



REGISTERED OFFICE AT VIA PAOLO MANTOVANI 3/5, GENOA
FULLY SUBSCRIBED AND PAID UP COMPANY CAPITAL 50,000,000.00 EUROS
GENOA COMPANY REGISTER NO. AND TAX CODE 01371160662
SUBJECT TO MANAGEMENT AND COORDINATION OF FINMECCANICA S.P.A.

EXPLANATORY REPORT ON THE SOLE ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF ANSALDO STS S.P.A. OF 31ST MARCH-1ST APRIL 2008, DRAFTED BY THE BOARD OF DIRECTORS PURSUANT TO THE TERMS OF ARTICLE 3 OF MINISTERIAL DECREE No. 437/98 AND ARTICLE 72 OF THE CONSOB REGULATION ADOPTED BY MEANS OF RESOLUTION No. 11971/99, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED.

**EXTRAORDINARY SHAREHOLDERS' MEETING
31ST MARCH – 1ST APRIL 2008**

AGENDA

1. Amendments to articles 11, 14, 16, 23 and 27 of the Company's Articles of Association. Resolutions with regard to same

Dear Shareholders,

Following ruling no. 19160 of 13th September 2007 by the Supreme Court, concerning the statutory clauses of another listed company on the chairing of the Shareholders' Meeting and the right of the outgoing Board of Directors to submit its own list of candidates, we propose the following amendment to articles 14 and 16 of the Company's Articles of Association.

At the same time, we also propose amending the text of some of the clauses contained in the Articles of Association, in order to (i) align certain provisions of the Articles of Association with the 2007 amendments to Legislative Decree no. 58 of 24th February 1998 (the "TUF"), as amended in the light of the incorporation of EC directive 2004/109 (the so called Transparency Directive), and the Issuers' Regulations, and (ii) to clarify the nomination procedure for the Board of Auditors, by means of the rearrangement of the relevant provisions.

In the following, we will describe the amendments proposed in relation to articles 11, 14, 16, 23 and 27 of the Company's Articles of Association.

Article 11

Article 11.2

Following the incorporation of the Transparency Directive, which took place by means of legislative decree no. 195 of 6th November 2007, listed companies can no longer benefit from the right contemplated in article 2364, paragraph 2, of the Italian Civil Code, which enables the Articles of Association to extend the term for the approval of the annual financial statements to one hundred and eighty days following the closure of the financial year. The new article 154 (iii), paragraph 1, of the TUF states that the financial statements of listed companies must of necessity be approved within one hundred and twenty days following the closure of the financial year. We therefore propose deleting the part of the second paragraph which reads "*or within one hundred and eighty days if the company is required to prepare a consolidated financial statement, or when this is necessary due to specific requirements relating to the structure and nature of the corporate object*".

Test in Force ¹	Proposed Text
11.2 The ordinary shareholders' meeting will be convened at least once a year to approve the financial statements, within one hundred and twenty days following the closure of the company financial year; or within one hundred and eighty days if the company has to prepare a consolidated financial statement, or when this is necessary due to specific requirements relating to the structure and nature	11.2 The ordinary shareholders' meeting will be convened at least once a year to approve the financial statements, within one hundred and twenty days following the closure of the company financial year.

¹ For each proposal, we compare the text of the provisions of the Articles of Association in force with the modified text proposed. The 'proposed text' column contains the variations, underlined in bold type, and the 'text in force' column contains the parts whose deletion we propose, cancelled in bold type.

of the corporate object.	
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Article 14

Article 14.1

With ruling no. 19160 of 13th September 2007, the Italian Corte di Cassazione stated that, pursuant to the terms of article 2371 of the Italian Civil Code, in the absence of the chairman and vice-chairman, the shareholders’ meeting shall be chaired by a person elected by the majority of those present at the meeting. The Court sustained that article 2371 of the Italian Civil Code is “*an absolute rule in the absence of law express provision to the contrary which consent the Company’s Articles of Association to differently provide*”. Taking into consideration this interpretation by the Supreme Court, although the doctrine is not in unanimous agreement with it, we propose amending article 14 of the Company’s Articles of Association by eliminating the possibility that the shareholders’ meeting may be chaired by a person delegated by the Board of Directors in the absence of the chairman and vice-chairman, as stated in the current Articles of Association.

Text in Force	Proposed Text
14.1 The meeting is chaired by the chairman of the board of directors or, in if this is absent or unable to chair the meeting, by the vice-chairman, if nominated, or, in the absence of both, by another person delegated by the board of directors or, if no such person is delegated, by a chairman to be elected by the meeting itself.	14.1 The meeting is chaired by the chairman of the board of directors or, if this is absent or is unable to chair the meeting, by the vice-chairman, if nominated, or, in the absence of both, by a person <u>elected by the majority vote of those present.</u>

Article 16

Article 16.3

Paragraphs 1 and 2

The current article 16.3, paragraph two, of the Company’s Articles of Association grants the outgoing board the right to submit its own list of candidates for election to the board of directors.

In relation to this right on the part of the outgoing board, we refer to the recent ruling no. 19160/2007 by the Italian Corte di Cassazione. The case examined by the Supreme Court concerned the legitimacy of a clause in the Articles of Association whereby the outgoing board was granted the right to submit its own list of candidates for election to the board of auditors. The Court deemed that the submission of lists by the outgoing board for election to the board of auditors constituted “*certainly*” a violation of the TUF, as it entailed the risk that the offices available be occupied exclusively “*by parties promoted by the majority and the representative body (board of directors), and would therefore not guarantee the presence of members for whom the minority has voted*”. Although this case differ from that contemplated in article 16.3, paragraphs 1 and 2, of the Company’s Articles of Association, the argument adopted by the Italian Corte di Cassazione would also seem to apply to the submission of a list of directors by the outgoing board.

Even though the doctrine is not unanimous in its agreement, this interpretation had already been sustained by ASSONIME, in its circular no. 12, of 12th April 2006. This circular, with reference to the provisions contemplated in the first paragraph of article 147 (iii) of the TUF, on the election of the board of directors in the traditional system, emphasised that the regulation in question “*did not expressly consider the possibility that lists of candidates could be submitted by the outgoing directors, which is on the other hand expressly laid down in article 4 of law no. 474/1994 on privatisations (and in the Articles of Associations of the companies concerned). At the present time, it would appear that this possibility is not available to listed companies (without prejudice, in any case, to the application of the special regulations for privatised companies)*”.

In light of the above, we propose amending the first paragraph of article 16.3 and eliminating the second paragraph of said article.

Text in Force	Proposed Text
<p>16.3 The directors are appointed by the ordinary shareholders’ meeting on the basis of lists submitted by the shareholders and the outgoing board of directors, in which the candidates are to be listed in sequential order.</p> <p>If the outgoing board of directors should submit its own list, this should be filed at the registered office of the company and published in at least three Italian national daily newspapers, two of which should be financial publications, at least twenty calendar days prior to the date scheduled for the shareholders’ meeting at first convocation.</p>	<p>16.3 The directors are appointed by the ordinary shareholders’ meeting on the basis of lists submitted by the shareholders, in which the candidates are to be listed in sequential order.</p>

Article 16.3

Paragraph 3

Under article 16.3, paragraph 3, of the Company’s Articles of Association the shareholders who have submitted their own list of candidates for membership of the board of directors, whether jointly or severally, are obliged to publish such list in at least three Italian national daily newspapers, two of which should be financial publications. This obligation was incorporated in the Company’s Articles of Association during the listing phase, in order to fill a regulatory deficiency. Until the entry into force of the amendments to the Issuers’ Regulations of May 2007, there were no specific rules on the obligations to issue information prior to the shareholders meeting. The aim of the statutory provision was therefore to guarantee sufficient transparency in the profiles of the candidates for appointment to company office. The new article 144 (viii), first paragraph, of the Issuers’ Regulations, on the basis of which the issuing bodies are now obliged to publish the lists of candidates, did however fill the aforesaid deficiency in the regulations. On the basis of said regulatory intervention by Consob, the obligations to publish contemplated in the Articles of Association are additional to those contemplated in the Issuers’ Regulations.

In light of the above, we propose replacing the current publication procedure of lists as per the applicable regulations. The aim of this amendment is to simplify the list publication procedure.

Text in Force	Proposed Text
The lists submitted by the shareholders should be filed at the registered office of the company and published in the same ways as those described above at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation.	The lists submitted by the shareholders should be filed at the registered office of the company at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation. <u>The lists are published in accordance with the applicable regulations.</u>

Article 16.3

Paragraph 4

The current article 16.3, paragraph 4, of the Company's Articles of Association states that each list has to include two candidates who satisfy the independence criteria laid down in law, these candidates should be expressly identified and one of them should be entered in first place in the list. In the event of non-compliance with the above, the list will be deemed as null and void.

In order to simplify the procedure for the submission of lists and facilitating the work of the shareholders' meeting, we propose modifying the current clause in the Articles of Association to state that in the event of non-compliance with the aforementioned obligations, the list will be deemed as not submitted.

Text in Force	Proposed Text
Each list will include two candidates who satisfy the independence criteria laid down in law, who will be expressly identified, with one of them to be entered in first place in the list. In the event of non-compliance with the above, the list will be deemed as null and void.	Each list will include two candidates who satisfy the independence criteria laid down in law, who will be expressly identified, with one of them to be entered in first place in the list. <u>In the event of non-compliance with the aforementioned obligations, the list will be deemed as not submitted.</u>

Article 16.3

Paragraph 5

Article 16.3, paragraph 5, of the Company's Articles of Association states that each shareholder may vote only for the list submitted by it. The new article 144 (vi), paragraph 6, of the Issuers' Regulations, concerning the appointment of the board of auditors, states in a more general sense that no shareholder may vote for more than one list.

We therefore propose bringing the provision of the Articles of Association into line with the regulations on the board of auditors, while also taking the terms of article 16.3, paragraph 9, into account.

Text in Force	Proposed Text
Each shareholder may submit or second the submission of a single list and may only vote for	Each shareholder may submit or second the submission of a single list.

that list.	
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Article 16.3

Paragraph 6

The existing version states that the shareholders adhering to a shareholders' agreement cannot submit or second the submission of more than one list for the appointment of directors. In order to bring this regulation into line with the corresponding one introduced by the Issuers' Regulations on auditors, we propose a new draft of the provision of the Articles of Association in question.

Text in Force	Proposed Text
Shareholders adhering to a syndicate agreement, irrespective of the form and objective of the agreement, may not submit or second the submission of more than one list, either directly, through an intermediary or through a trust company. The violation of the above prohibitions will render the list null and void and the parties listed therein will no longer be eligible for election.	<u>Shareholders belonging to the same group and those adhering to a shareholders' agreement on company shares may not submit or vote for more than one list even if through an intermediary or through a trust company.</u>

Article 16.3

Paragraph 10

In line with the other amendments proposed, we suggest rewording this provision in order to simplify the procedure for the submission of lists and facilitating the work of the meeting, by stipulating that in the event of violation of the relevant obligations the list will be deemed as not submitted.

Text in Force	Proposed Text
With reference to the shareholders who have submitted a list of candidates in accordance with the above provisions, either alone or together with others, the intermediary's notification for the intervention during the meeting will be accompanied by a declaration by all the shareholders who have submitted or seconded the submission of the list, to be filed at the registered office of the company by the expiry date of the deadline for the issue of the notification, stating that the shares declared for the purpose of submitting the list have been continuously in their possession since the date of submission of the list. In the event of non-compliance with the above, the list will be deemed null and void. If the event on a meeting at second convocation, the above procedures will be repeated in the same manner, and in the event of non-compliance with the above, the	With reference to the shareholders who have submitted a list of candidates in accordance with the above provisions, either alone or together with others, the intermediary's notification for the intervention during the meeting will be accompanied by a declaration by all the shareholders who have submitted or seconded the submission of the list, to be filed at the registered office of the company by the expiry date of the deadline for the issue of the notification, stating that the shares declared for the purpose of submitting the list have been continuously in their possession since the date of submission of the list. If the meeting is convened in the second instance, the above procedures will be repeated in the same manner. <u>In the event of non-compliance with the obligation to file the declarations of continuous possession, the list will be deemed as not</u>

list will be deemed null and void.	<u>submitted.</u>
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Article 16.3

Paragraph 11

We propose eliminating the error contained in point a) of paragraph 11, which specifies the rounding down “*in the event of a number less than a whole number, to the preceding whole number*” (underlining added).

Text in Force	Proposed Text
<p>The procedure for the election of the directors is as follows:</p> <p>a) two thirds of the directors to be elected will be taken from the list which obtains the greatest number of votes expressed by the shareholders, in the order in which these are entered in the list. If the number obtained is less than a whole number, this will be rounded down to the preceding whole number;</p> <p><i>Unchanged</i></p>	<p>The procedure for the election of the directors is as follows:</p> <p>a) two thirds of the directors to be elected will be taken from the list which obtains the greatest number of votes expressed by the shareholders, in the order in which these are entered in the list. If the number obtained is not a whole number, it will be rounded down to the preceding whole number;</p> <p><i>Unchanged</i></p>

Article 23

Article 23.2

Paragraph 1

Article 23.2 governs those situations when the board of directors is entitled to adopt resolutions on certain matters which are normally reserved for the shareholders’ meeting, in accordance with the terms of article 2365, paragraph 2, of the Italian Civil Code. We propose an addition to this provision which extends its area of application to the reduction of the company capital following withdrawal.

Text in Force	Proposed Text
<p>23.2 As well as exercising the powers attributed to it in law, the board of directors is also entitled to resolve on the following matters:</p> <p>a) adaptation of the Articles of Association to the regulatory provisions in force;</p> <p>b) mergers by incorporation or demerger of the company pursuant to the terms of articles 2505, 2505 bis and 2506 ter , final paragraph, of the Italian Civil Code;</p> <p>c) notification by the issuer on public acquisition or exchange offers pursuant to the terms of article 39 of Consob resolution no. 11971 of 14th May 1999.</p>	<p>23.2 As well as exercising the powers attributed to it in law, the board of directors is also entitled to resolve on the following matters:</p> <p>a) adaptation of the Articles of Association to the regulatory provisions in force;</p> <p>b) mergers by incorporation or demerger of the company in accordance with the terms of articles 2505, 2505 bis and 2506 ter , final paragraph, of the Italian Civil Code;</p> <p>c) notification by the issuer on public acquisition or exchange offers pursuant to the terms of article 39 of Consob resolution no. 11971 of 14th May 1999;</p>

	<u>d) reduction of the company capital in the event of withdrawal by one or more shareholders.</u>
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Article 27

Article 27.2

Article 27 of the Articles of Association governs the procedure for the appointment of the board of auditors. With regard to the submission, filing and publication of the lists, the existing article 27.2, paragraph 2. refers to the provisions and regulations in force in addition to those laid down for the board of directors in article 16.3 of the Articles of Association. Given that the procedure for the appointment of the board of auditors is now expressly subject to the terms of articles 144 (vi) and (viii) of the Issuers' Regulations, as modified by Consob in May 2007, we propose eliminating the reference to article 16.3 and incorporating all the provisions applicable to the appointment of the board of auditors in article 27, with reference to the regulations in force for any aspects not expressly considered in such article. The exclusive purpose of this amendment is to simplify the reading of the clause on the appointment of the board of auditors, and it does not involve any substantial modifications to the regulations currently contemplated or referred to in article 27.

Text in Force	Proposed Text
<p>27.2 The statutory and deputy auditors are appointed d by the ordinary shareholders' meeting on the basis of the lists submitted by the shareholders, in which the candidates are listed in sequential order.</p> <p>For the submission, publication and filing of the lists and related documentation (including the prescribed declarations and statements) the procedures described in article 16.3 of this Articles of Association and the provisions and regulations in force will apply.</p> <p>The lists are divided into two sections: one for the candidates for the office of statutory auditor and one for the deputy auditors. The first candidate in each section must be entered in the register of accounting auditors and must have practice as a legal auditor of accounts for at least three years.</p>	<p>27.2 The statutory and deputy auditors are appointed by the ordinary shareholders' meeting on the basis of the lists submitted by the shareholders, in which the candidates are listed in sequential order. <u>The lists contain the names of one or more candidates, which must in any case not exceed the maximum number of members to be elected.</u></p> <p>The lists are divided into two sections: one for the candidates for the office of statutory auditor and one for the deputy auditors. The first candidate in each section must be entered in the register of accounting auditors and must have practiced as a legal auditor of accounts for at least three years. .</p> <p><u>The lists submitted by the shareholders will be filed at the registered office of the company at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation. The lists will be published in accordance with the regulations in force.</u></p> <p><u>Each shareholder may submit or second the submission of one list only, and may only vote for one list.</u></p> <p><u>The shareholders who belong to the same group and those adhering to a shareholders' agreement on the company shares may not submit or vote for more than one list, even if through an</u></p>

<p>Two statutory auditors and one deputy auditor will be taken from the list which has obtained the greatest number of votes, in the order in which these are entered in the sections of the list. The remaining statutory and deputy auditors will be appointed by means of the procedure described in article 16.3 b), which will be applied to each section into which the other lists are divided, and in any case in accordance with the provisions and regulations in force.</p> <p>If (i) a single list is submitted and/or voted, or (ii) if no list is submitted, or (iii) for the appointment of auditors other than when the entire board of auditors is to be renewed, the meeting will resolve on a legal majority basis, without applying the above procedure, but in any case in such a way as to ensure that the board of auditors is formed as specified in article 1, paragraph 1, of Ministry of Justice decree no. 162 of 30th March 2000. In the event of replacement of one of the auditors taken from the list which obtains the greatest number of votes, the deputy auditor from that same list will be appointed. In the event of replacement of the auditor taken from the other lists, the deputy auditor elected by means of the methods</p>	<p><u>intermediary or through a trust company.</u></p> <p><u>Each candidate may be entered in one list only. Violation of the above will render the candidate ineligible for election.</u></p> <p><u>Only those shareholders, who alone or together with others, hold a shareholding as that determined in accordance with the Consob regulations have the right to submit lists, or in the absence thereof, the shareholders in question must represent at least 2.5% of shares with voting right at the ordinary shareholders' meeting. In order to prove possession of the number of shares necessary for the submission of lists, the shareholders will file at the registered office of the company, the certificates of ownership of their shares and certification of their right to take part in the shareholders' meeting, together with the list of candidates.</u></p> <p><u>Together with each list, and subject to the terms of the regulations in force, each candidate must also submit a declaration stating that he/she accepts the candidature and attesting, under his own responsibility, the inexistence of any grounds of ineligibility or incompatibility, in addition to the existence of the requirements for office prescribed by the applicable legislation, and the Company's Articles of Association.</u></p> <p>Two statutory auditors and one deputy auditor will be taken from the list which has obtained the greatest number of votes, in the order in which these are entered in the sections of the list. The remaining statutory and deputy auditors will be appointed by means of the methods described in article 16.3 b), which will be applied to each section into which the other lists are divided, and in any case in accordance with the provisions and regulations in force.</p> <p>If (i) a single list is submitted, or (ii) if no list is submitted, or (iii) for the appointment of auditors other than when the entire board of auditors is to be renewed, the meeting will resolve on a legal majority basis, without applying the above procedure, but in any case in such a way as to ensure that the board of auditors is formed as specified in article 1, paragraph 1, of Ministry of Justice decree no. 162 of 30th March 2000. In the event of replacement of one of the auditors taken from the list which obtains the greatest number of votes, the deputy auditor from that same list will be appointed. In the event of replacement of the auditor taken from the other lists, the replacement</p>
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<p>described in article 16.3 b) will be appointed. The shareholders' meeting convened pursuant to the terms of article 2401, paragraph 1, of the Italian Civil Code will replace the auditors in accordance with the principle of representation of minorities.</p> <p>The chairman of the board of auditors is appointed by the shareholders' meeting, and is the statutory auditor elected by the minority, unless only one list has been voted or no list has been submitted, in which case the chairman of the board of auditors will be appointed by the meeting on a legal majority basis.</p> <p style="text-align: center;"><i>Unchanged</i></p>	<p>auditor elected by means of the methods described in article 16.3 b) will be appointed. The shareholders' meeting convened pursuant to the terms of article 2401, paragraph 1, of the Italian Civil Code will replace the auditors in accordance with the principle of representation of minorities.</p> <p>The chairman of the board of auditors is appointed by the shareholders' meeting, and is the statutory auditor elected by the minority, unless only one list has been voted or no list has been submitted, in which case the chairman of the board of auditors will be appointed by the meeting on a legal majority basis.</p> <p style="text-align: center;"><i>Unchanged</i></p>
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The amendments proposed do not grant the shareholders who do not approve them the right of withdrawal pursuant to the terms of article 2437 of the Italian Civil Code.

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Dear Shareholders,

If you agree with the proposed amendments set out above, we ask you to give your consent to the following resolution:

“Having examined the report by the Board of Directors, the extraordinary meeting of shareholders of ANSALDO STS S.p.A., held on 31st March – 1st April 2008,

resolves

a) *to amend articles 11, 14, 16, 23 and 27 of the Company’s Articles of Association as follows:*

Article 11

Article 11.2

Text in Force²	Proposed Text
11.2 The ordinary shareholders’ meeting will be convened at least once a year to approve the financial statements, within one hundred and twenty days following the closure of the company financial year, or within one hundred and eighty days if the company has to prepare a consolidated financial statement, or when this is necessary due to specific requirements relating to the structure and nature of the corporate object.	11.2 The ordinary shareholders’ meeting will be convened at least once a year to approve the financial statements, within one hundred and twenty days following the closure of the company financial year.

Article 14

Article 14.1

Text in Force	Proposed Text
14.1 The meeting is chaired by the chairman of the board of directors or, in if this is absent or unable to chair the meeting, by the vice-chairman, if nominated, or, in the absence of both, by another person delegated by the board of directors or, if no such person is delegated, by a chairman to be elected by the meeting itself.	14.1 The meeting is chaired by the chairman of the board of directors or, if this is absent or is unable to chair the meeting, by the vice-chairman, if nominated, or, in the absence of both, by a person <u>elected by the majority vote of those present.</u>

Article 16

Article 16.3

Paragraphs 1 and 2

² For each proposal, we compare the text of the provisions of the Articles of Association in force with the modified text proposed. The ‘proposed text’ column contains the variations, underlined in bold type, and the ‘text in force’ column contains the parts whose elimination we propose, cancelled in bold type.

Text in Force	Proposed Text
<p>16.3 The directors are appointed by the ordinary shareholders' meeting on the basis of lists submitted by the shareholders and the outgoing board of directors, in which the candidates are to be listed in sequential order.</p> <p>If the outgoing board of directors should submit its own list, this should be filed at the registered office of the company and published in at least three Italian national daily newspapers, two of which should be financial publications, at least twenty calendar days prior to the date scheduled for the shareholders' meeting at first convocation.</p>	<p>16.3 The directors are appointed by the ordinary shareholders' meeting on the basis of lists submitted by the shareholders, in which the candidates are to be listed in sequential order.</p>

Article 16.3

Paragraph 3

Text in Force	Proposed Text
<p>The lists submitted by the shareholders should be filed at the registered office of the company and published in the same ways as those described above at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation.</p>	<p>The lists submitted by the shareholders should be filed at the registered office of the company at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation. <u>The lists are published in accordance with the regulations in force.</u></p>

Article 16.3

Paragraph 4

Text in Force	Proposed Text
<p>Each list will include two candidates who satisfy the independence criteria laid down in law, who will be expressly identified, with one of them to be entered in first place in the list. In the event of non-compliance with the above, the list will be deemed as null and void.</p>	<p>Each list will include two candidates who satisfy the independence criteria laid down in law, who will be expressly identified, with one of them to be entered in first place in the list. <u>In the event of non-compliance with the aforementioned obligations, the list will be deemed as not submitted.</u></p>

Article 16.3

Paragraph 5

Text in Force	Proposed Text
<p>Each shareholder may submit or second the</p>	<p>Each shareholder may submit or second the</p>

submission of a single list and may only vote for that list.	submission of a single list.
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Article 16.3

Paragraph 6

Text in Force	Proposed Text
Shareholders adhering to a syndicate agreement, irrespective of the form and objective of the agreement, may not submit or second the submission of more than one list, either directly, through an intermediary or through a trust company. The violation of the above prohibitions will render the list null and void and the parties listed therein will no longer be eligible for election.	<u>Shareholders belonging to the same group and those adhering to a shareholders' agreement on company shares may not submit or vote for more than one list, even if through an intermediary or through a trust company.</u>

Article 16.3

Paragraph 10

Text in Force	Proposed Text
With reference to the shareholders who have submitted a list of candidates in accordance with the above provisions, either alone or together with others, the intermediary's notification for the intervention during the meeting will be accompanied by a declaration by all the shareholders who have submitted or seconded the submission of the list, to be filed at the registered office of the company by the expiry date of the deadline for the issue of the notification, stating that the shares declared for the purpose of submitting the list have been continuously in their possession since the date of submission of the list. In the event of non-compliance with the above, the list will be deemed null and void. If the event on a meeting at second convocation, the above procedures will be repeated in the same manner, and in the event of non-compliance with the above, the list will be deemed null and void.	With reference to the shareholders who have submitted a list of candidates in accordance with the above provisions, either alone or together with others, the intermediary's notification for the intervention during the meeting will be accompanied by a declaration by all the shareholders who have submitted or seconded the submission of the list, to be filed at the registered office of the company by the expiry date of the deadline for the issue of the notification, stating that the shares declared for the purpose of submitting the list have been continuously in their possession since the date of submission of the list. If the meeting is convened in the second instance, the above procedures will be repeated in the same manner. <u>In the event of non-compliance with the obligation to file the declarations of continuous possession, the list will be deemed as not submitted.</u>

Article 16.3

Paragraph 11

Text in Force	Proposed Text
The procedure for the election of the directors is as	The procedure for the election of the directors is as

<p>follows:</p> <p>a) two thirds of the directors to be elected will be taken from the list which obtains the greatest number of votes expressed by the shareholders, in the order in which these are entered in the list. If the number obtained is less than a whole number, this will be rounded down to the preceding whole number;</p> <p><i>Unchanged</i></p>	<p>follows:</p> <p>a) two thirds of the directors to be elected will be taken from the list which obtains the greatest number of votes expressed by the shareholders, in the order in which these are entered in the list. If the number obtained is not a whole number, it will be rounded down to the preceding whole number;</p> <p><i>Unchanged</i></p>
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Article 23

Article 23.2

Paragraph 1

Text in Force	Proposed Text
<p>23.2 As well as exercising the powers attributed to it in law, the board of directors is also entitled to resolve on the following matters:</p> <p>a) adaptation of the Articles of Association to the regulatory provisions in force;</p> <p>b) mergers by incorporation or demerger of the company pursuant to the terms of articles 2505, 2505 bis and 2506 ter, final paragraph, of the Italian Civil Code;</p> <p>c) notification by the issuer on public acquisition or exchange offers pursuant to the terms of article 39 of Consob resolution no. 11971 of 14th May 1999.</p>	<p>23.2 As well as exercising the powers attributed to it in law, the board of directors is also entitled to resolve on the following matters:</p> <p>a) adaptation of the Articles of Association to the regulatory provisions in force;</p> <p>b) mergers by incorporation or demerger of the company in accordance with the terms of articles 2505, 2505 bis and 2506 ter, final paragraph, of the Italian Civil Code;</p> <p>c) notification by the issuer on public acquisition or exchange offers pursuant to the terms of article 39 of Consob resolution no. 11971 of 14th May 1999;</p> <p><u>d) reduction of the company capital in the event of withdrawal by one or more shareholders.</u></p>

Article 27

Article 27.2

Text in Force	Proposed Text
<p>27.2 The statutory and deputy auditors are appointed by the ordinary shareholders' meeting on the basis of the lists submitted by the shareholders, in which the candidates are listed in sequential order.</p> <p>For the submission, publication and filing of the lists and related documentation (including the prescribed declarations and statements) the</p>	<p>27.2 The statutory and deputy auditors are appointed by the ordinary shareholders' meeting on the basis of the lists submitted by the shareholders, in which the candidates are listed in sequential order. <u>The lists contain the names of one or more candidates, which must in any case not exceed the maximum number of members to be elected.</u></p>

~~procedures described in article 16.3 of this Articles of Association and the provisions and regulations in force will apply.~~

The lists are divided into two sections: one for the candidates for the office of statutory auditor and one for the deputy auditors. The first candidate in each section must be entered in the register of accounting auditors and must have practice as a legal auditor of accounts for at least three years.

The lists are divided into two sections: one for the candidates for the office of statutory auditor and one for the deputy auditors. The first candidate in each section must be entered in the register of accounting auditors and must have practiced as a legal auditor of accounts for at least three years.

The lists submitted by the shareholders will be filed at the registered office of the company at least fifteen clear days prior to the date scheduled for the shareholders' meeting at first convocation. The lists will be published in accordance with the regulations in force.

Each shareholder may submit or second the submission of one list only, and may only vote for one list.

The shareholders who belong to the same group and those adhering to a shareholders' agreement on the company shares may not submit or vote for more than one list, even if through an intermediary or through a trust company.

Each candidate may be entered in one list only. Violation of the above will render the candidate ineligible for election.

Only those shareholders, who alone or together with others, hold a shareholding as that determined in accordance with the Consob regulations have the right to submit lists. Or in the absence thereof, the shareholders in question must represent at least 2.5% of shares with voting right at the ordinary shareholders' meeting. In order to prove possession of the number of shares necessary for the submission of lists, the shareholders will file at the registered office of the company, the certificates of ownership of their shares and certification of their right to take part in the shareholders' meeting, together with the list of candidates.

Together with each list, and subject to the terms of the regulations in force, each candidate must also submit a declaration stating that he/she accepts the candidature and attesting under his own responsibility the inexistence of any grounds of ineligibility or incompatibility, in addition to the existence of the requirements for office prescribed by the applicable legislation, and the Company's Articles of Association.

<p>Two statutory auditors and one deputy auditor will be taken from the list which has obtained the greatest number of votes, in the order in which these are entered in the sections of the list. The remaining statutory and deputy auditors will be appointed by means of the procedure described in article 16.3 b), which will be applied to each section into which the other lists are divided, and in any case in accordance with the provisions and regulations in force.</p> <p>If (i) a single list is submitted and/or voted, or (ii) if no list is submitted, or (iii) for the appointment of auditors other than when the entire board of auditors is to be renewed, the meeting will resolve on a legal majority basis, without applying the above procedure, but in any case in such a way as to ensure that the board of auditors is formed as specified in article 1, paragraph 1, of Ministry of Justice decree no. 162 of 30th March 2000. In the event of replacement of one of the auditors taken from the list which obtains the greatest number of votes, the deputy auditor from that same list will be appointed. In the event of replacement of the auditor taken from the other lists, the deputy auditor elected by means of the methods described in article 16.3 b) will be appointed. The shareholders' meeting convened pursuant to the terms of article 2401, paragraph 1, of the Italian Civil Code will replace the auditors in accordance with the principle of representation of minorities.</p> <p>The chairman of the board of auditors is appointed by the shareholders' meeting, and is the statutory auditor elected by the minority, unless only one list has been voted or no list has been submitted, in which case the chairman of the board of auditors will be appointed by the meeting on a legal majority basis.</p> <p style="text-align: center;"><i>Unchanged</i></p>	<p>Two statutory auditors and one deputy auditor will be taken from the list which has obtained the greatest number of votes, in the order in which these are entered in the sections of the list. The remaining statutory and deputy auditors will be appointed by means of the methods described in article 16.3 b), which will be applied to each section into which the other lists are divided, and in any case in accordance with the provisions and regulations in force.</p> <p>If (i) a single list is submitted, or (ii) if no list is submitted, or (iii) for the appointment of auditors other than when the entire board of auditors is to be renewed, the meeting will resolve on a legal majority basis, without applying the above procedure, but in any case in such a way as to ensure that the board of auditors is formed as specified in article 1, paragraph 1, of Ministry of Justice decree no. 162 of 30th March 2000. In the event of replacement of one of the auditors taken from the list which obtains the greatest number of votes, the deputy auditor from that same list will be appointed. In the event of replacement of the auditor taken from the other lists, the replacement auditor elected by means of the methods described in article 16.3 b) will be appointed. The shareholders' meeting convened pursuant to the terms of article 2401, paragraph 1, of the Italian Civil Code will replace the auditors in accordance with the principle of representation of minorities.</p> <p>The chairman of the board of auditors is appointed by the shareholders' meeting, and is the statutory auditor elected by the minority, unless only one list has been voted or no list has been submitted, in which case the chairman of the board of auditors will be appointed by the meeting on a legal majority basis.</p> <p style="text-align: center;"><i>Unchanged</i></p>
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b) *to instruct the Chairman of the Board of Directors and Managing Director to apply all the measures in any way connected with or deriving from the resolutions in question, either jointly or severally, or by means of persons specifically delegated on the basis of special power of attorney”.*

Genoa, 13th February 2008

Alessandro Pansa
Chairman
For the Board of Directors