

Transcription of the company Articles of Association updated as of 05.03.2010 following the increase in capital execution.

ARTICLES OF ASSOCIATION

COMPANY NAME – BUSINESS PURPOSE - OFFICES - DURATION

Art. 1

A Public Limited Company has been hereby incorporated under the name of:

“COSMO Pharmaceuticals S.p.A.”

The Company adopts the administration and control system by means of a Board of Directors, A Board of Auditors and an Auditing Company that has been assigned with carrying out the auditing procedure ruled by Chapter V of Title V, Book V, Section VI-*bis*, paragraphs 2, 3 and 4 of the Civil Law Code.

Art. 2

The Company has as its business purpose, either directly, or by means of subsidiary or associated companies, the production, commercialisation, importation and the exportation of pharmaceutical products, medical-surgical devices, dietetic, cosmetic and sanitary products of any kind whatsoever as well as activities regarding the technological and biotechnical research and development of said products, all these activities may be carried out either independently or on behalf of third-party companies.

Moreover, the Company can carry out research and development activities, just as it may grant or obtain licences, pursuing objectives relating to technologies, chemical, pharmaceutical and biotechnological products within the sector of general health and environment protection, also by means of specific research, industrial and commercial *joint-venture* activities.

The Company may also carry out service activities within the sectors relating to information and training of a scientific and bio-medical nature, with particular reference – but not limited to - *technology-transfer* activities, the definition and management of regulatory problems, market research activities, pre-clinical and clinical projects inherent to the development of new drugs or diagnostic products. The Company purpose also includes the buying, selling and the management of trademarks, patents and *know-how* and generally any other instrumental activity of any other nature considered necessary in order to carry out the abovementioned operations.

Provided that the following activities are not aimed at the general public and provided that they are considered either necessary or useful for the carrying out of the business purpose, the Company may, furthermore, perform all the commercial, industrial and financial moveable property and real estate operations, to give sureties,

securities and any other guarantees, also of a real nature, as well as to undertake profit-sharing activities and shares in other companies or enterprises that have the same or similar business purpose or one that is connected to its own, all in conformity with current legislation.

Art. 3

The Company's offices are located in the Municipality of Lainate (Milan, Italy). The registered office can be transferred to any location whatsoever within the territory of the Italian Republic, following approval of the Board of Directors.

The Board of Directors has the power to establish or to close secondary and subsidiary offices, branches, agencies, warehouses, depots and representative office both in Italy and abroad.

Art. 4

As regards the relations with the Company, the shareholders' address for service is that which is written in the Shareholder's register.

Art. 5

The duration of the Company has been set at 31st (thirty-first) December of the year 2050 (two thousand and fifty) and this may be extended following the approval of the General Meeting of Shareholders.

SHARE CAPITAL - SHARES

Art. 6

The Company's share capital is € 3,748,935.75 (three million seven hundred and forty-eight thousand nine hundred and thirty-five Euros point seven five Eurocents), divided into 14,995,743.00 (fourteen million nine hundred and ninety-five thousand seven hundred and forty-three Euros point zero zero) ordinary shares with a nominal value of € 0.25 (zero point two-five Eurocents) each.

The shares are both registered and indivisible.

The shares are issued and circulate in the central management system for uncertified Securities according to current Italian legislation.

The Extraordinary General Meeting may consider the increase in share capital by means of the in-kind contribution of assets and/or receivables and the reduction of the exceeding share capital also by means of assigning shareholders with particular social activities, interests, quotas, equity participations, shares, in other enterprises or companies.

The Extraordinary General Meeting may increase the share capital by means of the issuing of new shares.

In the case of an increase in share capital, the shareholders have the right of first refusal as regards the newly-issued shares. The Extraordinary General Meeting that deliberates the increase in share capital according to Art. 2441 of the Civil Law Code may, with respects to the conditions and methods established by the law, exclude or limit the right of first refusal.

The right of first refusal may, furthermore, be excluded within the limits of 10% of the pre-existent share capital according to Art. 2441, 4th paragraph of the Civil Law Code.

According to Art. 2410 of the Civil Law Code the issuing of bonds is decided by the Board of Directors.

The Company, upon approval by the Extraordinary General Meeting, may issue convertible debenture loans.

The Extraordinary General Meeting may attribute to the Board of Directors the faculty to issue up until a certain amount of money - in one or more instalments – so as to increase the share capital by payment or for free by means of the limits and terms according to Art. 2443 of the Civil Law Code. The Board of Directors sets the price of issue, of the possible surcharge as well as the subscription requirements.

The Extraordinary General Meeting that took place on 14th December 2006 decided to delegate the Board of Directors the faculty of deliberating the increase of the share capital up to a maximum of 378,300.00 Euros (three hundred and seventy-eight thousand three hundred point zero zero Eurocents) by means of the issuing of a maximum of 1,513,200 (one million five hundred and thirteen thousand two hundred) shares costing 0.25 (zero point two five) Eurocents each to be booked by subscription– by implementing a Stock Option plan - in favour of employees, collaborators and directors that were identified by the same Administrative Body, all of which is in accordance with Art. 2443 of the Civil Law Code. The authorisation has a maximum duration of five years as from the date of the deliberation.

The General Meeting of 16th December 2009 decided to delegate to the Board of Directors the authorization of approving the increase of the share capital by up to a maximum of 283,125.00 Euros (two hundred and eighty-three thousand one hundred twenty-five point zero zero Eurocents) and through the necessary surcharge, the authority of setting a price of issue, of the possible surcharge and the other possible subscription requirements, in the light of the valuation performed by the required Expert according to the Art. 2343 of the Civil Law Code, as well as in the light of an adequacy opinion on issue pricing criteria in accordance with Art. 2441, 4th paragraph, 2nd

sentence of the Civil Law Code, which will be given by an appointed auditing company, with the specification that the proxy will expire on 30th June 2010.

The increase will be reserved for the contribution of BioXell S.p.A. shares from its shareholders who accept the Public Tender Offer and the shares exchange launched by Cosmo Pharmaceuticals S.p.A. on 8th December 2009, whose conclusion is expected by the end of February 2010.

THE GENERAL MEETING

Art. 7

The General Meeting once established, represents the universality of the shareholders and their deliberations that, made in conformity both with current legislation and the present articles of association, oblige all shareholders even those who are not present or are dissenting.

The General Meeting is of both an ordinary and an extraordinary nature. This meeting can be convened either at the registered office or elsewhere, as long as it is held in Italy, in Switzerland, within Countries belonging to the European Union or in the United States of America.

The General Meeting is convened by the Board of Directors by means of notification sent to the shareholders, the directors and the statutory auditors by telegram, registered letter with return receipt or by fax, at least eight days before the meeting is due to take place.

In such communication, the day, the location, the time and the agenda of the General Meeting will be specified.

In the notice of convocation, also the date of subsequent meetings can be indicated, in case, during the previous meetings, the necessary *quorum* was not reached.

In case the Company shares were listed in an equity regulated market and for that entire period, the General Meeting would be convened by the Board of Directors via a notice published in one of the following daily newspapers: *Il Corriere della Sera*, *La Repubblica*, *Il Sole24ore*, *The Neue Zürcher Zeitung*, *The Financial Times* at least 21 (twenty-one) days prior to the date established for the General Meeting.

In said communication the day, the location, the time and the agenda of the General Meeting will be specified.

Should it not be possible to publish in one of the abovementioned daily newspapers, the notice of convocation must be published, following the same procedures and time limits, in the Official Journal of the Italian Republic.

The Company must also respect the notice of convocation methods of publication potentially requested by the applicable stock market regulations, it being understood that, for the purposes of the validity of the convocation in question, Italian law is enforced.

In the notice of convocation, also the date of subsequent meetings may be indicated, in case, during the previous meetings, the necessary *quorum* was not reached. Regardless of the abovementioned procedures, the General Meeting is considered to be regularly convened when the entire share capital is represented by those members who have the right to vote and the majority of the members of both the Board of Directors and the Board of Auditors are present,

Art. 8

The General Meeting must be convened at least once a year, within one hundred and eighty days following the closure of the financial year, for the approval of the financial statements, due to the fact that the Company is responsible for the drafting of the consolidated financial statements.

The Board of Directors sees to the summoning procedure of the General Meeting in the cases foreseen by current legislation.

The General Meeting is also promptly convened by the Board of Directors when there is a request made on behalf of a group of shareholders that represents at least 10% of the share capital total, according to the provisions of Art. 2367 of the Civil Law Code.

Art. 9

The ordinary and extraordinary General Meeting are convened and deliberated according to the rules contained in Art. 2368 and 2369 of the Civil Law Code.

Each share gives the right to one vote.

The modification of Articles 9 and 24 of the present Articles of Association can only be deliberated by means of the favourable vote of 80% (eighty percent) of the share capital.

Art. 10

The intervention of shareholders in such General Meeting is considered to be valid when they have informed the Company of their presence through the intermediaries that keep the relative accounts as of Art. 2370 of the Civil Law Code within 2 (two) working days prior to the date of the each meeting.

Shares for which the communication of intervention has been carried out, cannot be alienated before the General Meeting has taken place.

Each shareholder who has the right to intervene in the General Meeting can be legally represented by a third-party in possession of a written proxy.

Art. 11

The General Meetings are chaired by the President of the Board of Directors; in his absence he is substituted by the Chief Executive Officer; in absence of this latter, by the person nominated by the majority of the share capital present or represented.

It is the duty of the President of the General Meeting, who can avail of special assistants, to ascertain the right of intervention in the General Meeting also by proxy, as well as to ascertain whether the General Meeting is regularly convened and if the necessary number of people are present in order to deliberate, manage and regulate the discussion, to establish the voting procedure and to verify the results of such.

The President is assisted by a Secretary, that does not also have to be a Shareholder and he is the Secretary of the Board of Directors, or, in the case of absence of this latter, by a person nominated by the same General Meeting together with, if necessary, two poll clerks that have also been nominated by the same General Meeting.

In the Extraordinary General Meeting, or when it is considered necessary by the President of the General Meeting, the Secretary's duties are carried out by a Notary Public.

Art. 12

The deliberations of the General Meeting consist of the minutes, signed by the President, the Secretary and registered in the appropriate General Meeting Minutes Book.

The Ordinary General Meeting approves, according to the proposal made by the Board of Directors, of Rules that discipline arrangement and the functional performance of both Ordinary and Extraordinary General Meetings, guaranteeing the right of each shareholder to intervene regarding the subjects discussed.

BOARD OF DIRECTORS

Art. 13

The Company is administered by a Board of Directors composed of no less than 7 (seven) members and no more than 11 (eleven), of which at least 1 (one) is in possession of the independence requirements established for auditors pursuant to Art. 148, 3rd paragraph, Legislative Decree 58/1998.

Individuals who are more than 70 years old cannot be elected as directors. The reaching of such age during the course of the mandate is considered a cause for cancellation.

Independent administrators cannot be elected for more than two mandates.

The nomination of the Board of Directors is based on lists presented by the shareholders according to the following paragraphs, in which the candidates must be listed by means of a progressive number system.

Each list contains a number of candidates no less than the number of members to be elected.

Each shareholder may present or compete in the presentation of only one list and each candidate can present himself in only one list under penalty of ineligibility. In order to be able to insert a candidate in a list, this latter must give his express consent.

In the case of the presentation of several lists, these must not be connected, not even indirectly, to each other.

Moreover, shareholders that belong to the following categories cannot either present or compete in more than one list: a) those which adhere to a shareholders' agreement-voting pact referring to the Company shares; b) an individual and the companies controlled by him; c) companies subjected to common control; d) a company and its administrators or general managers.

In case of the violation of these rules, the vote of the shareholder relating to any of the other lists presented is not taken into consideration.

Shareholders who represent at least 2.5% (two point five per cent) of the shares with the right to vote within the Ordinary General Meeting have the right to present a list either alone or together with other shareholders, with the obligation to substantiate the ownership of the number of shares necessary for the presentation of the lists at the same time as the same are presented.

The lists of candidates, undersigned by those who present them, must be deposited at the Company's registered office and are at the disposal of anyone who should require to consult them, at least 10 (ten) days prior to that set for the first convocation of the General Meeting. The professional *curriculum vitae* of the appointed individuals must be attached to the lists together with the statements by means of which the individual candidates accept their candidature and they declare, on their own responsibility, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requirements prescribed either by the law or by the articles of association as regards the term of office and potential conflicting circumstances.

In case the Company shares were listed in an equity-regulated market and for that entire period, the Company must also respect the methods of publication of the lists eventually requested by the applicable stock market regulations.

In each list, the candidature of at least one individual in possession of the independence requirements established for auditors must be included and expressly indicated according to Art. 148, 3rd paragraph, Legislative Decree 58/1998 (“Independent Administration ex Art. 147-ter”).

Furthermore, if necessary, in each list, administrators in possession of the independence requirements foreseen by the Behavioural Code drafted by the equity-regulated market management company where the company’s shares are listed.

At the end of the voting session, the candidates that have obtained the highest number of votes will be elected by means of the following criteria: a) from the list that has obtained the highest number of votes (“Majority List”) a number of directors is taken equal to the total number of components of the Board of Directors, as previously established by the General Meeting, less one; according to such numerical limits, the candidates indicated in numerical order in the list are considered to be elected;

b) from the list that has obtained the second highest number of votes (“Minority List”) a director is taken, represented by the candidate indicated at the top of the same list; however, in case that in the Majority List no Independent Administrator has been elected ex art. 147-ter, the candidate whose name appears first on the Minority List, the first Independent Administrator ex art. 147-ter indicated in the Minority List will be elected instead.

The position of President of the Board of Directors goes to the candidate whose name is at the top of the Majority List.

Should the first two lists obtain an equal number of votes, a new voting procedure must be carried out by the General Meeting, where only the first two lists must vote.

In the case where only one list is presented, the General Meeting votes for itself and should the same obtain the relative majority, the candidates listed in progressive order will be elected as administrators, right up to reaching the number established by the General Meeting. The candidate whose name is at the top of the list is elected as the President of the Board of Directors.

In the absence of lists, the Board of Directors is nominated by the General Meeting by means of the legal majority.

Should, during the course of the financial year, one or more administrators leave the Company, one proceeds according to Art. 2386 of the Civil Law Code, without mentioning whether the withdrawn Administrator came from the Majority List or the Minority List.

Should, due to dismissal or other causes, the majority of the Administrators leave the company, the entire Board of Directors is withdrawn and the General Meeting is convened once more in order to carry out further nominations.

Where imposed by binding regulations, according to the current regulation in force at that time, the voting procedures relating to the nomination of the administrators are carried out by means of a secret ballot. For this purpose an independent poll clerk is employed, who carries out the ballot of the secret ballot procedures, using methods which from time to time are given by the President of the General Meeting, in conformity with both the law and with any eventual regulatory legislation.

The poll clerk informs the President, in accordance with the proclamation, of the resulting total number, without indicating the names of the voters and the votes given, of which he will keep the relative registration.

The members of the Board of Directors have a term of office determined at the moment of their nomination and which is, however, no more than three financial years and they are re-electable.

The members of the Board of Directors are entitled to the reimbursement of expenses incurred for business purposes together with the salary as specified by the Ordinary General Meeting as well as, eventually, a share in the profits or maybe the assignment of the right to underwrite future issued shares at a certain price.

The salary of administrators holding particular positions is established by the Board of Directors, after having consulted the Board of Auditors.

Art. 14

The Board of Directors elects amongst its members, the President, should the Ordinary General Meeting have not already done so, and, if necessary, a Vice-President, who substitutes the President in case of his absence or impediment, as well as a Secretary that does not belong to the Board of Directors but who has the right to take part in the meetings.

The Board of Directors also decides which, amongst the administrators must represent the Company.

The Board of Directors can delegate its duties to both a Chief Executive Officer and to an Executive Committee composed of 3 (three) members.

The duties indicated in Articles 2420-*ter*, 2423, 2446, 2447, 2501-*ter* and 2506-*bis* of the Civil Law Code cannot be delegated.

The Board of Directors and the Board of Auditors are informed, by the delegated authorities, as regards the activity carried out, the general management performance, on its foreseeable development and on the most significant economic, financial and patrimonial operations carried out by the Company or by the subsidiary companies; in particular the delegated authorities refer information as of the operations in which they have an interest, either for their own purposes or on behalf of third-parties, or that are influenced by the entity that carries out management and coordination activities, should this be the case.

The communication is carried out promptly and however on at least on a quarterly-basis, within 15 days of the closure of each calendar quarter, on the occasion of the meetings of the Board of Directors and the Executive Committee– where nominated – or by means of a written note.

The Board of Directors may establish one or more committees, assigning them the powers that they consider opportune, also in order to implement behavioural codes drafted by management companies of the equity-regulated market on which the Company's shares are listed.

The Board of Directors, moreover, nominates the company director in charge of the drafting of the company accounting documents, following the compulsory yet not binding advice given by the Board of Auditors, according to Art. 154-*bis* Legislative Decree 58/1998, assigning him with the appropriate powers and means in order to carry out the duties assigned in accordance with the law.

Art. 15

The Board of Directors is convened by the President or by the Chief Executive Officer at the Company's registered office or elsewhere whenever it is considered opportune or when there is specific request made by two administrators or by a statutory auditor.

The person who convenes the Board of Directors also organises the relative agenda, he coordinates the work and sees that all the administrators are adequately informed as regards the matters to be discussed.

The Board of Directors' meetings are chaired by the President or, in his absence, by the Vice-President or, in the absence of both of these, by the Chief Executive Officer or by the oldest administrator amongst those present.

The convocation must normally be carried out, by letter, fax or e-mail to be sent at least 3 (three) days prior to the date set for the meeting.

In urgent cases, the convocation may be carried out using any means whatsoever and with 24 (twenty-four) hour's notice.

Regardless of the abovementioned convocation methods, the Board of Directors is considered validly convened if all members of the Board of Directors together with all the statutory auditors are present, even if by means of audio-video or teleconference.

The deliberations of the Board of Directors must consist of minutes written by the President and the Secretary or, in the absence of these, by another secretary appointed by the same Board of Directors.

Art. 16

The Board of Directors is regularly convened when the majority of the Administrators in office are present and it deliberates validly by means of the absolute majority of the participants.

The participation in the Board of Directors' meetings can take place also by audio-video and teleconference, on the condition that the rightful participants can be identified, that they are able to intervene in the discussion of the matters dealt with real-time and that they can be fully informed.

The Board of Directors is considered convened when its meeting is held in the same location as the President and the Secretary of said meeting.

Art. 17

The Board of Directors has all the necessary powers to administrate the Company, excluding only those that the law or these articles of association reserve expressly for the General Shareholders' Meeting.

According to Art. 2365 of the Civil Law Code, the Board of Directors is furthermore competent to make decisions concerning the following:

- The adaptation of the Company articles of association following the implementation of legislative provisions;
- The transferral of the Company's registered office within the National territory;
- mergers due to the incorporation of companies according to possibilities pursuant to Articles 2505 and 2505-*bis* of the Civil Law Code;
- The reduction of the share capital in the case of a shareholder's withdrawal from the Company.

According to Art. 2443 of the Civil Law Code, the deliberations made by the Board of Directors referring to the increase in share capital within the limits foreseen by

Art. 2441, 4th paragraph of the Civil Law Code, must be adopted by means of the favourable vote of at least five members.

Art. 18

The legal representation of the Company is the duty of the President of the Board of Directors and in his absence or due to the impediment of the latter, by the Vice-President, if nominated.

Where a Chief Executive Officer or several Managing Directors have been nominated, the representation of the Company is the duty also of these individuals, within the limits of the proxy assigned to them.

The Board of Directors and the Chief Executive Officer are allowed to nominate legal representatives for single or categories of deeds, within the limits of the powers assigned to them.

Art. 19

All decisions considering the following matters are to be made by the Board of Directors:

- 1) The definition of general programmes regarding the development, the investments and the objectives of both the Company and the Group;
- 2) The drafting of the provisional budget;
- 3) The definition of financial programmes and the approval of transactions regarding debts to be paid beyond a period of 12 months;
- 4) The approval of agreements of a strategic nature, of those having a significant economic value or however that entail commitments for the Company of a duration exceeding three years.

The administrators refer information to the other administrators and to the Board of Auditors as regards operations in which they have personal interest or for third-party entities, or that are influenced by the entity that carries out management and coordination activities.

THE BOARD OF AUDITORS

Art. 20

The Board of Auditors consists of 3 (three) statutory auditors and of 2 (two) substitute auditors that are in possession of the requirements as of the current legislation.

The Ordinary General Meeting elects the Board of Auditors and it decides on its remuneration.

Individuals who are in situations considered to be legally incompatible or who are not in possession of either the objective or subjective requirements foreseen by the law and/or by the secondary legislation of implementation cannot be nominated as auditors and, if they are elected, they must be withdrawn from the position appointed. Those who hold positions in administration and control sectors at higher levels than those established by current legislation cannot be elected auditors either.

The Board of Auditors is nominated based on the lists presented by the shareholders according to the following procedures, so as to ensure the minority the nomination of both a statutory auditor and a substitute auditor.

For this purpose, lists consisting of two sections are presented: one for the nomination of statutory auditors and the other for the nomination of substitute auditors.

The lists must contain the indication of a minimum number of candidates equal to the number of candidates to be elected, listed by means of a progressive numbering system.

Each candidate may stand for election in only one list under penalty of ineligibility.

Shareholders have the right to present a list, when either alone or together with other shareholders, they represent at least 2.5% (two point five per cent) of the shares having the right to vote in the Ordinary General Meeting, with the obligation of proving the ownership of the number of shares necessary for the presentation of the lists, at the same time as they actually hand in the list itself.

Each shareholder may compete in presenting, either directly or indirectly by means of a trust company or via a third-party, only one list: in case of the violation of such rule, the presentation of the list by said shareholder, either alone or together with others will not be taken into consideration. In order to be able to insert a candidate in a list, there must be his express consent.

The lists of candidates, undersigned by those who present them, must be deposited at the Company's registered office and are at the disposal of anyone who should require to consult them, at least 10 (ten) days prior to that set for the first convocation of the General Shareholders' Meeting. The professional *curriculum vitae* of the appointed individuals must be enclosed to the lists together with the statements by means of which the individual candidates accept their candidature and they declare, on their own responsibility, the inexistence of causes of ineligibility or incompatibility as well as the existence of the requirements prescribed either by the law or by the articles of association as regards the term of office and potential conflicting circumstances.

In case the Company shares were listed in an equity-regulated market and for that entire period, the Company must also respect the methods of publication of the lists eventually requested by the applicable stock market regulations.

Should a list be presented without respecting the provisions of the present article then this list will be considered null and void.

Each shareholder having the right to vote may vote only one list.

The first 2 (two) candidates of the list which have obtained the highest number of votes (“Majority List”) together with the first candidate of the list that has the second highest number of votes (“Minority List”) will be elected statutory auditors.

The first candidate of the Majority List and the first candidate of the Minority List will be elected substitute auditors.

The position of President will be held by the first candidate of the Minority List.

Should the first two lists obtain an equal number of votes, a new voting procedure must be carried out by the General Meeting, where only the first two lists must vote.

In case of advance termination of the duties of a statutory auditor for whatever reason whatsoever, the substitute auditor belonging to the same list as the substituted auditor take over his position.

If, with the number of substitute auditors the Board of Auditors is not completed, a General Meeting must be convened in order to arrange for the integration of the Board of Auditors and to choose candidates from the list which the auditor who has terminated his duty belonged to.

For the purposes of the present article, the shareholders belonging to the same group – by means of which one intends all subsidiary and parent companies, under common control or associated companies according to Art. 2359 of the Civil Law Code. – must be considered as a single shareholder and they cannot present or vote for more than one list.

Should only one list be presented, the General Meetings votes for itself and the candidate indicated as being first of the list is elected President of the Board of Auditors.

In the absence of lists, the Board of Auditors and its President are nominated by the General Meeting by a legal majority.

Where imposed by binding regulations, according to the current regulation in force at that time, the voting procedures relating to the nomination of the auditors are carried out by means of a secret ballot. For this purpose an independent poll clerk is

employed, who carries out the ballot of the secret ballot procedures, using methods which from time to time are given by the President of the General Meeting, in conformity with both the law and with any eventual equity-regulated legislation.

The poll clerk informs the President, in accordance with the proclamation, of the resulting total number, without indicating the names of the voters and the votes given, of which he will keep the relative record.

The members of the Board of Auditors have a term of office determined at the moment of their nomination and which is, however, no more than three financial years and they are re-electable.

The Board of Auditors' meetings can also be conducted via teleconference on the condition that those who have the right to attend may be properly identified, it must also be possible for them to intervene in the discussion of matters and to be totally informed in real time.

AUDITING PROCEDURES

Art. 21

The auditing procedures are carried out by an international auditing company well-recognised on the market and that is enrolled at the Institute of Internal Auditors established within the Ministry of Justice, subject to the discipline of internal auditing procedures foreseen for public companies listed in equity-regulated markets.

The auditing company is nominated by the General Meeting, once the Board of Auditors has been consulted.

The activity carried out by the auditing company is documented in an appropriate register kept on the premises of the registered office.

FINANCIAL STATEMENT – FINANCIAL YEAR NET PROFIT

Art. 22

The financial year closes on 31st December of every year.

At the end of each financial year the Board of Directors sees to the drafting of the financial statement, according to current law.

Art. 23

Until the net profit, less 5% (five per cent) to be considered as a legal reserve, has not reached the legal minimum, it will be divided, unless otherwise deliberated by the General Meeting, amongst the shareholders, in proportion to the shares that each of these possesses and this must be paid by means of the methods stated in the resolution approval.

The Board of Directors can deliberate the distribution of interim dividends in cases and according to methods established by current law.

The dividends not collected within five years from the day in which they became payable are prescribed in favour of the Company.

LISTING IN AN EQUITY-REGULATED MARKET

Art. 24

At the moment of, and for the entire period in which the Company is listed in an Italian equity-regulated market, provisions relating to listed companies according to Legislative Decree dated 24th February 1998, N° 58 and subsequent modifications will be implemented together with the applicable regulations.

In case the Company shares were listed in an equity-regulated market other than the Italian one (“a non-Italian Market”) and for that entire period, the Company will be subject (i) to Italian law provisions regarding companies who have recourse to the risk capital market and (ii) to legal provisions relating to companies with publicly offered financial instruments, where and if applicable according to Art. 116 Legislative Decree dated 24th February 1998, N° 58 and subsequent modifications. Furthermore, in case of and for the entire period in which the Company should be listed in a non-Italian market each party, individual or legal entity, authority or association (hereinafter defined as “Owners of Shareholders’ rights” according to the present article), that directly or indirectly, also by means of trusts or together with other parties, that hold, transfer, purchase or sell shares or rights relating to such shares, and/or options, warrants and any other right linked with the purchase, transferral or the sale of Company shares, must respect the laws and the regulations of the overseas foreign stock market, with reference to what is specified in the following paragraphs.

Each Owner of Shareholders’ rights is obliged to respect the legislation, regulations and subsequent modifications, including the decisions and interpretations of the legislation that from time to time are promulgated by the Stock Market listing and/or by the Supervisory Board of the equity-regulated market in the country of quotation (the “Stock Exchange Authorities”), with reference to the communication obligations of relevant preference shares held in listed companies (“Legislation regarding the Communication Obligations of Preference Shares”). Respect for the abovementioned legislation must be observed also in the case in which the Stock Exchange Authorities or any other Authority whatsoever declares or considers that the Legislation regarding the Communication Obligations of Preference Shares is not applicable to the Owners of Shareholders’ rights belonging to the Company or however that such legislation is not

directly applicable to the Company itself. In any case, even if it not requested by the applicable legislation, the Owner of Shareholders' rights is also obliged to immediately communicate in writing to said Company any variation of one's own relevant participations that is foreseen according to the current Legislation regarding the Communication Obligations of Preference Shares with reference to the Company's stock market.

Each Owner of Shareholders' rights belonging to the Company is also obliged to both obey and respect the legislation, regulations and subsequent modifications, including decisions and interpretations made regarding the legislation that are, from time to time promulgated by the Authority of the stock exchange market with reference to discipline regarding Offers to Purchase and Exchange, both of a compulsory and a voluntary nature, including discipline regarding the execution of the offer together with tax avoidance regulations ("Legislation regarding the Offers to Purchase and Exchange"). Each Owner of Shareholders' rights is obliged to respect the Legislation regarding the Offers to Purchase and Exchange also in cases where the Stock Exchange Authority or any other Authority whatsoever declares or considers that the abovementioned legislation is not applicable to Owners of Shareholders' rights or however that such Legislation is not directly applicable to the Company itself. Each Owner of Shareholders' rights is however obliged to promptly give the Company written copy of the communication as of the Legislation regarding the Offers to Purchase and Exchange.

In particular, in case of and for the entire period in which the Company should be quoted on the Zurich equity-regulated market (SWX Stock Exchange), each Owner of Shareholders' rights is obliged to respect the Swiss legislation provisions, enforced from time to time, regarding the obligation to communicate relevant participations in a listed company, held either directly or indirectly, including the ownership of rights to purchase shares (according to what is foreseen by the Legislation regarding the Communication Obligations of Preference Shares, in particular relating to Art. 20 of the Swiss Federal Law regarding Stock Exchanges and security trading, dated 24th March 1995, subsequent modifications and implementation measures, including Articles 9 and following of the Order of the Federal Commission of Banks dated 25th June 1997 and subsequent modifications) as well as the Swiss legislation regarding public offers to purchase and exchange (Legislation regarding Offers to Purchase and Exchange, in particular Articles 22 and following of the Swiss Federal Law regarding Stock Exchanges and security trading dated 24th March 1995 and subsequent modifications

and implementation measures, including Articles 25 and following of the Order of the Federal Commission of Banks dated 25th June 1997 and subsequent modifications, as well as the Order promulgated by the Securities Commission on the subject of public offers to purchase dated 21st July 1997 and subsequent modifications).

It is the duty of the Company's Board of Directors, availing of all necessary powers and faculties, according to the law, in order to ensure that the Company's Articles of Association and its forecasts are respected. In any case, the right to vote cannot be exercised by Owners of shareholders' rights relating to shares for which the fulfilment of requirements as of paragraphs 3, 4 and 5 of the present article has been either omitted or violated, following a justified evaluation by the Board of Directors, of the abovementioned violation. Should, for any reason whatsoever, the provisions of paragraphs 3, 4 and 5 of the present article be violated, the deliberations or related proceedings adopted by means of voting procedures or however by means of the decisive contribution made by the Owners of shareholders' rights that have violated the aforementioned provisions of the Company's Articles of Association can be challenged according to Civil Law Code provisions.

DISSOLUTION - LIQUIDATION – GENERAL AND FINAL PROVISIONS

Art. 25

Should, for whatever reason the dissolution of the Company come about, the Extraordinary General Shareholders' Meeting will establish regulations regarding the liquidation procedures, it will nominate the liquidator(s), together with the powers appointed and salary due to such individual(s).

Art. 26

The Company may stipulate, according to Art. 1891 of the Civil Law Code and with premium at its own expense, an insurance policy for the civil liability of Administrators and Auditors, in relation to all assumptions coming under Articles 2392, 2393, 2393-*bis*, 2394, 2395 and 2407 of the Civil Law Code, in the interest and on behalf of those who will hold the abovementioned social positions.

Art.27

All communications or information that the Company is obliged to receive will be transmitted or made public according to the applicable legislation, including the regulation of the exchange market of reference, where applicable.