Board of Statutory Auditors.

8.3 The Shareholders representing, also jointly, at least the minimum percentage of the share capital provided by the applicable provisions are entitled to claim, in the circumstances and within the term provided by the applicable provisions, the list of the matters on the agenda to be supplemented, mentioning in the request the additional proposed matters. Within the term provided by the applicable provisions, the supplements to the list of the matters on the agenda that the Shareholders' Meeting shall have to deal with, following the above requests, will be made public in accordance with the same forms imposed for the publication of the notice of call.

9. The Right to Vote and Intervene

9.1 Each share gives the right to one vote.

9.2 Those, in relation to which the Company has received the relevant communication proving their title to intervene, by authorized intermediaries and within the term provided by the applicable provisions, can intervene in the Shareholders' Meeting.

9.3 Unless a single notice of call to Shareholders' Meetings applies, the above received communication, in compliance with the above, is valid for successive meetings.

9.4 Every Shareholder who is entitled to intervene in the Meeting can be represented, by means of written proxy pursuant to the applicable provisions or by means of proxy granted electronically, pursuant to the applicable provisions.

9.5 It is the responsibility of the Chairman of the Meeting to verify the validity of the proxy and the general right to intervene in the Meeting.

9.6 The proxy may be notified to the Company also through electronic means, with one of the following methods indicated each time in the notice of call: (i) sending the proxy to the, also certified, e-mail address indicated in the notice of call; (ii) using the appropriate section of the Company's website indicated in the notice of call. The notice of call can also indicate, in accordance with applicable laws, additional methods of electronic notification of the proxy which can be used for the specific meeting to which the notice refers to.

9.7 For each Shareholders' Meeting the Company can designate one or more entities, indicated in the notice of call, to whom shareholders can grant a proxy with voting instructions for all or only some of the items on the agenda, within the terms and with the manners pursuant to the applicable provisions. The proxy will be valid only for the items for which voting instructions are provided.

10. The Chairmanship and Management of Responsibilities

10.1 The Meeting is presided over by the Chairman of the Board of Directors, or in his/her absence by the Vice Chairman (if appointed); in the presence of more than one Vice Chairmen, the meeting will be chaired by the Vice Chairman most senior in rank, or in the case of equal seniority, by the most senior in age. In the absence of one or all Vice Chairmen, the Meeting will be chaired by a person elected by the Meeting itself.

10.2 It is the responsibility of the person chairing the Meeting, who can use appropriate agents, to verify the right to intervene in the Meeting and the validity of the proxy, to settle potential objections and also to direct and control discussions ultimately establishing the duration of each intervention, also to establish voting order and procedures, all in respect of the regulation, previously determined by the Board of Directors and approved by the Meeting, governing the orderly and

practical conduct of the same, whether in ordinary meeting or extraordinary meeting.

10.3 The Meeting will appoint a secretary who is not a Shareholder, and, if deemed appropriate, two observers from among the Shareholders.

The resolution of the Meeting are verified by appropriate minutes signed by the Chairman, by the Secretary and potentially by the observers.

The minutes should show the date of the meeting and, by attachment, the (identity) of the participants and the amount of capital represented by each; they should also show the procedure and results of the voting and, also by attachment, show the names of those who have voted in favor, abstained, and objected. At the request of those who have the right to vote, the minutes must also outline their discussions relevant to the order of the day.

10.4 Where required by law or where the Chairman deems appropriate the minutes will be transcribed by a Public Notary.

11. Competencies and Majority

11.1 The Ordinary Shareholders' Meeting will approve the financial statement, appoint Directors, and eventually the Chairman of the Board of Directors, as well as the Statutory Auditors and the Chairman of the Board of Statutory Auditors, fixes their fees and in compliance with the applicable provisions, it also provides for their revocation and resolves upon any other matter under legal jurisdiction of the Ordinary Shareholders' Meeting.

11.2 The Ordinary Shareholders' Meeting shall be held at least once a year to approve the financial statements, within one hundred and twenty days of the end of the financial year or within one hundred and eighty days if the Company issues consolidated statements or if particular requirements to the structure and objective of the Company make it necessary. In this case the Directors shall explain the reasons for the delay in the management report.

11.3 The Extraordinary Shareholders' Meeting will resolve on amendments to the deed of constitution or the Bylaws not finalized to adapt them to provisions in force, in addition to any other matter under their legal jurisdiction.

11.4 The decisions of the Meeting are made by legal majorities and must be recorded in the minutes signed by the Chairman of the Meeting and by the Secretary.

11.5. The Ordinary Shareholders' Meeting will approve execution of the

relevant related-party transactions, as identified by provisions in force issued by Consob, by a favourable vote of at least half the unrelated shareholders, as identified by the above said provisions in force, present at the meeting and representing at least 10% of share capital with voting rights.

11.6 In case of urgency, the related-party transactions, that do not fall under the competence of the Ordinary Shareholders' Meeting and that do not have to be authorized by such Shareholders' Meeting, but fall under the responsibility of a managing director or of the executive committee, if any, can be executed in waiver of the currently existing provisions, also internal to the Company, upon occurrence of the conditions and in full respect of the obligation there under.

11.7 In case of urgency matters connected to a corporate crisis, the currently existing provisions, also internal to the Company, in relation to related-party transactions falling under the competence of the Shareholders' meeting, can be waived upon occurrence of the conditions and in full respect of the obligation there under.

12. Information to the Shareholders

12.1 The Shareholders have the right to view all the acts from previous Meetings registered at the company head office and to obtain copies at their own expense.

TITLE IV - MANAGEMENT BODY

13. Board of Directors: appointment and compensation

13.1 The Company is managed by a Board of Directors made up of seven to fifteen members appointed by the Shareholders' meeting, that also determines the number of Directors as well as their compensation.

13.2 The Shareholders' meeting also determines the additional compensation, if any, of those Directors that are members of the Executive Committee.

13.3 The additional compensation, if any, of those Directors vested with particular offices pursuant to these Bylaws, including the members of bodies and committees having consultative, proposing and controlling functions, is determined by the Board of Directors having heard the Board of Statutory Auditors.

13.4 The Shareholders' meeting may determine an overall amount for the compensation of all the Directors, including those vested with particular offices.

13.5 In order to be vested as Director and to remain in office, a person must possess the individual requisites in accordance with administrative and statutory provisions in force, with apply to the Company and also with respect to any shareholdings held by the Company. An appropriate number of Directors, in any case not lower than the one provided by law, must possess the independence requisites it provides for.

13.6 Directors are appointed by the Ordinary Shareholders' Meeting on the basis of lists submitted by the Shareholders, whereby the candidates must be indexed by progressive numbering. Only the Shareholders representing, alone or together with other Shareholders, the minimum percentage of share capital provided by provisions applicable to the Company, have the right to submit the lists.

The above percentage shall be indicated in the notice of summon of the Shareholders' Meeting called to resolve upon the appointment of the Board of Directors.

Each Shareholder will have the right to submit or take part in the submission of only one list and each candidate will be entitled to present himself in one list only, otherwise resulting ineligible or, if appointed, shall result in their termination of office.

Candidates not having the requisites as provided by the applicable provisions including in the Bylaws (without prejudice to any other reason of forfeiture or ineligibility) cannot be inserted in the lists.

Each list shall have to contain a number of candidates not exceeding the maximum number of Directors mentioned under Clause 13.5 above; a minimum number of candidates, equal to the number as provided by aforementioned provisions, shall have to possess the independence requisites provided therein. Each list may contain the indication of the candidate to the office of Chairman of the Board of Directors.

The candidates' lists must be filed with the Company's head office within the term provided by the applicable provisions. Upon filing, each list shall be accompanied by:

A) exhaustive information on the personal and professional qualifications of the candidates, indicating their alleged independency qualification pursuant to the applicable provisions;

B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility, as well as that he/she possesses all requisites as provided by applicable provisions and by the Bylaws.

C) an indication of (i) the identity of the Shareholders that have submitted the list and (ii) the percentage of share capital jointly owned.

The Shareholders who have submitted the list shall deposit a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists, within the terms and in full respect of the modalities provided by the applicable provisions.

The Company shall immediately, and in any event at least within the term provided by the applicable provisions, fulfil all the disclosure requirements set by the same.

The denial, or the grounded risk of denial, of the satisfaction expressed by administrations or entities pursuant to administrative or statutory provisions, also foreign, applicable to the Company, are construed as causes of ineligibility to the office of Director, or if appointed, shall result in the Director's termination of office.

The lists or any candidate submission, the presentation of which do not comply with all the above provisions, except for those to be complied with by the Company, are deemed as not submitted.

Moreover, the lists that have not obtained the minimum number of votes provided by law, are also deemed as not submitted.

All those having the right to vote can vote for only one list.

The election of the Directors will proceed as follows:

a) a number of Members of the Board representing the entirety of those to be appointed will be elected from the list having obtained the highest number of votes (hereinafter referred to as the "**Majority List**") at the Shareholders' Meeting, on the basis of the same progressive numbering they have been listed in the list, save for the minimum number reserved to the minority Shareholders by the applicable provisions;

b) a number of Members of the Board equal to the minimum number set out under letter a) - unrelated in any manner whatsoever, also indirectly, to those who have submitted or voted the Majority List (hereinafter referred to as the "**Minority List**") will be elected from the list having obtained the second greatest number of votes at the Shareholders' Meeting, in accordance with the progressive numbering they have been listed in the list.

In the event that, through the candidates elected in accordance with the above mentioned terms, the number of independent Members of the Board

referred to under Clause 13.5 above is not ensured, the last elected non independent candidate(s) in progressive numbering in the Majority List, shall be replaced by the first independent candidate(s), in accordance with the respective progressive numbering, non elected in the same Majority List.

In the event of several lists achieving an equal number of votes, the list that has been submitted by the Shareholders holding the greater percentage of shares at the moment of submitting the list, or in sub-order, by the greater number of Shareholders, shall prevail. In the event that the above said criteria do not help, the candidates shall be selected from each list, in the number provided by the applicable provisions, also included in the Bylaws, on the basis of seniority.

In the event that only one list is submitted or voted, then all Members of the Board shall be elected from such list.

The independent Directors that no longer meet the independence requirements provided by the applicable provisions shall immediately inform the Board of Directors.

13.7 Directors are appointed for a maximum of three financial years, following which, as agreed by the Shareholders' Meeting of appointment, they may be available for re-election. Their role will expire on the date of the Shareholders Meeting called to approve the accounts relating to the final financial year of their appointment.

13.8 Should one or more Directors cease from the office or, though appointed by the Shareholders' Meeting, fail to take office, they shall be replaced pursuant to Article 2386 of the Italian Civil Code.

In the event that the ceased Directors had been selected from the Minority List, the Board of Directors shall select the substitute members on the basis of the same progressive numbering they have been listed, provided that the minimum number of independent Directors provided by law is ensured, from (i) the same Minority List, if possible or, on the basis of the larger number of votes obtained during the Shareholders' Meeting, (ii) from the other lists submitted and voted by Shareholders that are in no way connected with the Shareholders that have submitted or voted the Majority List.

14. Board of Directors: EXECUTIVE AND CONSULTING BODIES

14.1 The Board will elect a Chairman from among its members, unless already appointed by the Shareholders' Meeting and also can elect one or more Vice Chairmen who will deputize for the Chairman in the event of

absence or impediment; in the presence of several Vice Chairmen , the most senior in rank will deputize for the Chairman, or the most senior in age in the event of equal seniority.

14.2 The Board will appoint from among its members one or more Managing Directors and can also appoint an Executive Committee, determining the relative rights and duties. If an Executive Committee is appointed, the Chairman of the Board of Directors and the Managing Director(s) will automatically become Committee members.

14.3 In Board meetings called to approve interim and financial statements and in any case, at least as frequently as the minimum intervals fixed by provisions in force, such delegated bodies shall report to the Board of Directors and to the Statutory Auditors on their activities in carrying out their respective duties, on the general progress of their management and anticipated development, on the transactions of major significance, in size or character, undertaken by the company and its subsidiaries.

14.4 The Board of Directors may establish one or more bodies and/or committees having consultative, proposing and controlling functions, also appointing external individuals to the same Board, if so allowed by the applicable provisions, setting their relevant competences and powers, as well as grant such competences and powers to one or more Directors.

15. Meetings of the Board

15.1 The Board of Directors meetings will normally take place at the Company head office, but a change of venue can be advised in the notice of call. Meetings can also be held by video conference and/or teleconference, provided that the exact identity of those legitimately participating can be verified by the Chairman and the other participants, that every participant has the possibility of verbal intervention, in real time, on all topics, and the opportunity to receive or transmit documents; in all cases the Chairman and the Secretary should be present at the location of the meeting.

15.2 The Board of Directors is summoned on the initiative of the Chairman or at the written request of the Managing Director or one of the Managing Directors or of three Directors, by means of letter or telegraphic communication or telex or fax or e-mail sent to the Directors and to the Statutory Auditors at least 3 working days before the meeting. Where urgency is required the minimum length of time is reduced to forty-eight hours. The Board can be also summoned, with the same manners, with a notice of at least twenty-four hours, on the initiative of the Chairman

who has just been appointed by the Shareholders' meeting pursuant to article 14.1 above.

Moreover, the Board can be summoned, after communication to the Chairman of the Board of Directors, by the Board of Statutory Auditors or, individually by each member of the Board of Statutory Auditors. The notice of call must advise the location, the date and the time of the meeting, as well as the list of items to discuss.

15.3 The Board of Directors will be considered duly constituted even without summoning provided that all the Board members and regular Statutory Auditors are present.

16. Validity and recording of the minutes

16.1 The majority of appointed Directors must be present for the resolutions of the Board to be valid.

16.2 The Board of Directors is chaired by the Chairman or, in his absence, by the Vice Chairman, if appointed; in the presence of more than one Vice Chairman the meeting will be chaired by the most senior in rank of the Vice Chairmen, or in the case of equal ranking, the most senior in age; in the absence of the Chairman and of his Vice Chairman or Vice Chairmen, the meeting will be chaired by the Board member most senior in rank or, in the case of equal ranking, the most senior in age.

16.3 The Board of Directors can appoint a Secretary, who can be chosen from outside the Board, and in which case has no voting rights.

16.4 The resolutions of the Board of Directors will be recorded in minutes by the Secretary, or in his/her absence by one of the Board members with the responsibilities of secretary; the minutes will be registered in an appropriate book and signed by the Secretary and the Chairman of the meeting. This book will be kept at the Company head office.

17. Board of Directors: powers

17.1 The Board of Directors holds all powers for the ordinary and extraordinary management of the Company.

It is responsible for all acts in practice of or appropriate to the pursuit of the company objective.

The administrative body also holds the following powers:

- a) to agree mergers or de-mergers as provided by Article 2505, 2505 (2) and 2506 (3), last paragraph, of the Italian Civil Code;
- b) to establish or close ancillary offices;
- c) to select representative executives;

d) to reduce share capital in the event of the withdrawal of Shareholders;

e) to ensure the compliance by the Bylaws to the provisions of law;

f) to transfer the head office to another location within the Republic of Italy;

17.2 The resolutions of the Board of Directors are adopted by absolute majority of the attending persons, except for the cases under which the law expressly requires a highest quorum. In the event of equality of votes, the Chairman has a casting vote.

18. Chairman

18.1 The Chairman of the Board of Directors or, if absent or unavailable, any one of the Vice Chairman is the legal and procedural representative of the Company. If the Chairman also holds an executive office, he will report periodically to the Board of Directors and the Board of Statutory Auditor at the same intervals as provided for other executive bodies.

18.2 In the interests of urgency the Chairman, with the proposal of the Managing Director or of one of the Managing Directors jointly with himself, can take any measure under the remit of the Board of Directors, reporting back to It at the earliest opportunity.

18.3 The Board of Directors can also grant the representation and the signature of the Company, including in judicial proceedings before a third party.

19. Managing Director and General Manager

19.1 The Managing Director or each of the Managing Directors possess the powers granted to him/them by the Board of Directors. The Managing Director or each of the Managing Directors can make agenda proposals to the Chairman for discussion by the Board and the Executive Committee and supervise the implementation of the relevant decisions.

19.2 The Board of Directors can appoint one or more General Managers, who can be chosen from among its members, determining their rights, including the appointment of and the granting of a mandate to an attorney. The Board can confer the role of General Manager on the Managing Director, or on each of the Managing Directors, even where he/she is also currently a Vice Chairman.

19.3 The General Manager who does not simultaneously hold the position of member of the Board of Directors, can attend the meetings of the Board of Directors and the Executive Committee, with the authority to express unrestricted opinions on the subjects under discussion.

TITLE V - BOARD OF STATUTORY AUDITORS AND MANAGER IN CHARGE OF THE
DRAWING UP
OF THE ACCOUNTANCY DOCUMENTS

20. Appointment, composition and requirements of the Board of Statutory
Auditors

20.1 The Board of Statutory Auditors are comprised of three regular Statutory Auditors and of two or more deputies, appointed by the Shareholders' Meeting.

20.2 The Statutory Auditors are appointed on the basis of lists presented by the Shareholders in which candidates are indexed by progressive numbering, specifying if the candidate presents himself/herself, as regular or deputy Statutory Auditor.

The lists shall be deposited at the head office within the term provided by the applicable provisions.

Upon filing, they shall be accompanied by:

A) exhaustive information on the personal and professional qualities of the candidates, on the acquired expertises and on their past experiences and an indication of the management and control offices held in other companies and their expiration date;

B) a statement through which each candidate accepts to be candidate and certifies under his/her own responsibility that there are no reasons of ineligibility or incompatibility provided by law, as well as that he/she possesses all requisites provided by applicable provisions to the Company;

C) information concerning the personal identity of the Shareholders that have submitted the list, together with the total percentage of share capital owned.

D) in the event of a list presented by Shareholders that have no connection, not even indirectly to be regarded as relevant pursuant to applicable provisions with the Shareholders that hold, also jointly, a shareholding that allows the control or the simple majority of the share capital of the Company, a declaration that states the non-existence of any such relation.

The Shareholders who have submitted the list shall deposit a copy of the certificates delivered by authorized intermediaries and certifying the ownership of the number of shares required to file the lists, within the terms and in full respect of the modalities provided by the applicable provisions. The Company shall immediately, and in any event at least

within the terms provided by the applicable provisions, fulfil all the disclosure requirements provided there in.

The denial, or the grounded risk of denial, of the satisfaction expressed by public administrations or public or private entities pursuant to provisions or administrative regulations in force, also foreign, applicable to the Company, and the Bylaws are construed as causes of ineligibility to the office of Statutory Auditor, or if appointed, shall result in termination of office.

Even if through a third party or trust companies:

- no one can vote, put forward or contribute to more than one list;
- the Shareholders belonging to the same group - made of the parent company, its subsidiaries and the companies subjected to the same controlling shareholder - and the Shareholders that have executed a Shareholders agreement concerning the shares of the Company cannot submit nor vote more than one list.

The number of candidates in each list must not be lower than one nor higher than three, for the office of effective Statutory Auditor, and not lower than one nor higher than five for the office of deputy Statutory Auditor; other candidates, if any, in excess of the above limits, shall not be considered, also for the replacement of the Statutory Auditors that have ceased or not taken their offices.

Each candidate may run in only one list, under penalty of ineligibility. Only the Shareholders who singly or together with the other Shareholders represent the minimum percentage of shares provided by the applicable provisions can present lists. Such percentage shall be indicated in the notice of summon of the Shareholders' Meeting called to resolve on the appointment of the Board of Statutory Auditors.

In the event that upon expiration of the term given to submit the lists only a single list be submitted, or only lists by mutually related Shareholders as intended by the law, then any further list will be admitted up to extended term granted following said expiration date. In such case the percentage thresholds of participation needed for submitting the lists shall be reduced by half, and information thereof must be promptly disclosed in accordance with the provisions of law. All the other provisions governing the appointment of the Statutory Auditors shall remain in force.

Those lists or any candidate submission, the presentation of which do not comply with all the above provisions, except for those to be complied with by the Company, are deemed as non-submitted.

Selection of the Auditors will proceed as follows:

a) 2 (two) regular and all auditors indicated as deputy will be elected from the list which achieves the greatest number of votes (hereinafter referred to as the "**Majority List**"), up to the maximum number allowed by this article following the progressive numbering of the list;

b) the remaining regular Statutory Auditor - with the position of Chairman - , will be elected from the list (hereinafter referred to as the "**Minority List**") which has the highest number of votes, excluding the Majority List, among those submitted and voted by the Shareholders that are not connected in any way, not even indirectly, to the Shareholders that have submitted or voted the Majority List.

In the event that several lists have repeatedly obtained an equal number of votes, the prevailing list shall be the one submitted by the Shareholders owning the greater number of shares at the moment the list was submitted or, in suborder, by the greater number of Shareholders or, in further sub-order, the Statutory Auditors shall be taken on the basis of their seniority in the number fixed by applicable provisions in force;

c) all those individuals that have been indicated as deputy Statutory Auditors in the Minority List and in the list ranked second for number of votes (hereinafter referred to as the "**Second Minority List**"), among those submitted and voted by the Shareholders that are in no way connected to the Shareholders that have submitted or voted the Majority List, will be appointed as deputy Statutory Auditors.

In the event that, for whatever reason, the Statutory Auditor cannot accept the office or, having it accepted, ceases such office:

- each effective Statutory Auditor under letter a) above is replaced by the first alternate Statutory Auditor available according to the progressive numbering of the Majority List;
- the effective Statutory Auditor provided in letter b) shall be replaced, on the basis of the progressive numbering it was listed by the first available deputy Statutory Auditor of the Minority list or, in sub-order, of the Second Minority List, with the position of Chairman.

In the event that only one list is voted, all auditors, both regular and deputy, shall be elected there from.

20.3 In compliance with the decree of the Ministry of Justice no. 162 of March 30, 2000, article 1, paragraph 1, at least one of the regular Statutory Auditors, out of a total of 3, or at least two if the total number is higher than 3, and in both cases at least one of the deputy Statutory Auditors, must be chosen from the Register of Accountancy Auditors and must have at least three years practice as a legal auditor. The Statutory Auditors not in possession of the requirements of paragraph 1 of the aforementioned Decree must be chosen from those which have a total of at least three years experience of:

a) Management experience or executive responsibility in a stock company with stock capital not less than two million euros; or

b) Professional experience or university teaching in judicial, economic, financial or technical scientific subjects, directly pertinent to the activity of the company; or

c) Management positions in public entities or public administrations operating in the credit, financial and insurance sectors or in sectors directly pertinent to the activity of the company. As per the provisions of Article 1, paragraph 2, section b) and c) and paragraph 3 of the aforementioned Decree the following subjects and activities are considered directly pertinent to those of the company:

- administrative law
- public law
- public economic - economic political law
- financial sciences
- management
- statistics
- information technology.

20.4 Notwithstanding the provisions of the law regarding situations of incompatibility, those who already hold the position of director or regular statutory auditor in the number of companies provided by the applicable provisions, cannot be appointed as Statutory Auditors and if elected will be debarred from the role.

20.5 The Statutory Auditors will remain in office for three financial years ending on the date of the meeting called for the approval of the financial statements relating to the third financial year of their appointment. Statutory Auditors can serve for one or more term of office.

20.6 The Statutory Auditors will meet at least every 90 (ninety) days on the initiative of any one of the Statutory Auditors. The meeting will be

duly constituted in the presence of the majority of the auditors in office and will resolve with the absolute majority of the members present being in favour.

Meetings can also be held by video conference and/or teleconference, provided (i) that the exact identity of those legally taking part can be verified by the Chairman and the other participants, (ii) that all participants have the potential to verbally intervene, in real time, in all discussions, and (iii) that all participants have the ability to receive or transmit documents; however, the Chairman and the person recording the minutes must be present at the location of the meeting.

21. The Statutory Auditors' Report

21.1 The executives bodies, will, no less than quarterly, make timely reports to the Board Statutory Auditors, on their ongoing activities and on major economic, financial and property transactions undertaken by the Company or its subsidiaries; reporting in particular on transactions in which they have an interest, directly or as a third party, or those which can have an influence on the management and coordination of the Company. This information will be communicated verbally at the appropriate meeting with such bodies or their deputies, or at the meeting of the Board of Directors or of the Board of Statutory Auditors, or by transmission of written report, with a frequency not less than quarterly.

21.2 The frequency of the meetings of the Board also intends to encourage a united approach to the exercise of all the rights delegated by the Board of Directors.

22. Manager in charge of the drawing up of corporate reports and financial statements manager in charged of preparing corporate reports and financials documents

The Board of Directors, upon mandatory consultation with the Board of Statutory Auditors, appoints a manager in charge of the drawing up of corporate reports and financial statements among those managers having a minimum experience of 3 years as managers with appropriate responsibilities at the Accounting and/or Financial Department of the Company or of similarly sized or organized companies, and confer on such manager adequate authority and instruments to perform the duties assigned to him in accordance with the provisions of law. The manager in charge of the drawing up of the accountancy documents may be revoked by resolution of the Board of Directors upon mandatory consultation with the Board of Statutory Auditors.

TITLE VI - FINANCIAL ACCOUNTS AND PROFITS

23. Yearly Financial Statements

23.1 The financial year will close annually on December 31.

23.2 The Ordinary Shareholders' Meeting must be called within 120 (one hundred and twenty) days from the end of the Company's financial year for the approval of the financial statements except as provided in the previous Clause 11.2.

24. Profits

24.1 With reference to the net profits of each financial year as per the approved financial statements:

a) a minimum of 5%, but not exceeding a fifth of the share capital, is retained in legal reserves;

b) the remainder is subject to the decision of the Shareholders' Meeting.

24.2 The Board of Directors can, during the course of the financial year, distribute advances on dividend between the Shareholders.

TITLE VII - WINDING UP, LIQUIDATION AND WITHDRAWAL

25. Winding up and Liquidation

25.1 The Company will be wound up for reasons foreseen by applicable provisions.

25.2 Reaching an agreement on the liquidation of the Company at whatever time, the Shareholders' Meeting will establish the manners of the liquidation and will nominate one or more receivers, and decide on their relative powers and fees.

26. Withdrawal

26.1 Shareholders who are not party to the approval of resolutions regarding the extension of the duration have no right of withdrawal. However, the Company being subject to management and coordination as per Article 2497 and subsequent amendments of the Italian Civil Code, the Shareholders instead hold the right of withdrawal according to the assumptions of Article 2497(4) of the Italian Civil Code.

TITLE VIII - TRANSITIONAL AND FINAL REGULATIONS

27. Residency of the Shareholders - Conventional Forum

27.1 The domicile of the Shareholders as opposed to the Company, for all legal purposes, will be in the place chosen by the Register of Shareholders.

27.2 All disputes between the Shareholders and the Company will be decided by the Judicial Authority of the district in which the legal head office of the Company is situated.

28. Referral

28.1 Anything not provided for by these Bylaws will be referred to the rules of law.