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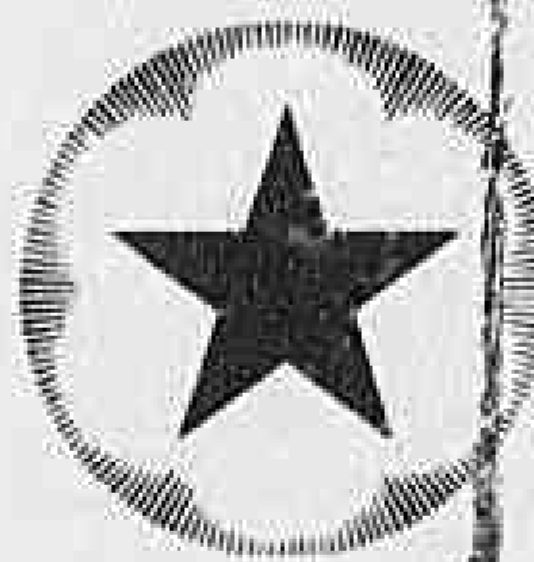
CIVIL AFFAIRS HANDBOOK - ITALY

SECTION 3E : BOOK FIVE : ITALIAN CIVIL CODE

18
ARMY SERVICE FORCES MANUAL**M 353-3E**1
CIVIL AFFAIRS HANDBOOK**ITALY**SECTION 3E: BOOK FIVE
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HEADQUARTERS, ARMY SERVICE FORCES 15 JANUARY 1945

ARMY SERVICE FORCES MANUAL

M 353-3E

Civil Affairs

CIVIL AFFAIRS HANDBOOK

ITALY

SECTION 3E: BOOK FIVE

ITALIAN CIVIL CODE



Headquarters, Army Service Forces

15 January 1945

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The main subject matter of each Army Service Forces Manual is indicated by consecutive numbering within the following categories:

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| M1 - M99 | Basic and Advanced Training |
| M100 - M199 | Army Specialized Training Program and Pre-Induction Training |
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| M300 - M399 | Civil Affairs |
| M400 - M499 | Supply and Transportation |
| M500 - M599 | Fiscal |
| M600 - M699 | Procurement and Production |
| M700 - M799 | Administration |
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| M900 - up | Equipment, Materiel, Housing and Construction |

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HEADQUARTERS, ARMY SERVICE FORCES
Washington 25, D. C., 15 January 1946

Army Service Forces Manual M 353 - 3E, Civil Affairs Handbook, Italy, Section 3E, Book Five, Italian Civil Code, has been prepared under the supervision of The Provost Marshal General, and is published for the information and guidance of all concerned.

[SPX 481 (21 Sep 43)]

By command of Lieutenant General SOMERVELL:

W. D. STYER,
Lieutenant General, U.S.A.,
Chief of Staff.

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This translation of the Fifth Book of the Italian Civil Code was
prepared for the
MILITARY GOVERNMENT DIVISION, OFFICE OF THE PROVOST MARSHAL GENERAL
by the
RESEARCH AND ANALYSIS BRANCH OF THE OFFICE OF STRATEGIC SERVICES

OFFICERS USING THESE HANDBOOKS ARE REQUESTED TO MAKE SUGGESTIONS
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INTRODUCTIONPurposes of the Civil Affairs Handbook

The basic purposes of civil affairs officers are (1) to assist the Commanding General by quickly establishing those orderly conditions which will contribute most effectively to the conduct of military operations, (2) to reduce to a minimum the human suffering and the material damage resulting from disorder, and (3) to create the conditions which make it possible for civilian agencies to function effectively.

The preparation of Civil Affairs Handbooks is a part of the effort to carry out these responsibilities as efficiently and humanely as possible. The Handbooks do not deal with plans or policies (which will depend upon changing and unpredictable developments). It should be clearly understood that they do not imply any given official program of action. They are rather ready reference source books containing the basic factual information needed for planning and policy making.

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CIVIL AFFAIRS HANDBOOKS
TOPICAL OUTLINE

1. Geographical and Social Background
2. Government and Administration
3. Legal Affairs
3E Book Five - Italian Civil Code
4. Government Finance
5. Money and Banking
6. Natural Resources
7. Agriculture
8. Industry and Commerce
9. Labor
10. Public Works and Utilities
11. Transportation Systems
12. Communications
13. Public Health and Sanitation
14. Public Safety
15. Education
16. Public Welfare
17. Cultural Institutions

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CIVIL AFFAIRS HANDBOOK
TOPICAL OUTLINE (CONT'D)

This handbook is a translation of Book Five of the Italian Civil Code and is one of a series of six books covering the complete Code. The following outline indicates the place of this handbook in the series.

ITALIAN CIVIL CODE

- 3A. Book One (OF PERSONS) Italian Civil Code
- 3B. Book Two (OF SUCCESSIONS) Italian Civil Code
- 3C. Book Three (OF THE RIGHTS OF PROPERTY) Italian Civil Code
- 3D. Book Four (OF OBLIGATIONS) Italian Civil Code
- 3E. Book Five (OF RIGHTS OF LABOR AND ECONOMIC ORGANIZATION) Italian Civil Code
- 3F. Book Six (OF THE PROTECTION OF RIGHTS) Italian Civil Code

This series of handbooks is believed to be the only available English translation of the Italian Civil Code.

This translation of Book Five of the Italian Civil Code was prepared for the MILITARY GOVERNMENT DIVISION, OFFICE OF THE PROVOST MARSHAL GENERAL by the RESEARCH AND ANALYSIS BRANCH, OFFICE OF STRATEGIC SERVICES.

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ITALIAN COURT SYSTEM

| <u>Corte di Cassazione</u> | | | <u>Court of Cassation</u> | | |
|----------------------------------|--|----------------------------------|---|---|--|
| Numero Collegio | 1 (Roma) Presidente di Cassazione Consiglieri de Corte di Cassazione | Number Title | 1 (Rome) President of Cassation Councillors of Court of Cassation | | |
| Numero dei Giudici Votanti | 7 per sezione 15 per sezione unita Minorenni (C. Sotto anni 18 (App. Sezione speciale di (Corte d'Appello | Number of Judges per Court | 7 for each section (S.M. under 10 (App. Special session of (Court of Appeals | | |
| | (No. 8 (G.V. 3 (C.T. Comuni di Cagliari, Firenze, (Milano, Napoli, Palermo, Roma, (Torino, Venezia ((App. Tribunale Supremo delle) No.1 (Acque Pubbliche (J.12 | | (No. 8 (J. 3 (T.J. Municipalities of (Cagliari, Florence, Milan, (Naples, Palermo, Rome, (Turin, Venice (App. Supreme Tribunal) No.1 (of Public Waters(J.12 | | |
| Competenza per Territorio | Distretto | | Territorial Jurisdiction | District | |
| Competenza | Illimitata | | Subject Matter | Unlimited | |
| Appello | Dai Tribunali | | Appeal | From Tribunals | |
| Pubblico Ministero | Procuratore Generale di Corte d'Appello | | Public Attorney | Procurator General of Court of Appeals | |

ITALIAN COURT SYSTEM

| <u>Corte di Cassazione</u> | | <u>Court of Cassation</u> | |
|----------------------------|--|----------------------------------|---|
| Numero Collegio | 1 (Roma) Presidente di Cassazione Consiglieri de Corte di Cassazione | Number Title | 1 (Rome) President of Cassation Councillors of Court of Cassation |
| Numero dei Giudici Votanti | 7 per sezione 15 per sezioni unite | Number of Judges per Court | 7 for each section 15 for united sections |
| Suddivisioni | 3 sezioni civili 2 sezioni penali 1 sezione unite | Subdivisions | 3 civil sections 2 criminal sections 1 united section |
| Competenza per Territorio | Regno e colonie | Territorial Jurisdiction | All territory subject to Italian State |
| Competenza | Illimitata - solo su questioni di diritto | Jurisdiction over Subject Matter | Unlimited - on points of law only |
| Appello | Da ogni giudizio appellabile di corti di grado inferiore - dalla corte di rimando in determinate circostanze alle sezioni unite il cui giudizio e finale | Appeal | From any judgment of a lower court which may be appealed - under certain specified circumstances; from the court to which the case was referred, to the united sections, the decisions of which are final |
| Pubblico Ministero | Procuratore Generale presso la Corte di Cassazione | Public Attorney | Procurator General of the Court of Cassation |

| <u>Corte d'Appello</u> | | <u>Court of Appeals</u> | |
|----------------------------|---|----------------------------|--|
| Numero Collegio | 18 Presidente di Corte d'Appello Consiglieri di Corte d'Appello | Number Title | 18 President of Court of Appeals Councillors of Court of Appeals |
| Numero dei Giudici Votanti | 5 Sezioni di C. d'A: Una sezione per Magistratura del Lavoro | Number of Judges per Court | 5 Sections of C. of A. |
| | No. varia | | No. varies |
| | Una sezione per Magistratura del Lavoro | | 1 section for Magistracy of Labor |

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court which may be appealed under certain specified circumstances; from the court to which the case was referred, to the united sections, the decisions of which are final

Da ogni giudizio appellabile - corti di grado inferiore - dalla corte di rimando in determinate circostanze alle sezioni unite il cui giudizio e finale

Appello

Procurator General of the Court of Cassation

Public Attorney

Procuratore Generale presso la Corte di Cassazione

Pubblico Ministero

| Corte d'Appello | | Court of Appeals | |
|-----------------|----------------------------|---|---|
| Numero Collegio | Numero del Giudici Votanti | President of Court of Appeals Councillors of Court of Appeals | President of Court of Appeals Councillors of Court of Appeals |
| | | 18 | 18 |
| | | 5 | 5 |
| | | Sezioni di C. d'A. | Sections of C. of A. |
| | | No. varia | No. varies |
| | | Una sezione per Magistratura del Lavoro | 1 section for Magistracy of Labor |
| | | 91 | 91 |
| | | 7 | 7 |
| | | Circolo Penale per determinati reati | Circuit Criminal only for certain specified crimes |
| | | Inappellabile | None |
| | | (No. (G.V. (C.T. (C. (App. (| (No. (J. (T.J. (S.M. (App. (|
| | | 24 | 24 |
| | | 3 | 3 |
| | | Distretto Sotto anni 18 | District Under 18 |
| | | Sezione speciale di Corte d'Appello | Special session of Court of Appeals |
| | | 8 | 8 |
| | | 3 | 3 |
| | | Comuni di Cagliari, Firenze, Milano, Napoli, Palermo, Roma, Torino, Venezia | Municipalities of Cagliari, Florence, Milan, Naples, Palermo, Rome, Turin, Venice |
| | | Tribunale delle Acque Pubbliche | Supreme Tribunal No.1 of Public Waters |
| | | (App. (| (App. (|
| | | Tribunale Supremo delle Acque Pubbliche | Supreme Tribunal No.1 of Public Waters |
| | | Distretto Illimitata | District Unlimited |
| | | Dai Tribunali | From Tribunals |
| | | Procuratore Generale di Corte d'Appello | Procurator General of Court of Appeals |
| | | Competenza per Territorio | Territorial Jurisdiction |
| | | Competenza | Subject Matter Unlimited |
| | | Appello | Appeal |
| | | Pubblico Ministero | Public Attorney |

ITALIAN COURT SYSTEM (cont'd)

| <u>Tribunali</u> | | <u>Tribunals</u> | |
|----------------------------|--|----------------------------------|---|
| Numero Collegio | 142 Presidente - Giudici | Number Title | 142 President - Judges |
| Numero dei Giudici Votanti | 3 | Number of Judges per Court | 3 |
| Suddivisioni | Sezioni - No. varia | Subdivisions | Sections - No. varies |
| Competenza per Territoria | Circondario | Territorial Jurisdiction | Department |
| Competenza | In materia penale reati non di competenza del pretore o della corte d'assise - in materia civile oltre 5000 lire o indeterminabile | Jurisdiction over Subject Matter | In criminal matters, all crimes which do not fall under the jurisdiction of local magistrate or assizes; in civil cases, matters involving value over 5000 lire or undetermined value |
| Appello | Dalle sentenze dei pretori | Appeal | From judgments of local magistrates |
| Pubblico Ministero | Procuratore del Re | Public Attorney | Prosecutor for the King |
| <u>Pretura</u> | | <u>Local Magistrate's Court</u> | |
| Numero Collegio | 986 Pretore | Number Title | 986 Local Magistrate |
| Numero dei Giudici Votanti | 1 | Number of Judges per Court | 1 |
| Suddivisioni | Pretori Aggiunti - Vice Pretori - Giudice Tutelare | Subdivisions | Substitute or extra local magistrate - Judge in charge of minors and incapacitated persons |

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Appello
Pubblico Ministero
Dalle sentenze del Pretore
Procuratore del Re
Public Attorney
Procurator for the King

| <u>Pretura</u> | | <u>Local Magistrate's Court</u> | |
|----------------------------|--|---------------------------------|--|
| Numero Collegio | 986 Pretore | Number Title | 986 Local Magistrate |
| Numero dei Giudici Votanti | 1 | Number of Judges per Court | 1 |
| Suddivisioni | Pretori Aggiunti - Vice Pretori - Giudice Tutelare | Subdivisions | Substitute or extra local magistrate - Judge in charge of minors and incapacitated persons |
| Competenza per Territorio | Mandamento | Territorial Jurisdiction | District |
| Competenza | In materia penale, reati punibili con pena non superiore ai 3 anni o pecuniaria non oltre lire 10,000. In materia civile azioni reali e personali non superiore a lire 5,000. Senza limite di valore per azioni di sfratto per locazione finita, danni a fondi rustici, denuncio di nuova opera o di danno temuto e distanze legali nel piantamento di alberi e ingiunzione a termini. | Jurisdiction of Subject Matter | In criminal matters, crimes punishable with penal servitude, not over 3 years or fine not over 10,000 lire. In civil matters for actions involving value not over 5,000 lire. For actions involving unlimited value in matters of expulsion for termination of lease, damages to country property, injunctions, legal distance in planting of trees and in boundaries. |
| Appello | Dalle sentenze dei conciliatori | Appeal | From judgments of the justices of the peace |
| Pubblico Ministero | Uditori, Vice Commissari di Pubblica Sicurezza, Segretario Comunale, Avvocato, Notaio, o Procuratore scelto dal Pretore | Public Attorney | Junior Magistrate, Local Chief of Police, Secretary attached to municipality, Lawyer, Notary, or Procurator chosen by the local Magistrate |

Gradi della Magistratura

Primo Presidente della Corte di Cassazione
 *Procuratore Generale della Corte di Cassazione

Presidente di Sezione della Corte di Cassazione
 Primo Presidente della Corte d'Appello
 *Procuratore Generale di Corte d'Appello
 *Avvocato Generale di Corte di Cassazione

Consigliere di Corte di Cassazione
 *Sostituto Procuratore Generale di
 Corte di Cassazione
 Presidente di Sezione di Corte d'Appello

Consigliere di Corte d'Appello
 *Sostituto Procuratore Generale di Corte d'Appello
 Presidente di Tribunale
 *Procuratore del Re

Giudice di Tribunale
 *Sostituto Procuratore del Re

Aggiunti Giudiziani

Pretore
 **Vice Pretore

**Uditore

*Fanno parte del pubblico ministero - sono
 funzionari dell'ordine giudiziario senza le
 guarentigie dell'inamovibilit .

**In materia penale - possono adempiere le
 funzioni del pubblico ministero su richiesta
 del pretore.

Grades of Judiciary

First President of the Court of Cassation
 *Procurator General of the Court of Cassation

President of Section of the Court of Cassation
 First President of the Court of Appeals
 *Procurator General of the Court of Appeals
 *Solicitor General of the Court of Cassation

Councillor of Court of Cassation
 *Deputy Procurator General of the
 Court of Cassation
 President of Section of Court of Appeals

Councillor of Court of Appeals
 *Deputy Procurator General of Court of Appeals
 President of Tribunal
 *Procurator for the King

Judge of the Tribunal
 *Deputy Procurator for the King

Adjuncts

Local Magistrate
 **Assistant Local Magistrate

**Junior Magistrate

*Members of the public attorney's office who come under
 Dept. of Justice, but do not enjoy the guarantee of
 irremovability (privilege of magistrates - beginning
 3 years after their appointment as judges of tribunals -
 by virtue of which they cannot be dismissed or trans-
 ferred to other jurisdictions for the duration of
 their office except after trial in which they must
 appear in person.

**May function as public attorney, in criminal matters,
 on request of the local magistrate.

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ITALIAN CIVIL CODE

BOOK FIVE

OF RIGHTS OF LABOR AND ECONOMIC ORGANIZATION

TITLE ONE

OF THE REGULATION OF OCCUPATIONAL ACTIVITIES

CHAPTER I

GENERAL PROVISIONS

ARTICLE 2060 - Of labor.

The principles contained in the Charter of Labor safeguard labor in its organic and executive structure and in its intellectual, technical, and manual aspects.

ARTICLE 2061 - Classification of occupational categories.

The classification of occupational categories is established by the laws, regulations, and orders of governmental authorities and by the by-laws of trade associations.

ARTICLE 2062 - Occupational exercise of economic activities.

The occupational exercise of economic activities is regulated by laws, regulations and corporative rules.

CHAPTER II

OF CORPORATIVE RULES AND OF COLLECTIVE AND
ECONOMIC AGREEMENTS

ARTICLE 2063 - Subject matter.

Corporative rules for the purpose of coordinating production and trade may encompass the following:

1. Centralized control of production.
2. The regulation of relations between different occupational categories.
3. The schedule of fees for services and prices of consumers goods offered to the public under monopolistic conditions.

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The relationships contemplated in number 2 may also be made the subject matter of collective economic agreements between the trade associations representing the categories concerned.

ARTICLE 2064 - Formulation and publication.

The formulation and publication of corporative rules and of collective economic agreements is regulated by special laws.

ARTICLE 2065 - Validity.

Corporative rules and collective economic agreements are binding on all those who exercise their activities within the field of production regulated by said rules and agreements.

ARTICLE 2066 - Binding effects.

Individual contracts may not derogate from corporative rules or collective economic agreements, unless these corporative rules permit such departures.

The peremptory rules contained in the regulations and agreements referred to in the present Chapter take the place of clauses of individual contracts which differ therefrom, by operation of law.

The provision of the preceding paragraph is not applicable to contracts entered into prior to the promulgation of the corresponding corporative rule or collective economic agreement. Such rule or agreement may, however, provide that its content be applicable also to the unperformed portion of current contracts providing for continuous or periodical performance.

CHAPTER IIIOF COLLECTIVE LABOR CONTRACTS AND EQUIVALENT RULESARTICLE 2067 - Contracting parties.

Collective labor contracts are entered into by trade associations.

ARTICLE 2068 - Labor relations excluded from collective contracts.

Insofar as labor relations are governed by acts of public authorities in compliance with law, they may not be regulated by collective agreements.

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Labor relations arising from services which are personal or domestic in character are also beyond the jurisdiction of collective contracts.

ARTICLE 2069 - Validity.

A collective contract must indicate the category of the employers and workers and of the concern or concerns to which it refers, and the territory within which it is binding.

In absence of such stipulations, a collective contract is binding on all the employers and workers represented by the contracting associations.

ARTICLE 2070 - Conditions to be fulfilled.

The occupational category to which a person belongs, for the purpose of applying collective contracts, is determined by the activity which is being actually pursued by the employer.

If such person exercises different activities which are independent in character, the rules of the collective contract corresponding to such activities are applied to the respective labor relations.

When the person who provides employment does not professionally exercise an organized activity, the collective contracts regulating the labor relations relative to undertakings which exercise the same activity are applicable.

ARTICLE 2071 - Contents.

A collective contract shall contain the provisions necessary to the implementation of the principles of the labor charter, in accordance with the nature of the labor relation concerned, and for the fulfilment of the provisions of the present code concerning the particular field of labor, and the rights and duties of employers and workers.

A collective contract shall, moreover, indicate the qualifications and respective classification of the workers belonging to the category included in the collective sphere.

It shall furthermore determine the duration of the contract.

ARTICLE 2072 - Deposit and publication.

The deposit and the publication of collective contracts is regulated by special laws.

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Before publication, the governmental authorities shall ascertain whether the conditions required for the validity of collective contracts are present.

Publication may be refused if the collective contract does not contain the provisions and indications required by Article 2071, unless the parties have bound themselves to incorporate, in such contract, subsequent agreements to be stipulated within a specified period of time. If such additional stipulations are not made within the prescribed period, the labor court may be resorted to for the formulation of such stipulations.

Refusal of publication may be protested before the labor court in accordance with special laws.

ARTICLE 2073 - Notice of termination.

Notice of termination of a collective contract shall be made at least three months before its expiration.

If, after such notice and one month prior to the expiration of the contract, the trade associations have not provided for the stipulations and the submission of a new collective contract, and if the attempt of settlement through mediation provided for by Article 412 of the Code of Civil Procedure has proved unsuccessful, the labor court may be resorted to for the formulation of the new terms under which the work is to be carried out.

ARTICLE 2074 - Validity after expiration.

A collective contract, even after notice of termination, remains effective after its expiration, until new collective regulations take its place.

ARTICLE 2075 - Validity in case of organic changes.

The validity of a collective contract with respect to the category it refers to is unaffected even if the legal representation of such category lies with another association by reason of organic changes.

Such other association however, has the power to give notice of termination of the collective contract independently from the period previously set for the expiration of said contract.

ARTICLE 2076 - Collective contracts which are voidable.

A collective contract which is voidable remains valid until the period has expired in which a judgment of annulment may be appealed.

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The demand for annulment is made by the association concerned or by the public attorney before the labor court.

Such demand shall be submitted within six months from the publication of the collective contract, under penalty of being barred by lapse of time.

ARTICLE 2077 - Effects of collective contract on individual contracts.

Individual labor contracts between persons belonging to categories covered by the same collective contracts must conform to the provisions of the latter.

By operation of law, the clauses of collective contracts take the place of clauses of individual contracts made previous or subsequent to the collective contract, which differ therefrom, unless the clauses of the individual contracts contain special conditions more favorable to the workers.

ARTICLE 2078 - Validity of customs.

Customs prevail in the absence of provisions of law or of collective contracts.

However, usages which are more favorable to the workers take precedence over the rules provided by law.

Usages do not take precedence over individual labor contracts.

ARTICLE 2079 - Relations of agrarian associations and relations concerning the hiring of farm workers.

The jurisdiction of collective labor contracts extends also to the relations of agrarian associations governed by Chapter II of Title Two and to relations concerning the hiring of farm workers.

However, a collective contract regulating such relations shall not contain rules relative to wages, hours of work, holidays, probationary periods, or other matters in contradiction to the nature of such relations.

ARTICLE 2080 - Metayer system or sharecropping and hiring under duty to make improvements.

In individual contracts of Metayer or sharecropping, and of hiring agricultural labor under duty to make improvements, the clauses which differ from the provisions of a collective contract, made during the period of such relations, remain valid.

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ARTICLE 2081 - Rules of equal weight with a collective contract.

The provisions concerning collective labor contracts, contained in this Chapter, govern the other corporative rules which regulate labor relations insofar as they are applicable.

TITLE TWOOF LABOR IN COMMERCIAL AND INDUSTRIAL ENTERPRISESCHAPTER IOF ENTERPRISES IN GENERALSECTION IOF REGULAR EMPLOYERSARTICLE 2082 - Head of the enterprise or regular employer.

A regular employer is a person who pursues, in a professional manner, an economic activity organized for the purpose of production or for the purpose of exchange of property or services.

ARTICLE 2083 - Small business men.

Small farmers, artisans, small tradesmen and those who engage in occupational activities based mainly on their own work and that of the members of their families, are considered to be small business men.

ARTICLE 2084 - Prerequisites for the administration of an enterprise.

The law determines the categories of enterprises the exercise of which is subordinated to administrative authority or the licensing function.

The other prerequisites necessary for the exercise of the various categories of enterprises are established by law and by corporative rules.

ARTICLE 2085 - Trend of production.

The control of the trend of trade and production in relation to the centralized interest of national economy is exercised by the State, with the formalities provided by law and by corporative rules.

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The law also determines in which cases and in what manner the supervision of the State may be exercised over the administration of enterprises.

ARTICLE 2086 - Direction and hierarchy within the enterprise.

The employer is the head of the enterprise and his staff is subordinated to him in accordance with the hierarchical scheme.

ARTICLE 2087 - Safeguarding of working conditions.

The head of the enterprise, in the administration of his enterprise, is obliged to take all measures which, for the particular kind of work involved, in the light of experience and technical knowledge are necessary to safeguard the physical and moral well-being of the workers.

ARTICLE 2088 - Liability of the head of the enterprise or undertaking.

A regular employer who is the head of an enterprise shall conform in the administrative control, to the principles of the corporative system and the duties arising therefrom, and is answerable to the State for the trend of trade and production, in accordance with law and corporative rules.

ARTICLE 2089 - Failure of employer to observe duties.

If the employer fails to observe the duties imposed by the corporative system in the interest of production, in such manner as to cause serious injury to the national economy, the corporative representatives, after making the necessary investigation and having demanded the necessary explanations from said employer, may provide for the forwarding of the documents to the Public Attorney attached to the Court of Appeals, which embraces the labor court with territorial jurisdiction, for the eventual initiation of the court orders set forth in Article 2091.

ARTICLE 2090 - Procedure.

The President of the Labor Court, upon receipt of the pertinent petition from the Public Attorney, sets a date for the appearance of the employer and gives him a time limit within which he must present a statement of his motives.

The Labor Court deliberates in chambers, after hearing the Public Attorney and the employer.

The Labor Court, before passing judgment, may also head the trade association to which the employer belongs, gather information, and make all the investigations deemed necessary.

The employer and the Public Attorney may appeal the judgment of the

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Labor Court to the Court of Cassation, in accordance with the provisions of Article 426 of the Code of Civil Procedure.

ARTICLE 2091 - Penalties.

The Labor Court, upon ascertaining that the non-observance of the duties on the part of the employer continues, sets a date by which said employer must conform with such duties.

Upon failure of the employer to comply accordingly within the established period, the Labor Court may order suspension of the enterprise's activities, or, if the suspension is such as to prove prejudicial to the national economy, may appoint an administrator for the management of the undertaking selected from among the persons named by the employer, if any and such persons are deemed to be suitable, and defining his powers and the duration of his administration.

In the case of companies, the Labor Court instead of appointing an administrator, may set a time limit by which such company must provide for the substitution of the administrators in office with other persons considered suitable for the task.

ARTICLE 2092 - Penalties inflicted by special laws.

The provisions of the three preceding Articles are not applicable when special laws provide for the infliction of specific penalties for the violations committed by the employer.

ARTICLE 2093 - Undertakings carried on by public entities.

The provisions of this Fifth Book are applicable to public entities which form part of trade associations.

The provisions of this Book are also applicable to public entities which do not form part of trade associations, but only within the spheres of the undertakings carried on by such entities.

SECTION II

OF THE STAFF OF THE EMPLOYER WHO IS THE HEAD OF
AN UNDERTAKING

ARTICLE 2094 - Subordinate employees.

A member of the staff is a person who binds himself, for a remuneration, to collaborate in the undertaking by contributing his intellectual efforts or manual work, subordinately to the employer and under his direction.

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ARTICLE 2095 - Categories of workers constituting the staff.

The workers constituting a staff are divided into administrative or technical workers, clerks, and laborers.

Special laws and corporative rules determine the requisites for each of the above mentioned categories, in relation to each branch of production and to the particular structure of the enterprise.

SECTION III

OF EMPLOYMENT RELATION

SUB-SECTION I

OF THE ESTABLISHMENT OF EMPLOYMENT
RELATIONS

ARTICLE 2096 - Probationary period.

Unless corporative rules provide otherwise, the employment of a worker for a period of probation must be evidenced by a document.

The consent of both the employer and the worker is required for the probationary period and for the carrying out of the experiment which constitutes the basis for the trial agreement.

During the period of probation each of the parties may withdraw from the contract, without incurring an obligation to give previous notice or pay indemnity. However, if the probational period has been set for a minimum time period, the power of withdrawal cannot be exercised before the expiration of such period.

At the conclusion of the probationary period the employment becomes permanent, and the services previously rendered are included in the computation of the worker's rank in seniority.

ARTICLE 2097 - Duration of labor contract.

A labor contract is deemed to be undetermined as to its duration unless the period of its duration is determined by the particular nature of the work involved or by the terms of the document.

If such period is set by the document, the fixing of such period is ineffective if it is made for the purpose of evading other provisions concerning contracts of undetermined duration.

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A labor contract is considered to be undetermined as to its duration if the work continues after the expiration of the period and there is no evidence of any intention to the contrary by the parties to the contract.

Unless corporative rules provide otherwise, if the labor contract was stipulated for a period in excess of five years, or ten years in the case of administrative workers, the worker may withdraw from the contract after such period of five or ten years, observing the provisions of Article 2118.

ARTICLE 2098 - Violation of the rules concerning the allocation of workers.

A labor contract executed without observing the provisions concerning the condition of supply and demand of labor may be annulled without affecting the applicability of penalties imposed by the criminal law.

The demand for annulment is made by the Public Attorney or by the personnel allocation office within one year of the date of the employment of the worker.

SUB-SECTION II

OF THE RIGHTS AND DUTIES OF THE PARTIES

ARTICLE 2099 - Remuneration.

The remuneration of workers may be established on a periodical basis or on the basis of piece work, and shall be given in the amount determined by corporative rules, with the formalities and within the periods which are customary in the place where the work is carried on.

In the absence of corporative rules or an agreement between the parties, the remuneration is established by the judge, who shall consult, when necessary, with the trade associations.

A worker may also be remunerated, wholly or in part, through participation in the profits, products, commissions, or payments in kind.

ARTICLE 2100 - Compulsory remuneration on the basis of piece work.

A worker shall be remunerated on the basis of piece work when, by reason of the organization of the work, he is bound to keep up to a certain standard of production, or when the value of his services is based upon the results of the worker's efficiency within a given working period.

Corporative rules determine what branches of production and what cases are affected by the conditions set forth in the preceding paragraph,

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and they establish the standards for defining the appropriate scale of rates.

ARTICLE 2101 - Scale of rates for piece work.

Corporative rules may provide that the scale of rates for piece work shall not become permanent until the expiration of the probationary period.

The scale of rates may be modified or replaced only by reason of supervening changes in the conditions for carrying on the work and in proportion to such supervening changes.

In this case, the replacement or modification of the scale does not become final until after the expiration of the probationary period established by corporative rules.

The employer shall give advance notice to the workers of the facts concerning the elements on the basis of which the scale of rates for piece work is to be made, the work to be performed, and the comparative compensation for each unit of work. He shall also communicate the facts concerning the amount of work already performed and the time employed in performing it.

ARTICLE 2102 - Participation in the profits.

Unless agreements or corporative rules provide otherwise, the workers' share of the participation in the profits is determined on the basis of the net profits of the enterprise and, in the case of enterprises which are required to publish their balance sheets, on the basis of the net profits as shown by the balance sheets regularly approved and published.

ARTICLE 2103 - Work assignment.

A worker must be assigned to the duties for which he was employed. The employer may, however, unless otherwise agreed upon, give the worker different tasks, in accordance with the demands of the enterprise, provided it does not involve a reduction of remuneration or a material change of the worker's status.

In the case set forth in the preceding paragraph, the worker is entitled to benefits corresponding to the activity exercised by him, if such benefits are to his advantage.

ARTICLE 2104 - Diligence of worker.

Workers must exercise the diligence required by the nature of the

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work to be performed, by the interests of the enterprise, and by the higher interest of national production.

Moreover, they must abide by the provisions for the execution of the work and for discipline as given by the employer and his collaborators of whom he may be hierarchically dependent.

ARTICLE 2105 - Duty of loyalty.

A worker may not transact business, either for his own account or for the account of third parties, in competition with his employer, nor divulge information relative to the organization and methods of production of the enterprise, nor use such information in such manner as to prejudice the enterprise.

ARTICLE 2106 - Disciplinary punishment.

Non-observance of the provisions of the two preceding Articles may be cause for disciplinary punishment, in accordance with the gravity of the violation and in conformity with corporative rules.

ARTICLE 2107 - Hours of work.

The daily and weekly period of work may not be in excess of the limits established by special laws or corporative rules.

ARTICLE 2108 - Overtime and night work.

In cases where the normal hours of work are exceeded, the worker shall be compensated for the overtime with an additional remuneration over that due for ordinary work.

The night work which is not included in regular work shifts shall be likewise remunerated at a higher rate than day work.

The extent to which overtime and night work may be permitted, the duration thereof, and the increase in remuneration, are established by laws or corporative rules.

ARTICLE 2109 - Rest periods.

Workers are entitled to a weekly rest period of one day, which as a general rule shall be on a Sunday.

Workers are also entitled, after one year of uninterrupted work to an annual period of vacation with pay, such period to be continuous, if possible, and at the time set by the employer, taking into account the

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demands of the undertaking and the interests of the worker. The length of such period is established by law, corporative rules, custom, or on the basis of fair treatment.

The employer shall give previous notice to the worker of the period set for the enjoyment of his holiday.

The period of advance notice indicated in Article 2118 shall not be counted as a vacation period.

ARTICLE 2110 - Accident, illness, pregnancy, child birth.

In the case of accident, sickness, pregnancy or child birth, workers are entitled to an allowance or remuneration in an amount and for a period established by special laws, corporative rules, custom, or on the basis of fair treatment, when the law or corporative rules do not provide special forms of social insurance or welfare.

In the cases set forth in the preceding paragraph, the employer has the right to terminate the contract of employment in accordance with the provisions of Article 2118, after the expiration of the period established by the law, corporative rules, custom, or on the basis of fair treatment.

The period of absence from work, for one of the above mentioned reasons, shall be computed in the worker's rank in seniority.

ARTICLE 2111 - Military service.

Conscription in compliance with the duties for military service terminates the contract of work unless corporative rules provide otherwise.

In case of recall to the colors, the provisions of the first and third paragraphs of the preceding Article are applicable.

ARTICLE 2112 - Transfer or business.

In the case of transfer of a business, if the transferor has not given notice in sufficient time, the contract of employment continues with the transferee, and the worker retains the rights arising from his seniority attained prior to the transfer.

The buyer is jointly and severally liable with the seller for all claims of the worker arising from his performance of work, including such claims as may be based upon the notice to quit given by the seller, provided always that the buyer had knowledge of such claims at the time of the transfer, or unless the claims are evidenced by the books of the transferred business or by the worker's passport.

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The worker, with the intervention of the trade associations to which both the employer and the worker belong, may consent to the release of the seller from the obligations arising from employment relations.

The provisions of this Article are also applicable in the case of usufruct or rental of the business.

ARTICLE 2113 - Renunciations and compromises.

Renunciations and compromises concerning the worker's rights arising from peremptory provision of law or corporative rules are not valid.

Under penalty of forfeiture of the right, opposition to renunciations and compromises shall be submitted within three months from the cessation of the employment relation, or from the date of such renunciation or compromise, if it occurred after the cessation of the employment relation.

In case of controversy, the applicability of Articles 185, 430, and 431 of the Code of Civil Procedure remain unaffected.

SUB-SECTION IIIOF SOCIAL INSURANCE OR SECURITY AND SOCIAL WELFAREARTICLE 2114 - Compulsory social insurance and welfare.

Special laws and corporative rules determine the applicability and the observance of compulsory social welfare and the corresponding dues and manner of fulfilment.

ARTICLE 2115 - Dues.

Unless the law or corporative rules provide otherwise, the employer and the worker contribute in equal shares to social insurance and welfare institutions.

The employer is liable for the payment of the dues, including the share which is chargeable to the worker, except for his right of recovery in accordance with special laws.

Any agreement made for the purpose of evading the duties to provide for social insurance and welfare is null.

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ARTICLE 2116 - Benefits.

The worker is entitled to the benefits set forth in Article 2114, even when the employer has failed to make the regular payments due the social insurance and welfare institutions, unless special laws or corporative rules provide otherwise.

In cases when, because of failure to pay or because of irregular payments, the insurance or welfare organizations are released, wholly or partially, from paying the benefits due pursuant to such provisions, the employer is liable for damages to the worker arising therefrom.

ARTICLE 2117 - Special funds for social insurance and welfare.

Special funds established by the employer for social insurance and welfare, even without participation of the workers, may not be diverted from the purpose for which they were intended and are not subject to attachment by the creditors of either the employer or the workers.

SUB-SECTION IVTERMINATION OF EMPLOYMENT RELATIONARTICLE 2118 - Withdrawal from contract of undetermined duration.

Either of the parties may withdraw from employment contracts of undetermined duration by giving such advance notice and with such formalities as are required by corporative rules, custom or fair treatment.

In absence of advance notice, the party who withdraws is bound to indemnify the other party in an amount equivalent to the amount of remuneration which would have been due for the period of advance notice.

The same indemnity is due by the person who provides employment, in the case of termination of the employment relation due to the death of the worker.

ARTICLE 2119 - Withdrawal for justifiable reason.

Each of the contracting parties may withdraw from the contract prior to the expiration thereof, if the contract is for a specified period, or without advance notice if the contract is of undetermined duration, for causes which interfered with the prosecution, even temporarily, of the employment relation. If the contract is of undetermined duration, a worker who withdraws from the contract for justifiable reason is entitled to the indemnity set forth in the second paragraph of the preceding Article.

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Insolvency of the employer or involuntary administrative liquidation of the business does not constitute justifiable reason.

ARTICLE 2120 - Superannuation.

In the case of termination of a contract of undetermined duration, the worker is entitled to an indemnity proportionate to the number of years of employment, except in the case of dismissal due to his own negligence or voluntary resignation.

However, corporative rules may establish that such indemnity is due even in case of voluntary resignation, specifying the conditions and formalities therefor.

The amount of the indemnity is determined by corporative rules, custom, or on the basis of fair treatment, in accordance with the last remuneration and in relation to the occupational category to which the worker belongs.

Corporative rules which provide for equivalent forms of social insurance are unaffected.

ARTICLE 2121 - Computation of superannuation and retiring allowance based on length of service.

The indemnities set forth in Articles 2118 and 2120 shall be calculated by reference to the commissions, bonuses, participation in the profits or in the products, and any other compensation of a continuous nature, but not including what is due for reimbursement of expenses.

If the worker is remunerated, wholly or in part, by commissions, bonuses, or participations in the profits or products, the above mentioned indemnities are determined on the basis of the average emolument for the last three years of service or a lesser period of service.

An equivalent amount due the worker for food and lodging constitutes a part of the compensation.

ARTICLE 2122 - Pensions in case of death.

In the event of death of the worker, the indemnities set forth in Articles 2118 and 2120 shall be paid to the spouse, the children and to the relatives within the third degree and the relatives by affinity within the second degree, provided that the spouse, children or relatives were dependants of the worker.

In the absence of agreement between the parties entitled to the indemnity, it shall be divided in accordance with the needs of each dependant.

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In the absence of persons indicated in the first paragraph, the pension shall be distributed in accordance with the provisions concerning legal successions.

Any agreement made prior to the death of the worker concerning the distribution and the sharing of the indemnity is null.

ARTICLE 2123 - Forms of security.

Unless agreements provide otherwise, an employer who has voluntarily provided for security may deduct from the sums which he owes in accordance with Articles 2110, 2111, and 2120 that which the worker is entitled to receive as a result of such provisions for security.

If there are funds of social security created by the workers, each is entitled to the liquidated sum of his share, regardless of the reason for the termination of the contract.

ARTICLE 2124 - Employment certificate.

When workers' passports are not compulsory, the employer, at the termination of the contract, regardless of the cause for such termination, shall issue a certificate indicating the period during which the worker was employed under him and the kind of work performed.

ARTICLE 2125 - Agreements not to compete.

An agreement by which a worker restricts the exercise of his activities for a period following the termination of the contract is null, unless it is evidenced by a writing and it is stipulated with a consideration in favor of the worker, and the obligation is specifically limited as to purpose, duration and territory.

The duration of such obligations may not be in excess of five years, in the case of managerial workers, and three years in all other cases. If a longer length of time is stipulated, same is reduced to the length indicated in the preceding paragraph.

SUB-SECTION VFINAL PROVISIONSARTICLE 2126 - Work actually performed in violation of laws.

The nullity or voidability of a labor contract does not produce effects for the period in which said contract was operative unless the nullity is based on the unlawfulness of the subject matter or of the consideration.

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If the work was performed in violation of the rules established for the protection of workers, a worker is in all cases entitled to remuneration.

ARTICLE 2127 - Prohibition to re-distribute piece work.

An employer is barred from distributing to employees piece work which is to be performed by workers hired and paid directly by such employees.

If this provision is violated, the employer is answerable directly, with respect to workers employed by his own employees, for the obligations arising from the contract of labor stipulated by the latter.

ARTICLE 2128 - Work at home.

The provisions of this section are applicable to workers who perform their work in their own home, insofar as this is compatible with the particular class of work concerned.

ARTICLE 2129 - Labor contracts of persons employed by public entities.

The provisions of this section are applicable to persons employed by public entities, unless the relationship concerned is otherwise regulated by law.

SECTION IVOF APPRENTICESHIPARTICLE 2130 - Duration of apprenticeship.

The period of apprenticeship may not be in excess of the limits established by corporative rules or custom.

ARTICLE 2131 - Remuneration.

The remuneration of an apprentice may not take the form of wages for work.

ARTICLE 2132 - Vocational instruction.

The employer shall allow the apprentice to attend the courses necessary for his vocational training and shall assign him only to such work as is connected with the particular occupational activity concerned with the apprenticeship.

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ARTICLE 2133 - Apprenticeship certificate.

At the termination of the apprenticeship, an apprentice, for whom a worker's passport is not compulsory, is entitled to receive a certificate witnessing his apprenticeship.

ARTICLE 2134 - Rules applicable to apprenticeship.

The provisions of the preceding section are applicable to apprenticeship, insofar as they are compatible with the particular relationship concerned and insofar as special laws or corporative rules do not provide otherwise.

CHAPTER IIOF AGRICULTURAL UNDERTAKINGSSECTION IGENERAL PROVISIONSARTICLE 2135 - Employer who is the head of an agricultural undertaking.

An employer who is defined as head of an agricultural undertaking is a person who exercises activity connected with the cultivation of the land, forestry, stock breeding, or other similar activities.

Activities directed to the processing or alienation of agricultural products are considered connected activities when they are a part of the normal exercise of an agricultural pursuit.

ARTICLE 2136 - Provision concerning recordation not applicable.

The rules relating to the recording of undertakings in the register are not applicable to agricultural employers, except for the provision of Article 2200.

ARTICLE 2137 - Liability of agricultural employers.

An agricultural employer is subject to the duties imposed by law and corporative rules concerning the pursuit of agriculture, even if he exercises his undertakings on another person's property.

ARTICLE 2138 - Managers and superintendents of country estates.

The powers of managers charged with the exercise of an agricultural undertaking and those of superintendents of country estates are regulated

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by corporative rules and, in the absence thereof, by custom, when they are not determined in writing by the principal.

ARTICLE 2139 - Interchange of labor or facilities.

Interchange of labor or facilities in accordance with custom is permissible between agricultural employers operating on a small scale.

ARTICLE 2140 - Tacit mutual collaboration within the family.

The rules regarding mutual collaboration within families are regulated by custom.

SECTION IIOF METAYER SYSTEM OR SHARECROPPING

ARTICLE 2141 - Elements.

In the metayer system, the landlord becomes associated with the sharecropper, in the latter's own name and in the latter's capacity of head of a farmer's familia, for the cultivation of a farm and for the exercise of related activities, for the purpose of dividing in equal parts the products and the profits. Agreements whereby some products are divided in unequal shares are valid.

ARTICLE 2142 - Farmer's familia.

The membership of a farmer's familia may not be altered at will without the consent of the landlord, except in cases of marriage, adoption and the acknowledgment of natural children. The membership and any changes occurring in the farmer's familia must be registered in the farmer's account book.

ARTICLE 2143 - Metayage undetermined as to duration.

When metayage is undetermined as to its duration, it is understood to have been stipulated for the period of an agricultural year, unless corporative rules provide otherwise, and is tacitly renewed from year to year, unless, at least six months before the expiration of said metayage, notice of termination is given with the formalities established by corporative rules, agreement or custom.

ARTICLE 2144 - Metayage for a specified period of time.

Metayage for a specified period of time does not terminate by operation of law at the expiration of the term.

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Unless notice of termination is given in accordance with the preceding Article, the contract is deemed to be renewed from year to year.

ARTICLE 2145 - Rights and duties of the landlord.

In metayage, the landlord confers the enjoyment of the piece of property, outfitted with all that is necessary for the exercise of the undertaking and with an adequate house for the farmer's familia.

The management of the undertaking belongs to the landlord, who shall observe the rules of sound agrarian technique.

ARTICLE 2146 - Bestowal of livestock and supplies.

Livestock and supplies are contributed by the landlord and the sharecropper in equal shares, unless corporative rules, agreement or custom provide otherwise.

The livestock and supplies contributed become common property in proportion to the shares contributed.

ARTICLE 2147 - Duties of sharecropper.

The sharecropper is bound to give his own work and the work of the farmer's familia, in accordance with the directions of the landlord and the requirements of cultivation.

The expenses connected with the labor which may be necessary for the normal cultivation of the farm are chargeable to the sharecropper, unless corporative rules, agreement or custom provide otherwise.

ARTICLE 2148 - Duty of residence and of custody.

The sharecropper is bound to reside permanently on the farm with the farmer's familia.

He is bound to take custody of the farm and to keep it up to a normal state of productivity.

He must also take care of and preserve the other property bestowed on him by the landlord with the diligence of a good pater familias, and he may not exercise activities directed to his own profit exclusively or perform in favor of third parties, without the landlord's permission or unless custom provides otherwise.

ARTICLE 2149 - Prohibition of sub-concession.

The sharecropper may not transfer the metayage nor commit to others

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the cultivation of the farm, without the consent of the landlord.

ARTICLE 2150 - Representation of farmer's familie.

The sharecropper represents the members of the farmer's familie with respect to the landlord in the relationships derived from metayage.

The obligations contracted by the sharecropper in the exercise of metayage are secured by the property of said sharecropper and by the property of the farmer's familie held in joint ownership.

The liability of the members of the farmer's familie does not extend to their property unless they have expressly given such property as security.

ARTICLE 2151 - Expenses for cultivation.

The expenses for the cultivation of the farm and for the exercise of activities connected with said cultivation, except those connected with labor as set forth in Article 2147, are divided equally between the landlord and the sharecropper, unless corporative rules, agreement or custom provide otherwise.

If the sharecropper lacks the means, the landlord shall advance without interest the amount for the expenses indicated in the preceding paragraph, up to the close of the current agricultural year, except for the landlord's right to reimburse himself by drawing on the products or on the profits.

ARTICLE 2152 - Improvements.

A landlord who intends to make improvements on the farm shall avail himself of the work of the members of the farmer's familie who have the necessary working capacity, and such members are bound to give their services against compensation.

If the measure of compensation is not established by corporative rules, agreement or custom, it is determined by the judge, after hearing the occupational associations when necessary and taking into account the increase in the income which might be realized by the sharecropper.

ARTICLE 2153 - Small maintenance repairs.

Small maintenance repairs of the farmer's house and of the working tools being used by the sharecropper and the farmer's familie are chargeable to the sharecropper, unless corporative rules, agreement or custom provide otherwise.

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ARTICLE 2154 - Advances for the maintenance of the farmer's familia.

If the share of the products to which the sharecropper is entitled is not sufficient for the maintenance of the farmer's familia because of crop scarcity for reasons outside said sharecropper's control, and if the familia is not in condition to provide such maintenance, the landlord is bound to provide, without interest, that which is necessary for the maintenance of the farmer's familia, but the landlord may reimburse himself out of the portion of the products or profits belonging to the sharecropper.

The Judge, taking the circumstances into account, may provide that reimbursement be made in instalments.

ARTICLE 2155 - Gathering and partition of the products.

The sharecropper may not commence gathering the products without the consent of the landlord and is bound to keep such products in custody until partition is made.

The products are divided in kind on the property, in the presence of the parties.

The sharecropper must carry to the market the portion of the products assigned to the landlord at the time of partition, unless corporative rules, agreement or custom provide otherwise.

ARTICLE 2156 - Sale of products.

The sale of products which, in accordance with custom, are not divisible in kind, is made by the landlord on the basis of a previous understanding with the sharecropper, and in the absence of an understanding, on the basis of the market price.

The proceeds of the sale are divided after deducting the expenses.

ARTICLE 2157 - Landlord's right of preference.

The sharecropper shall give preference to the landlord in the sale of products which have been allotted to him in kind, all conditions being equal.

ARTICLE 2158 - Death of one of the parties.

The metayage contract is not dissolved by the death of the landlord.

In the case of death of the sharecropper, the metayage terminates at the end of the current agricultural year unless, among the heirs of

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the sharecropper, there is a person who is qualified to substitute for him and the members of the farmer's familia agree in designating such person.

If the death of the sharecropper occurred within the last four months of the agricultural year, the members of the farmer's familia may demand the continuance of the metayage until the termination of the following year, provided they give assurance that the farm will be properly cultivated.

Such request must be made within two months from the death of the sharecropper, or, if this is not possible, before the commencement of the new agricultural year.

In all cases, if the farm is not cultivated with the required diligence, the landlord may cause the necessary work to be done, at his own expense, and is entitled to reimburse himself out of the products and profits.

ARTICLE 2159 - Dissolution of the contract.

Each party may demand the dissolution of the contract on the basis of supervening conditions which do not permit continuation of the relationship, in addition to the general rules relative to dissolution of the contract for non-performance.

ARTICLE 2160 - Transfer of the right of enjoyment of the property.

In the case of transfer of the right of enjoyment of the property, metayage continues with respect to the person who is substituted as landlord unless the sharecropper, within one month from the notice of such transfer, declares his withdrawal from the contract. In this case, withdrawal is effective at the termination of the current agricultural year, or at the termination of the following agricultural year if notice of the withdrawal is not given at least three months before the termination of the current agricultural year.

The credits and debits appearing in the farmer's account book as between the landlord and the sharecropper are transferred to the new holder of the right of enjoyment of the property, except for the subsidiary liability of the original landlord for the debts.

ARTICLE 2161 - Farmer's account book.

The landlord shall issue an account book to be kept in duplicate, one for each party.

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The metayage credits and debits of the parties shall be entered by the landlord in both copies of such account book, as they occur, indicating the date and the occasion therefor.

Such entries, at the termination of the agricultural year, shall be signed for acceptance by the landlord and the sharecropper.

The sharecropper shall submit each year his account book to the landlord for the entries and annual balances.

ARTICLE 2162 - Validity of the account book as evidence.

The entries made on both copies of the account book constitute evidence in favor of and against each of the contracting parties, unless the sharecropper objects within ninety days from the time when the account book was delivered to him by the landlord.

If one of the parties fails to submit his account book, the account book which is submitted constitutes evidence.

In all cases the accounts which have been entered in the account book constitute evidence against the person who wrote them.

At the close of the annual farmer's account, it is considered to have been approved when it is signed by the parties. The amounts which appear in the account may only be contested on grounds of actual mistakes, omissions, falsifications, or duplications of accounts, within ninety days from the time of delivery of the account book to the sharecropper.

ARTICLE 2163 - Allotment of equipment and live stock at the termination of metayage.

Unless corporative rules, agreement or custom provide otherwise, the allotment of the equipment and live stock at the termination of metayage, shall be made according to the following rules:

1. In the case of live stock, according to species, sex, number, quality, and weight, or, if such elements are lacking, according to the value of the live stock, taking into account the difference in value between the time of bestowal and time of re-delivery.
2. In the case of circulating equipment, according to quantity and quality, computing the amounts in excess and deficiencies on the basis of the market price at the time of re-delivery.
3. In the case of fixed equipment, according to species, quantity, quality and condition.

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SECTION IIIOF ASSOCIATIONS OF LANDLORD AND ONE OR SEVERAL FARMERS
FOR THE CULTIVATION OF LANDARTICLE 2164 - Elements.

In landlord and farmer associations, the landlord and one or several farmers become associated in the cultivation of land and the exercise of related activities, for the purpose of dividing the products and the profits.

The ratio in which the products and profits are divided is established by corporative rules, agreement or custom.

ARTICLE 2165 - Duration.

Landlord and farmer associations are contracted for the period necessary for the farmer to raise and bring to completion a normal cycle of cultivation of products raised on the property.

If complete or rotating cycles of crops or cultivations are not raised, the association may not be entered into for a period of less than two years.

ARTICLE 2166 - Duties of grantor.

The grantor shall deliver the property in condition to be used for the production for which it is intended.

ARTICLE 2167 - Duties of farmer.

The farmer must perform his work in accordance with the directions given by the grantor and the necessities of cultivation.

He must take care of the property and keep its productivity up to a normal standard; he must also keep in custody and preserve, with the diligence of a good pater familias, the other properties bestowed on him by the grantor.

ARTICLE 2168 - Death of one of the parties.

A grantor and farmer association is not dissolved by the death of the grantor.

In the case of death of the farmer, the provisions of the second, third, and fourth paragraphs of Article 2168 are applicable in favor of the heirs of said farmer.

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ARTICLE 2169 - References.

The provisions established for metayage by the second paragraph of Article 2145, the second paragraph of Article 2149, the second paragraph of Article 2151, and Articles 2152, 2155, 2156, 2157, 2159, 2160 and 2163, as well as the provisions relative to the keeping of the farmer's account book and validity thereof as evidence when issued by agreement of the parties, are applicable to grantor and farmer associations.

SECTION IVOF BAILMENT OF LIVE STOCK (SOCIDA)SUB-SECTION IGENERAL PROVISIONSARTICLE 2170 - Elements.

In the contract of socida, the bailor and the bailee become associated in the raising and exploiting of a certain quantity of live stock and the exercise of related activities, for the purpose of dividing the increase of such live stock and the other products and profits deriving therefrom.

The increase consists both in the forthcoming young and in the greater actual value of the live stock at the termination of the contract.

SUB-SECTION IIOF SIMPLE SOCIDAARTICLE 2171 - Elements.

In a simple contract of socida, the live stock is contributed by the bailor.

The appraisal of the live stock at the commencement of the contract does not transfer the ownership of said live stock to the bailee.

The appraisal shall indicate the number, breed, quality, sex, weight, and age of the live stock and the corresponding market price. The appraisal is used as a basis to determine the status of the bailor at the termination of the contract, in accordance with Article 2181.

ARTICLE 2172 - Duration of the contract.

If no term is established in the contract of socida, it is for three years duration.

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At the expiration of the term, the contract does not terminate by operation of law, and a party who does not intend to renew the contract shall give notice thereof at least six months before expiration or with any longer period of advance notice as may be established by corporative rules, agreement or custom.

If no notice is given, the contract is deemed to be renewed from year to year.

ARTICLE 2173 - Management of undertaking and hiring of labor.

The bailor is the manager of the undertaking and he shall exercise such management in accordance with principles of sound breeding.

The hiring of workers, outside the grantee's family, shall be made with the consent of the bailor even when agreement or custom provide that the expenses inherent thereto must be borne by the bailee.

ARTICLE 2174 - Duties of bailee.

The bailee, under the direction of the bailor, shall contribute the work necessary for the custody and the breeding of the live stock, for the workmanship of the products, and for the transportation of the live stock to the usual place of consignment.

The bailee shall use the diligence of a good breeder.

ARTICLE 2175 - Loss of live stock.

The bailee is not liable for live stock the loss of which has occurred for reasons beyond his control, but he is accountable for the portion of such live stock which could be recovered.

ARTICLE 2176 - Replacement of bestowed live stock.

In contracts of socida stipulated for a period of not less than three years, if, during the first half of the period contracted for, the greater part of the live stock which was originally contributed is lost for causes not attributable to the bailee, the latter may demand replacement with other head of equal intrinsic value to that at the commencement of the contract, taking into account the number, breed, quality, sex, weight and age.

If the bailor fails to make such replacement, the bailee may withdraw from the contract.

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ARTICLE 2177 - Transfer of rights in live stock.

If the ownership or the rights of enjoyment in the live stock given in bailment is transferred to others, the contract is not dissolved, but the credits and debits of the bailor arising from the bailment are transferred to the purchaser in proportion to the share purchased, except for the subsidiary liability of the original bailor for debts.

If the transfer includes the greater part of the stock, the bailee may, within one month from the time when he became cognizant of the transfer, withdraw from the contract, such withdrawal becoming effective at the end of the current year.

ARTICLE 2178 - Increase, products, profits and expenses.

The increase, products, profits and expenses are divided between the parties in the ratio established by corporative rules, agreement or custom.

A stipulation whereby the bailee's share in the losses is greater than his share in the gains is null.

ARTICLE 2179 - Death of one of the parties.

In the bailment of live stock, social contracts are not dissolved by the death of the bailor.

In the case of death of the bailee, the provisions of the second, third and fourth paragraphs of Article 2158 are observed, insofar as they are applicable, with respect to the heirs of said bailee.

ARTICLE 2180 - Dissolution of the contract.

In addition to the general rules relative to the dissolution of contracts for non-performance, each party may demand the dissolution of the contract when conditions arise which do not permit continuation of the relationship.

ARTICLE 2181 - Partition at the termination of the contract.

At the termination of the contract, the parties proceed to a new appraisal of the live stock.

The bailor, in agreement with the bailee, takes for his share a number of head which is proportionate to the number, breed, sex, weight, quality and age of live stock on hand at the commencement of the bailment.

The surplus is divided according to Article 2178.

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In the absence of enough head to equal the number in the original appraisal, the bailor takes the remaining live stock.

SUB-SECTION IIIOF JOINT VENTURE IN SOCIDAARTICLE 2182 - Contributions of live stock.

In joint venture for a socida raising of live stock, the live stock is contributed by both parties in the proportion agreed upon.

The parties become co-owners of the live stock in proportion to the respective shares contributed.

ARTICLE 2183 - Replacement of live stock contributed.

If the contract is stipulated for a period of not less than three years, and if, during the first half of the contractual period, the greater part of the live stock which was originally contributed is lost for causes which cannot be charged to the breeder and the parties do not agree as to replacement, each party has the right to withdraw from the contract.

Unless the parties agreed otherwise, withdrawal is effective at the termination of the current year.

The remaining live stock is divided between the parties in the ratio established in Article 2184.

If it was stipulated that, at the partition of the live stock to be made at the termination of the contract, one party is to receive a larger share than the share contributed, such share shall be reduced in proportion to the lesser duration of the contract.

ARTICLE 2184 - Partition of the live stock, products and profits.

The increase, the products, profits and expenses and, at the termination of the contract, the live stock contributed, are divided in the ratio established by corporative rules, agreement or custom.

ARTICLE 2185 - References.

The provisions relative to the simple bailment of live stock are applicable to joint venture for socida raising of live stock where the preceding Articles make no provision.

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SUB-SECTION IV

OF SOCIDA CONTRACTS WITH PASTURAGE FACILITIES

ARTICLE 2186 - Elements and provisions applicable

Socida relationships are also established when the live stock is contributed by the bailee and the bailor provides the pastures.

In this case the bailee has the management of the undertaking and the bailor is entitled to exercise supervisory powers.

Moreover the provisions of Article 2184 are applicable as well as those relative to a simple contract of socida, insofar as they are applicable.

SECTION V

FINAL PROVISIONS

ARTICLE 2187 - Custom.

Custom is applicable to the relationship of agricultural associations regulated by Sections II, III, and IV of this Chapter, where there is no express agreement.

CHAPTER III

OF COMMERCIAL UNDERTAKINGS AND OTHER UNDERTAKINGS SUBJECT TO REGISTRATION

SECTION I

REGISTER OF UNDERTAKINGS

ARTICLE 2188 - Register of Undertakings.

There has been established a register of undertakings for the entries required by law.

The register is kept in the office of the Registrar of Undertakings under the supervision of a Judge appointed by the President of the Tribunal

The register is public.

ARTICLE 2189 - Formalities for entry in the register.

Entries in the register are made upon an application signed by the interested party.

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Before making the entry, the office of the Registrar shall verify the authenticity of the signature and the presence of the conditions required by law for registration.

The applicant shall be notified by registered mail of a rejection of the application for entry. The applicant may appeal, within eight days, to the judge in charge of the register, who shall decide the issue by decree.

ARTICLE 2190 - Entry ex-officio.

If an entry which is compulsory has not been requested, the office of the Registrar shall summon the head of the undertaking, by registered mail, to request such entry within an adequate period. After the lapse of such period without results, the judge in charge of registration may order such entry by decree.

ARTICLE 2191 - Cancellation ex-officio.

If an entry is made without the presence of the conditions required by law, the judge in charge of the register orders cancellation thereof by decree, after hearing the interested party.

ARTICLE 2192 - Appeal of the decree issued by the Judge in charge of the register.

The decree of the Judge in charge of the register, issued in accordance with the preceding Article, may be appealed by the interested party within fifteen days of notice thereof, to the Tribunal with jurisdiction over the particular office of the Registrar.

The decree concerning such appeal shall be entered, ex-officio, in the register.

ARTICLE 2193 - Validity of entry.

If the date of which the law makes entry compulsory, has not been entered in the register, such data may not be pleaded against third parties by the persons who were bound to request the entry thereof, unless such persons prove that said third parties had knowledge of the aforementioned data.

Ignorance of the date of which the law makes entry in the register compulsory, may not be pleaded by third parties from the time of the making of the entry.

Special provisions of the law are unaffected.

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ARTICLE 2194 - Non-observance of duty to make entry.

Except for the provisions of Articles 2626 and 2634, failure to request the entry in the register with the formalities and within the period established by law, is punishable with a fine from 100 to 5,000 liras.

SECTION IIOF THE DUTY OF REGISTRATIONARTICLE 2195 - Heads of undertakings subject to registration.

The heads of undertakings exercising any of the following activities are subject to the duty of recordation in the register of undertakings:

1. Industrial activities directed to the production of goods or the rendering of services.
2. Activities which are of an intermediary nature in the transfer of property.
3. Activities connected with transportation by land, sea or air.
4. Banking or insurance activities.
5. Other activities which are subordinate to the aforementioned ones.

The provisions of the law which concern activities of commercial undertakings are applicable to all the activities set forth in this Article and to the undertakings which exercise such activities, unless it appears otherwise.

ARTICLE 2196 - Recordation of the undertakings.

The head of an undertaking who exercises a commercial activity shall, within thirty days from the commencement thereof, make a request for recordation to the office of the Registrar, in the territorial jurisdiction where the undertaking has its headquarters, giving the following information:

1. His surname, given name, his father's name, citizenship and race.
2. The firm.
3. The object for which the undertaking is formed.
4. The headquarters of the undertaking.
5. The surname and the given name of the factors, procurators and solicitors.

At the time of the request for recordation, the head of the undertaking shall deposit his autograph and the signature of his factors and procurators.

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The head of the undertaking shall, moreover, request the recordation of changes in connection with the above mentioned information, and the recordation of the termination of the undertaking, within thirty days from the day on which such changes or termination take place.

ARTICLE 2197 - Branch offices.

The head of an undertaking who establishes branch offices within the territory of the State for permanent agency, shall request, within thirty days, the recordation of such branch offices from the office of the Registrar of Undertakings of the locality where the principal office of the undertaking is located.

The request shall be made within the same period of time to the office of the Registrar of the place where the branch office is located, stating the principal office, and the given name and surname of the agent in charge of the branch office. The branch agent shall deposit his signature in the same office.

The provision of the second paragraph of this Article is also applicable to persons who head undertakings having their principal office located abroad.

The head of an undertaking who establishes branch offices for permanent agency abroad shall request recordation thereof, within thirty days, from the office of the Registrar of the territorial jurisdiction of the place where the principal office is located.

ARTICLE 2198 - Minors, interdicts and incapacitated persons.

The decrees which authorize the exercise of a commercial undertaking by an emancipated minor, or by an incapacitated person, or in the interest of a non-emancipated minor or of an interdict, and the decrees by which such authorizations are revoked, must be communicated without delay by the clerk of the court to the office of the Registrar of Undertaking, for entry of such decrees in the register.

ARTICLE 2199 - Indication of entry in the register.

The head of the undertaking shall make a reference to the register in which he is entered in the documents and in the correspondence related to the undertaking.

ARTICLE 2200 - Companies.

Companies established as any of the types regulated by Chapter III and following Chapters of Title Five, and cooperative companies, even if

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they do not exercise commercial activities, are subject to the duty of filling an entry in the register of undertakings.

The entry of companies in the register of undertakings is regulated by the provisions of Title Five and Six.

ARTICLE 2201 - Public entities.

Public entities which deal exclusively or chiefly in commercial activities are subject to the duty of filing an entry in the register of undertakings.

ARTICLE 2202 - Small businessmen.

Small businessmen are not subject to the duty of filing an entry in the register of undertakings.

SECTION IIISPECIAL PROVISIONS RELATIVE TO COMMERCIAL
UNDERTAKINGSSUB-SECTION IOF AGENCYARTICLE 2203 - Appointment of managing agent.

A factor or managing agent is a person appointed by a trader for the management of a commercial enterprise.

The appointment may be limited to the management of a branch office or of a particular branch of the enterprise.

The appointment may be limited to the management of a branch office or of a particular branch of the enterprise.

If there are several managing agents, they may act independently of each other unless the power of attorney provides otherwise.

ARTICLE 2204 - Powers of factors.

A factor may perform all acts related to the exercise of the enterprise of which he is in charge, except for the limitations contained in the power of attorney.

However, he may not alienate or mortgage the immovable property of his principal unless expressly authorized.

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A managing agent may appear in suits in the name of his principal for obligations arising from acts performed in the exercise of the enterprise of which he is in charge.

ARTICLE 2205 - Duties of factors.

A factor, together with the head of the enterprise, is bound to observe the provisions concerning entry in the register of undertakings and the keeping of commercial books relative to said undertaking or to the branch office of which he is in charge.

ARTICLE 2206 - Entry for publication of power of attorney or authorization.

The power of attorney bearing the authenticated signature of the trader or principal shall be deposited in the office of the Registrar of Undertakings for entry in the register.

If entry is not made, the agency is considered to be general and restrictions thereto cannot be set up against third parties, unless it is proved that such third parties were cognizant of said limitations at the time when the business was transacted.

ARTICLE 2207 - Modifications and revocation of power of attorney.

Documents which subsequently witness restrictions or revocation of the power of attorney shall be deposited in the office of the Registrar of Undertakings for entry in the register, even if the original power of attorney or authorization was not entered.

If entry was not made, the restrictions or revocation may not be set up against third parties, unless it is proved that said third parties had knowledge of such restriction or revocation at the time when the business was transacted.

ARTICLE 2208 - Personal liability of factors.

A factor is personally liable if he fails to disclose to third parties that he is contracting for the account of his principal; however, the third party may direct his action also against the principal in the case of dealings transacted by the factor which concern the business of the establishment of which the factor is in charge.

ARTICLE 2209 - Procurators.

The provisions of Articles 2206 and 2207 are also applicable to procurators who, while not in charge of the enterprise, on the basis of a

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permanent relationship have the power to perform acts related to the undertaking for the account of the trader.

ARTICLE 2210 - Powers of employees of a trader.

The employees of a trader may perform acts which are ordinarily inherent in the dealings for which they are authorized, except for the restrictions contained in the document of authorization.

However, they may not collect the price of goods of which they do not make delivery, or grant delays or discounts which are not customary, unless authorization has been expressly granted.

ARTICLE 2211 - Power to derogate from general contractual conditions.

Employees, even if authorized to enter into contracts in the name of the trader, do not have the power to derogate from general contractual conditions, nor from the clauses which are printed in the regular forms of the undertaking, unless a written special authorization has been granted.

ARTICLE 2212 - Powers of employees with respect to business transacted.

The employees of a trader are authorized to receive on behalf of such trader declarations concerning the execution of contracts relative to business transacted by them and claims concerning non-performance of said contracts.

They are also entitled to demand protective measures in the interest of the trader.

ARTICLE 2213 - Powers of employees placed in charge of sales.

Employees who are placed in charge of sales in the premises of the undertaking may collect the price of the goods they sell, unless a cash register is manifestly intended for that purpose.

Outside the undertaking's premises they may not collect the price, unless authorized or unless they deliver a receipt signed by the trader.

SUB-SECTION IIOF COMMERCIAL BOOKSARTICLE 2214 - Indispensable books and other commercial books.

Every trader is bound to keep the journal and the inventory book.

He shall, moreover, keep other commercial books required by the

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nature and size of his enterprise, and preserve in orderly fashion the originals of the letters, telegrams and invoices received and the copies of the letters, telegrams and invoices sent out.

The provisions of this paragraph are not applicable to small businessmen.

ARTICLE 2215 - Journal and inventory.

The journal and the inventory book, before being put to use, shall have their pages progressively numbered and each sheet stamped by the office of the Registrar of Undertakings or by a Notary in accordance with the provisions of special laws.

The office of the Registrar or the Notary shall mention on the last page of the books the number of sheets in each book.

ARTICLE 2216 - Contents and certification of journal.

All the transactions relative to the exercise of the enterprise which the trader makes shall be entered in the journal day by day, and the journal shall be certified each year by the office of the Registrar of Undertakings or by a Notary.

ARTICLE 2217 - Drawing of inventory.

The inventory shall be made at the commencement of the exercise of the enterprise and, subsequently, each year, and shall contain a statement and an estimate of the assets and liabilities of the undertaking, as well as of the assets and liabilities of the trader outside of the undertaking.

The inventory shall close with the balance sheet and the profits and loss account which shall witness faithfully the profits and losses which have been incurred. A trader, in making his inventory estimate, shall abide by the standards established for balance sheets of joint stock companies, insofar as they are applicable.

The inventory shall be signed by the trader and submitted, within three months, to the office of the Registrar of Undertakings or to a Notary, for certification.

ARTICLE 2218 - Optional stamping and certification.

A trader may cause any other book kept by him to be stamped and certified with the formalities set forth in Articles 2215 and 2216.

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ARTICLE 2219 - Keeping of the books.

All books shall be kept in accordance with the rules of orderly bookkeeping, without leaving blank spaces or gaps, interlineations or syllabifications.

No erasures are allowed and if it is necessary to cancel an item, such cancellation shall be made in such manner as to make legible the words which have been cancelled.

ARTICLE 2220 - Preservation of commercial books.

Commercial books must be kept for the space of ten years from the date of the last entry.

Invoices, letters and telegrams received, and the copies of invoices, letters and telegrams sent out, shall be kept for the same length of time.

SUB-SECTION IIIOF INSOLVENCYARTICLE 2221 - Bankruptcy and preliminary composition.

Traders, except public entities and small businessmen, are subject to the procedure for bankruptcy and for preliminary composition, in case of insolvency, except for the provisions of special laws.

TITLE THREEOF INDEPENDENT WORKCHAPTER IGENERAL PROVISIONSARTICLE 2222 - Work under contract.

When a person engages himself to perform work or render services to another, for a consideration, such work consisting mainly of his own endeavors, and without any duty of subordination with respect to the principal, the provisions of this Chapter are applicable unless the relationship is one of the types subject to particular regulation in Book Four.

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ARTICLE 2223 - Furnishing of materials.

The provisions of this Chapter are observed also if the materials are furnished by the worker, provided such materials were not the main consideration of the parties; in the latter case, the provisions concerning sale are applicable.

ARTICLE 2224 - Execution of the work.

If the worker fails to perform his work in accordance with the conditions established in the contract and in proper form, the principal may set an adequate time limit within which the worker must conform to such conditions.

If such time limit lapses without results, the principal may withdraw from the contract and his right to compensation for damages is unaffected.

ARTICLE 2225 - Payment.

If payment is not agreed upon by the parties, and cannot be determined on the basis of the occupational scale of rates or custom, it is fixed by the Judge on the basis of the results which have been achieved and the work which is normally necessary to achieve it.

ARTICLE 2226 - Divergences and defects in the work.

The express or tacit acceptance of the work releases the worker from liability for divergences or defects in such work, if on acceptance such divergences or defects are known to the principal, or are easily detectable, provided that, in the latter case, they were not fraudulently concealed.

The principal shall report to the worker his disclaimer of divergences or hidden defects within eight days from discovery thereof, under penalty of forfeiting the right. The action is barred after one year from the time of delivery.

The rights of the principal in case of divergences or defects in the work are regulated by Article 1668.

ARTICLE 2227 - Unilateral withdrawal from the contract.

The principal may withdraw from the contract even after commencement of the execution of the work, taking care of the worker for expenses, the work performed, and the profit lost.

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ARTICLE 2228 - Supervening impossibility to carry out the work.

If the execution of the work becomes impossible for causes outside the control of either party, the worker is entitled to receive compensation for the work performed in proportion to the usefulness of that part of the work which was done.

CHAPTER IIOF PROFESSIONSARTICLE 2229 - Exercise of professions.

The law determines the professions for the exercise of which the entry in special rolls or lists is necessary.

The verification of the requisites for such entry, the keeping of said rolls or lists, and the disciplinary powers over the persons entered, are referred to the professional associations under the supervision of the State, unless the law provides otherwise.

Jurisdictional appeals against rejection of entry or cancellation from the rolls or lists and against disciplinary measures amounting to the loss or suspension of the right to exercise the profession are admissible, with the formalities and within the time limits established by special laws.

ARTICLE 2230 - Rendering of professional services.

Contracts concerning the rendering of professional services are regulated by the following provisions and, insofar as they are compatible therewith and with the nature of the relationship, by the provisions of the preceding Chapter.

ARTICLE 2231 - Non-entry in rolls or lists.

When the exercise of a profession is conditioned upon the entry in a roll or list, a person not entered therein, who renders services of such profession is barred from bringing suit for the payment of the fee.

Cancellation from the rolls or lists terminates contracts which are under way, except for the right of the person who rendered the services to be reimbursed for the expenses sustained and to receive compensation commensurate with the usefulness of the services rendered.

ARTICLE 2232 - Rendering of the services.

If the fee has not been agreed upon by the parties and cannot be determined by scales of rates or by custom, it is determined by the Judge, after

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hearing the advice of the professional association to which the party concerned belongs.

In all cases the amount of the fee shall be commensurate with the importance of the services rendered and with the dignity of the profession.

Lawyers, procurators and public defenders may not stipulate with their clients, even through an intermediary, any agreement relative to property rights which are the subject of the controversy entrusted to them, under penalty of nullity and compensation for damages.

ARTICLE 2234 - Expenses and advances.

Unless otherwise agreed upon, the client shall advance to the person who renders professional services the expenses necessary for the fulfillment of the task and pay him on account the amount which is customary.

ARTICLE 2235 - Prohibition to retain property or documents.

A professional man may not retain the property and the documents received by him, except for the period which is strictly necessary to safeguard his own rights, in accordance with the laws relative to professions.

ARTICLE 2236 - Liability of professional men.

If the performance of the task entrusted to a professional man involves the solution of particularly difficult technical problems, such person is not liable for damages, except in case of fraud or gross negligence.

ARTICLE 2237 - Withdrawal.

A client may withdraw from the contract, reimbursing the professional man for the expenses sustained by him and paying the fee due for the services rendered.

A professional man may withdraw from the contract for a justifiable reason. In this case he is entitled to be reimbursed for the expenses sustained by him and to be compensated for the services rendered, in an amount to be determined on the basis of the results of such services which have been useful to the client.

The withdrawal of a professional man must take place in such manner as to avoid prejudice to the client.

ARTICLE 2238 - References.

If the exercise of a professional activity is organized under the

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form of an undertaking, the provisions of Title Four are applicable also.

In all cases, if the professional man avails himself of substitutes or assistants, the provisions of Sections II, III, and IV of the first Chapter of Title Two are applicable.

TITLE FOUROF SUBORDINATE LABOR IN CERTAIN INDIVIDUAL
RELATIONSHIPSCHAPTER IGENERAL PROVISIONSARTICLE 2239 - Applicable rules.

The relationships arising from subordinate work which are not connected with the exercise of an undertaking are regulated by the provisions of Sections II, III, and IV of Chapter I of Title Two, insofar as they are compatible with the particular relationships concerned.

CHAPTER IIOF DOMESTIC LABORARTICLE 2240 - Applicable rules.

The relationships arising from work consisting of the performance of services of a domestic nature are regulated by the provisions of this Chapter, and by agreements and custom, insofar as such agreement or custom are more favorable to the domestic worker.

ARTICLE 2241 - Trial period.

Trial agreements are presumed to be for the first eight days.

ARTICLE 2242 - Food, lodging and medical assistance.

A domestic worker who is permitted to live with the family is entitled, in addition to wages, to food and lodging as well as care and medical assistance for short illnesses.

The parties shall pay their contributions to the institutions of social insurance and welfare, in the cases and with the formalities established by law.

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ARTICLE 2243 - Rest period.

A domestic worker, in addition to the weekly rest in accordance with custom, after one year of uninterrupted service is entitled to a period of vacation with pay, which may not be for less than eight days.

ARTICLE 2244 - Withdrawal.

The provisions concerning voluntary withdrawal and withdrawal for a justifiable reason, set forth in Articles 2118 and 2119 are applicable to contracts of domestic work.

The period of advance notice may not be less than eight days, or fifteen days if the period of employment is in excess of two years.

ARTICLE 2245 - Indemnity due for duration of service.

If the contract is terminated, a domestic worker is entitled to an indemnity proportionate to the number of years of service, except in case of dismissal due to the worker's negligence or voluntary resignation.

The amount of such indemnity is determined on the basis of the last salary, counting eight days for each year of service.

The indemnity is due also in case of voluntary resignation, when custom so provides.

ARTICLE 2246 - Reference or work certificate.

At the termination of the contract, a domestic worker is entitled to receive a certificate witnessing the kind of work performed and the period of service.

TITLE FIVEOF PARTNERSHIP, COMPANY AND CORPORATIONCHAPTER IGENERAL PROVISIONSARTICLE 2247 - Elements.

In a contract of partnership, two or more persons contribute property or services for the exercise in common of an economic activity with a view of sharing any resulting profits.

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ARTICLE 2248 - Joint ownership for the enjoyment of property.

Joint ownership which is established or maintained for the sole purpose of enjoying one or more properties, is regulated by the provisions of Title Seven of Book Three.

ARTICLE 2249 - Types of partnerships.

Partnerships dealing with the exercise of a commercial activity must be established in accordance with one of the types set forth in Chapter III and following of this Title.

Partnerships dealing with the exercise of other activities are regulated by the provisions relative to private partnerships, unless the partners intended to establish a partnership on the pattern of other types regulated by Chapter III and following of this Title.

The provisions concerning cooperative societies, and the provisions of special laws which prescribe the establishment of partnerships of a specified pattern for the exercise of particular types of undertakings, are unaffected.

ARTICLE 2250 - Necessary references in documents and correspondence.

Partnerships which are subject to the duty of recordation in the register of undertakings must indicate in their documents and in their correspondence the location of the headquarters of the partnership and the office of the Registrar of Undertakings in which they are entered.

The amount of capital of joint stock companies, limited partnership with shares (in accomandita), and limited liability partnerships, must be stated in accordance with the amount actually paid up and as shown to be in the last balance sheet.

After the dissolution of partnerships mentioned in the first paragraph, the documents and correspondence shall expressly indicate that such partnership is in the process of liquidation.

CHAPTER IIOF PRIVATE OR SPECIAL PARTNERSHIPSECTION IGENERAL PROVISIONSARTICLE 2251 - Contract of partnership.

Contracts of private partnership are not subject to particular

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formalities except those required by the nature of the property contributed.

ARTICLE 2252 - Modifications to the contract of partnership.

The contract under which a partnership is organized may be varied only by the consent of all the partners, unless otherwise agreed upon.

SECTION IIOF RELATION BETWEEN THE PARTIESARTICLE 2253 - Contributions.

The parties are obliged to furnish that which is specified in the partnership contract.

If the contributions are not specified, it is presumed that the partners are bound to furnish, in equal parts among themselves, that which is necessary in order to attain the object of the partnership.

ARTICLE 2254 - Risks and warranties of contributions.

The warranty due by the partner and the transfer of risks for property contributed in full ownership are regulated by the provisions relative to sales.

The risk relative to property which is contributed for common enjoyment remains with the partner who has made the contribution. The warranty for quiet enjoyment of the property is regulated by the provisions relative to lease.

ARTICLE 2255 - Contribution consisting of claims.

A partner whose contribution has consisted of a claim is liable for the insolvency of the debtor within the limits set forth in Article 1267, if he has assumed, by agreement, the guarantee of such claim.

ARTICLE 2256 - Illegal use of partnership's property.

A partner may not use property belonging to the partnership for purposes outside those of said partnership, without the consent of the other partners.

ARTICLE 2257 - Several administration or management.

Unless otherwise agreed upon, each partner has the management of the partnership independently from the other partners.

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If several partners have the management, independently from each other, each of such partners is entitled to object to acts which another partner may intend to perform, before the performance of such act.

The majority of the partners, reckoned in accordance with the share attributed to each partner in the profits, decides on the objection.

ARTICLE 2258 - Joint management or administration.

If the management is entrusted to several partners jointly, the consent of all of such managing partners is necessary in order to bring into effect acts of the partnership.

If it was agreed that for such management, or for specified acts, the consent of the majority of the partners is necessary, such majority is determined in accordance with the last paragraph of the preceding Article.

In the cases set forth in this Article, the individual managing partners may not perform any act by themselves, unless in case of urgency in avoiding injury to the partnership.

ARTICLE 2259 - Revocation of managerial powers.

The dismissal of a party appointed as manager in the contract of partnership has no effect unless there is justifiable reason for such action.

A party appointed as manager through a separate deed may be dismissed in accordance with the provisions relative to mandate.

The revocation or dismissal may in all cases be demanded judicially by each partner, for justifiable reasons.

ARTICLE 2260 - Rights and duties of managers.

The rights and duties of managers are regulated by the provisions concerning mandate.

Managers are responsible in solido to the partnership for failures in the discharge of the duties imposed upon them by the law and by the contract of partnership. However, such responsibility does not extend to those managers who prove not to have been guilty of negligence.

ARTICLE 2261 - Supervision by the partners.

The partners who do not participate in the management have the right to be informed by the managers regarding the affairs of the partnership.

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they are entitled to have access to the documents concerning the management, and to obtain a statement whenever transactions affecting the object of the establishment of the partnership have been performed.

If such performance of the affairs of the partnership continues for a period in excess of one year the partners are entitled to receive the statement of affairs at the end of each year, unless a different time is established in the contract.

ARTICLE 2262 - Profits.

Unless otherwise agreed upon, each partner has the right to receive his share of the profits after the approval of the statement of assets and liabilities.

ARTICLE 2263 - Apportionment of profits and losses.

The shares of each partner in the profits and in the losses are presumed to be in proportion to their contributions. If the amount of such contributions is not determined by the contract, they are presumed to be equal.

The share of a partner whose contribution consists of his own services is established by the Judge on the basis of equitable standards, if it is not determined by the contract.

If the contract provides only for the share of each partner in the profits, it is presumed that the share of each partner in the losses is in the same ratio.

ARTICLE 2264 - Apportionment of profits and losses left to the determination of a third party.

The apportionment of the profits and losses of each partner may be left to the decision of a third party.

Such decision may be attacked only in the cases set forth in Article 1394 and within three months from the day on which the partner who claims to have been injured by the decision received notice thereof. The decision may not be attacked by the partner who has voluntarily elected said third party for the purpose of determining the apportionment.

ARTICLE 2265 - Leonine partnerships.

A stipulation whereby one or more partners are barred from any participation in the profits or in the losses is null.

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SECTION IIIOF RELATIONS AS TO THIRD PERSONSARTICLE 2266 - Representation of partnership.

The partnership acquires rights and assumes obligations through the partners who have the representation thereof, and appears in suits in the person of such partners.

Unless otherwise provided for in the contract, the representation belongs to each managing partner and extends to all acts within the scope of the partnership.

The modifications and the extinction of the powers of representation are regulated by Article 1396.

ARTICLE 2267 - Liability for obligations of partnership.

Partnership creditors may secure the application of partnership property to the satisfaction of their rights. Moreover, the partners who have acted in the name and for the account of the partnership and, unless there is a stipulation to the contrary, the other partners, are responsible personally and in solido for the obligations of said partnership.

If there is a stipulation to the contrary, such stipulation must be brought to the knowledge of third parties by adequate means; otherwise the limitation of liability or the exception of joint and several status may not be set up against the persons who had no knowledge thereof.

ARTICLE 2268 - Execution levied on partnership property.

A partner who is called upon for payment of partnership debts may demand that execution be first levied on the partnership property, even if such partnership is in the process of liquidation, to indicate property upon which the creditor may readily satisfy his claims.

ARTICLE 2269 - Liability of new partner.

Whoever joins in a partnership which is already established is answerable with the other partners for the partnership obligations existing prior to the attainment of the qualification as partner.

ARTICLE 2270 - Separate creditor of a partner.

A separate creditor of a partner may secure the application of the profits belonging to his debtor to the satisfaction of his rights while the partnership is in existence, and is entitled to take conservation measures on the share belonging to said debtor during the liquidation of the partnership.

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If the debtor's assets outside of the partnership are not sufficient to satisfy the claims of a separate creditor, he may, at any time, demand the liquidation of his debtor's share in said partnership. The share must be liquidated within three months from the petition, unless the dissolution of the partnership is decided upon.

ARTICLE 2271 - Prohibition of set-off.

A debt due by a third party to the partnership cannot be set off against a claim of such third party against a partner.

SECTION IVOF DISSOLUTION OF PARTNERSHIPSARTICLE 2272 - Causes for dissolution.

The partnership is dissolved:

1. When the period fixed for its duration has expired.
2. When the undertaking which was the special object for which the partnership was formed is ended, or when there is supervening impossibility to fulfill such object.
3. By the acts of the parties.
4. When the plurality of partners ceases, unless such plurality is re-established within six months.
5. For other causes set forth in the partnership contract.

ARTICLE 2273 - Tacit prolongation.

The partnership is tacitly prolonged for an indefinite period of time when, after expiration of the term for which said partnership was stipulated, the partners continue the operation of the partnership's affairs.

ARTICLE 2274 - Powers of managing partners after dissolution of the partnership.

After dissolution of the partnership, the managing partners retain their power of management, limited to urgent transactions, until the necessary steps for liquidation are taken.

ARTICLE 2275 - Liquidators or liquidating partners.

If the contract of partnership makes no provision for the manner in which the partnership property is to be liquidated and the partners are not in agreement in that respect, the liquidation is made by one or more

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liquidators appointed with the consent of all the partners or, in case of disagreement, by the President of the Tribunal.

The liquidators may be removed with the consent of all the partners, and, in all cases, by the Tribunal, for justifiable reasons, upon request of one or more of the partners.

ARTICLE 2276 - Duties and liabilities of liquidators.

The duties and liabilities of liquidators are regulated by the provisions relative to managing partners, insofar as not otherwise provided by the following provision or by the contract of partnership.

ARTICLE 2277 - Inventory.

The managers shall deliver to the liquidators the property and partnership documents and shall submit to them an accounting of the management corresponding to the period following the last statement of affairs.

The liquidators shall take delivery of such property and partnership documents and shall make up, together with the managers, an inventory evidencing a statement of assets and liabilities of the partnership's effects. The inventory shall be signed by the managers and liquidators.

ARTICLE 2278 - Powers of liquidators.

The liquidators may perform all acts necessary for the liquidation, and, unless the partners have provided otherwise, they may also proceed with lump sales of the partnership's property and make settlements and compromises.

They represent the partnership in suits also.

ARTICLE 2279 - Prohibition to make new transactions.

Liquidators may not make new transactions.

If they violate such prohibition, they are answerable, personally and in solido, for the transactions undertaken by them.

ARTICLE 2280 - Payment of partnership debts.

Liquidators may not divide between the partners, even partially, the partnership property, until the creditors of such partnership have been paid, or until the sums required for such payments have been set aside.

If the property available is not sufficient for the payment of the

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partnership's debts, the liquidators may demand from the partners the contributions which are still due on their respective share of contributions, and, if need be, they may demand the sums necessary for payment, within the limits of the liability of each partner, and in proportion to the share of each partner in the losses. The debt of an insolvent partner is divided in the same proportion between the co-partners.

ARTICLE 2281 - Restoration of property contributed for common enjoyment.

The partners who have contributed the use and enjoyment of property have the right to take back such property in the condition in which it happens to be. If the property was lost or damaged for causes which may be charged to the managers, the partners are entitled to be compensated for such damages out of the partnership effects; their right of action against the managers is unaffected.

ARTICLE 2282 - Apportionment of assets.

After satisfaction of the debts owed by the partnership, the remaining assets are applied to the reimbursement of the contributions. The amount in excess, if any, is divided between the members in proportion to the share of each in the profits.

The amount of the contributions which do not consist of money is determined in accordance with the estimate made of such contributions in the contract of partnership or, if such estimate is lacking, on the basis of their value at the time of said contribution.

ARTICLE 2283 - Allotment of property in kind.

If it was stipulated that partition of the property be made in kind, the provisions relative to partition of property in common are applicable.

SECTION VOF THE DISSOLUTION OF PARTNERSHIP EFFECTED
BY ONE PARTNERARTICLE 2284 - Death of partner.

Unless the partnership contract provides otherwise, in the case of death of one of the partners, the other partners must make settlement to the latter's heirs of the share belonging to the deceased, unless the partners choose to dissolve the partnership or else continue it with the heirs and the heirs consent thereto.

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ARTICLE 2285 - Withdrawal of a partner.

Each partner may withdraw from the partnership when it is contracted for an undetermined period or for the life of one of the partners.

Moreover, each partner may withdraw in the cases set forth in the partnership contract or for the presence of a justifiable reason.

In the cases set forth in the first paragraph, notice of the withdrawal must be given to the co-partners at least three months in advance.

ARTICLE 2286 - Expulsion.

The expulsion of a partner may take place for substantial non-performance of obligations arising from law or the partnership contract, as well as for the interdiction or declared incapacity of the partner, or for his conviction on a sentence carrying debarment, even temporary, from public offices.

A partner whose contribution to the partnership consists of his services or of conveying rights of enjoyment of property may likewise be expelled for supervening unfitness to carry out such services or for the loss of the property resulting from causes which are not chargeable to the managers.

A partner may likewise be expelled if his contribution compelled him to transfer ownership of property, and such property was lost before ownership thereof was acquired by the partnership.

ARTICLE 2287 - Procedure for expulsion.

Expulsion is decided upon by a majority of the partners, not including among such partners the one whose dismissal is being contemplated, and is effective after thirty days from the day on which notice was given to the partner dismissed.

Within this period, the partner who has been dismissed may raise his objection before the Tribunal which may suspend execution of the dismissal.

If the partnership is made up of two partners, the dismissal of one is pronounced by the Tribunal upon petition of the other.

ARTICLE 2288 - Expulsion by operation of law.

A partner who has been declared insolvent is expelled by operation of law. A partner in whose respect a separate creditor has obtained liquidation of his share in accordance with Article 2270 is likewise expelled by operation of law.

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ARTICLE 2289 - Liquidated share of retiring partner.

In cases of dissolution of partnership affecting one partner, the latter, or his heirs, are only entitled to a sum of money representing the value of the share of said partner.

The share is liquidated on the basis of the financial status of the partnership as of the day on which the dissolution took place.

With regard to current transactions, the partner, or his heirs, participate in the profits or losses.

Except for the provisions of Article 2270, payment of the share to which a retiring partner is entitled must be made within six months from the day on which the relationship was dissolved.

ARTICLE 2290 - Liability of retiring partner or his heirs.

In the case of dissolution of the partnership affecting one partner, the latter, or his heirs, are answerable to third parties for the partnership obligations up until the day of the dissolution of the partnership.

Proper measures must be taken to bring the dissolution of the partner to the knowledge of third parties; otherwise such dissolution cannot be set up against third parties, who, without negligence, had no knowledge thereof.

CHAPTER IIIOF GENERAL PARTNERSHIPARTICLE 2291 - Elements.

In general partnerships, all partners are liable in solido and in an unlimited amount for the partnership's obligations.

Any stipulation to the contrary has no effects with regard to third parties.

ARTICLE 2292 - Firm's name.

General partnerships operate under a firm's name composed of the name of one or more partners with the indication of the partnership's interrelation.

A partnership may retain as its firm's name the name of a partner retired or deceased, if the retired partner or the heirs of the deceased consent thereto.

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ARTICLE 2293 - Applicable rules.

General partnerships are regulated by the provisions of this Chapter and, where such provisions do not apply, by the provisions of the preceding Chapter.

ARTICLE 2294 - Person suffering under incapacity.

Participation in the partnership of a person suffering under incapacity is always subordinated to the observance of the provisions of Articles 320, 397, 424, and 425.

ARTICLE 2295 - Document establishing partnership.

The document establishing the partnership shall contain the following:

1. The given name and surname, father's name, domicile, citizenship and race of the partners.
2. The firm's name.
3. The partners who have the management and the representation of the partnership.
4. The headquarters of the partnership and the branch offices, if any.
5. The object of the partnership.
6. The contributions of each partner, the value given to such contributions, and the method used in making an appraisal thereof.
7. The performances to which the partners whose contributions consist of services are bound.
8. The rules according to which profits must be divided and the share of each partner in the profits and in the losses.
9. The term set for the partnership.

ARTICLE 2296 - Recordation.

The managers shall attend, within thirty days, to the deposit of the document establishing the partnership, with the authenticated signature of the parties, or an authenticated copy thereof, if the contract is under seal, in the office of the Registrar of Undertakings in the territorial jurisdiction where the headquarters of the partnership are located.

If the managers do not make such deposit within the time limit set forth in the preceding paragraph, any partner may effect it at the expense of the partnership, or may, by judicial proceeding, compel the managers to comply therewith.

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If the contract is under seal, the Notary is also bound to make the deposit.

ARTICLE 2297 - Failure to make recordation.

Until such time as the partnership is recorded in the register of undertakings, the relations between the partnership and third parties are regulated by the provisions relative to private partnerships, without affecting the joint, several and unlimited liability of all the partners.

However it is presumed that each partner who acts for the partnership has the representation thereof, even in suits. Stipulations granting representation to some only of the partners, or limiting the powers of representation, may not be set up against third parties, unless it is proved that said third parties had knowledge of such stipulations.

ARTICLE 2298 - Representation of partnership.

A manager who has the representation of the partnership may perform all acts within the scope of the partnership, except for the restrictions arising from the document establishing the partnership or from the power of attorney. Such restrictions cannot be set up against third parties unless they are entered in the register of undertakings or unless it is proved that third parties had knowledge thereof.

The managers who represent the partnership shall within fifteen days from the notice of the appointment, deposit their autograph in the office of the register of undertakings.

ARTICLE 2299 - Branch offices.

A transcript of the document establishing the partnership shall be deposited for recordation in the office of the Registrar of Undertakings of each place where the partnership establishes branch offices for permanent representation, within thirty days from such establishment.

The transcript shall indicate the office of the Registrar where the partnership is recorded and the date of recordation.

The autograph of the representative in charge of said branch office shall likewise be deposited in the office of the Registrar where the branch office is recorded.

The establishment of branch offices shall be also reported for recordation, within the same time limit, to the office of the Registrar of the place where the partnership is recorded.

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ARTICLE 2300 - Modifications to document establishing partnership.

The managers shall request, within thirty days, the entry in the register of undertakings of modifications affecting the document establishing the partnership, or other data concerning the partnership for which entry in the register is compulsory.

If the modification of the document is due to a resolution of the partners, an office copy of such resolution shall be deposited.

Modifications of the document establishing the partnership may not be set up against a third party until they are entered in the register, unless it is proved that such third party had knowledge thereof.

ARTICLE 2301 - Prohibition of activity in the same field as partnership.

A partner, without the consent of his co-partners, may not exercise for his own account or for the account of third parties, activities which are in competition with those of the partnership, and he may not join another competitive partnership as a partner with unlimited liability.

The consent of the co-partners is presumed if the exercise of the competitive activity or the participation in another partnership was in existence before the contract of partnership, and the co-partners had knowledge thereof.

In the case of violation of the provision of the first paragraph, the partnership is entitled to compensation for damages, except for the provisions of Article 2286.

ARTICLE 2302 - Commercial books.

The managers shall keep the indispensable books and other commercial books prescribed by Article 2214.

ARTICLE 2303 - Restrictions to the distribution of profits.

The partners may not divide any sum between them, except those derived from profits which have actually been made.

If a loss in the partnership's capital occurs, no distribution of profits may take place until such capital is replaced or reduced in a corresponding amount.

ARTICLE 2304 - Partner's liability.

Partnership creditors may not demand payment from the individual partners except after levy of execution on the partnership property,

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even if the partnership is in process of liquidation.

ARTICLE 2305 - Separate creditor of a partner.

A separate creditor of a partner may not demand the liquidated share of the partner who is his debtor as long as the partnership is in existence.

ARTICLE 2306 - Reduction of capital.

A resolution which recites a reduction of capital through reimbursement to the partners of the shares already contributed, or by releasing the partners from the duty of making further contributions, may be reached only after three months from the day of recordation in the register of undertakings, provided that within this period no partnership creditor holding a claim which antedates such recordation, has made objection.

The Tribunal may provide that the resolution be carried out notwithstanding the objection, upon posting by the partnership of an adequate security.

ARTICLE 2307 - Prolongation of partnership.

A separate creditor of a partner may object to the prolongation of the partnership within three months from the entry of the resolution for such prolongation in the register of undertakings.

If the objection is upheld, the partnership, within three months from notification of the pertinent judgment, shall liquidate the share of the partner who is indebted to the objector.

In the case of tacit prolongation, each partner may withdraw at any time from the partnership by giving advance notice in accordance with Article 2285, and the separate creditor of a partner may demand that the share of his debtor be liquidated in accordance with Article 2270.

ARTICLE 2308 - Dissolution of partnership.

In addition to the causes set forth in Article 2272, a partnership may be dissolved by decree of the governmental authorities in the cases established by law and by a declaration of bankruptcy, unless the partnership concerns non-commercial activities.

ARTICLE 2309 - Declaration of appointment of liquidators.

The partners' resolution or the judgment appointing the liquidators and all subsequent documents witnessing changes in the persons of the

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liquidators shall always be deposited, in their office copy, at the attention of the liquidators themselves, in the office of the Registrar of Undertakings for entry thereof in the register, within fifteen days from notification of the appointment.

The liquidators shall, likewise, deposit their autograph in the same office.

ARTICLE 2310 - Representation of partnership in process of liquidation.

From the time when the appointment of the liquidators is entered in the register, the representation of the partnership, even in suits, belongs to said liquidators.

ARTICLE 2311 - Final statement of affairs and proposal for settlement.

The liquidators, having carried out the liquidation, shall draw the final statement of affairs and submit to the partners the plan for composition.

The balance sheet, signed by the liquidators and the composition plan shall be forwarded to the partners by registered mail, and both are deemed to have been approved by them unless objection has been filed within two months from notice thereof.

If the statement of affairs and the composition plan are objected to, a liquidator may demand that questions concerning the liquidation be examined separately from those concerning the partition, in which the liquidator need not be concerned.

With the approval of the balance sheet, the liquidators are released with respect to the partners.

ARTICLE 2312 - Cancellation of partnership from register.

After approval of the final statement of affairs, the liquidators must request that the partnership be stricken from the register of undertakings.

From the time of such cancellation, partnership creditors who have not been satisfied may enforce their claims against the partners, and, if the non-payment was due to the negligence of the liquidators, also against such liquidators.

The commercial books and documents which do not belong to the individual partners are deposited with a person chosen by the majority.

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The commercial books and documents must be preserved for ten years beginning from the time of cancellation of the partnership from the Register of Undertakings.

CHAPTER IVOF LIMITED PARTNERSHIPARTICLE 2313 - Elements.

In contracts of limited partnership, the liability of general partners for partnership obligations is joint, several and unlimited, and the liability of special partners is limited to the amount contributed by them.

The shares in which the partners participate in the partnership may not be represented by stock.

ARTICLE 2314 - Firm's name.

The partnership operates under a firm's name composed of the name of at least one of the general partners with the indication of the limited partnership status, except for the provisions of the second paragraph of Article 2252.

A special partner who allows his name to be included in the firm's name, assumes joint, several and unlimited liability with respect to third parties for partnership obligations, together with the general partners.

ARTICLE 2315 - Applicable rules.

The provisions relative to general partnerships are applicable to limited partnerships, insofar as they are compatible with the following provisions.

ARTICLE 2316 - Document establishing partnership.

The instrument establishing the partnership must indicate the names of the general partners and of the special partners.

ARTICLE 2317 - Non-recordation.

The provisions of Article 2297 are applicable to the relations of the partnership and third parties until the partnership is recorded in the register of undertakings.

The special partners, however, are only liable to the extent of their shares, unless they have participated in the partnership's transactions.

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ARTICLE 2318 - General partners.

General partners have the same rights and duties as the partners in general partnerships.

The management of the partnership may only be entrusted to general partners.

ARTICLE 2319 - Appointment and dismissal of managers.

Unless the document establishing the partnership provides otherwise, the consent of the general partners and the approval of a number of special partners representing the greater part of the capital subscribed by the special partners is necessary for the appointment and dismissal of managers as indicated in the second paragraph of Article 2259.

ARTICLE 2320 - Special partners.

Special partners may not perform acts of management nor transact or close any business in the name of the partnership, except by virtue of special power of attorney for individual transactions. A special partner who violates such prohibition assumes joint, several, and unlimited liability with respect to third parties for all partnership obligations, and may be expelled as a partner in accordance with Article 2286.

Special partners may, however, contribute their services under the direction of the managers and, if the document establishing the partnership allows it, they may give authorizations and opinions for specified transactions and may perform acts of inspection and supervision.

In all cases they are entitled to receive the annual balance sheet and the profit and loss statement, and to verify their correctness by comparing them with the commercial books and other partnership documents.

ARTICLE 2321 - Profits received in good faith.

Special partners are not bound to return profits received in good faith in accordance with the regularly approved balance sheet.

ARTICLE 2322 - Assignment of share.

The share of participation of a special partner is transferable causa mortis.

Unless the document establishing the partnership provides otherwise, assignment of said share may be made, and is effective with regard to the partnership, with the consent of a number of partners representing the greater part of the capital.

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ARTICLE 2323 - Causes for dissolution.

In addition to the causes set forth in Article 2308, the partnership is dissolved when only general or special partners are left, provided that within the period of six months the partner last disassociated is not replaced by another.

If all the general partners are disassociated, the special partners may, for the period indicated in the preceding paragraph, appoint a temporary manager for the carrying out of acts of ordinary administration.

The temporary manager does not assume the qualification of general partner.

ARTICLE 2324 - Rights of partnership creditors after liquidation.

Except for the rights set forth in the second paragraph of Article 2312 with respect to the general partners and the liquidators, the partnership creditors whose claims have not been satisfied at the time of the liquidation may enforce such claims also against the special partners, within the limits of the latter's share in the liquidation.

CHAPTER VOF JOINT STOCK COMPANIESSECTION IGENERAL PROVISIONSARTICLE 2325 - Elements.

In joint stock companies, only the company is answerable with its effects for its obligations.

The share in which the partners or stockholders participate in the company is represented by stock.

ARTICLE 2326 - Company's name.

The company's name, regardless of what it consists of, shall include an indication of the joint stock company status.

ARTICLE 2327 - Minimum capital.

A joint stock company shall be established with a capital of not less than one million liras.

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ARTICLE 2328 - Charter.

Companies shall be established by public act. The charter shall contain the following:

1. The given name and surname, the father's name, the domicile citizenship and race of the partners or stockholders, and the number of shares of capital stock subscribed by each.
2. The name of the company, its headquarters, and branch agencies, if any.
3. The company's purposes.
4. The amount of the capital subscribed and fully paid.
5. The par value and the number of shares, and whether such shares are nominative or to the bearer.
6. The value of the claims contributed by assignment from the members, and the property contributed in kind.
7. The provisions regulating the partition of profits.
8. The participation in the profits which may be granted to founders or promoters.
9. The number of directors and their powers, indicating those among them who have the representation of the company.
10. The number of individuals constituting the board of auditors.
11. The term for the duration of the company.

The by-laws containing the rules relative to the operation of the company are considered to form a complementary unit with the charter and shall be attached thereto, even if they are contained in a separate instrument.

ARTICLE 2329 - Requisites for establishment.

In order to proceed with the establishment of the company it is necessary:

1. That the company's capital be fully subscribed.
2. That at least three-tenths of the money contributions be paid in in a credit institution.

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3. That the government authorizations may be had and that the other conditions required by special laws for the establishment of the company with reference to its particular purposes be met.

The sums deposited in accordance with item 2 of the preceding paragraph must be delivered to the managers upon proof of compliance with the recordation of the company in the register of undertakings. If within one year from the deposit, the recordation has not taken place, the above mentioned sums must be returned to the subscribers.

ARTICLE 2330 - Deposit of charter and recordation of company.

The Notary who receives the company's charter shall deposit it, within thirty days, in the office of the Registrar of Undertakings, located in the territorial jurisdiction of the company's headquarters, attaching the documents witnessing payment in money of the required three-tenths of the capital subscribed, and, for the contributions in kind, the information contained in Article 2343, as well as the authorizations which may be required for the establishment of the company.

If the Notary or the managers do not provide for the deposit of the charter and enclosures within the period set forth in the preceding paragraph, each partner may effect such deposit or by judicial proceedings compel the managers to comply therewith.

The Tribunal, having ascertained the fulfilment of the conditions required by law for the establishment of the company and after hearing the public attorney, orders the recordation of the company in the register.

Objection to the decree of the Tribunal may be filed before the Court of Appeals within twenty days from notice of such decree.

If the company establishes branch offices, Article 2299 is applicable.

ARTICLE 2331 - Effects of recordation.

The company acquires the status of a juridical person through recordation in the register.

With respect to transactions performed in the name of the company before recordation, the persons who have carried out such transactions have joint, several and unlimited liability therefore with regard to third parties.

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The issue and sale of shares prior to recordation of the company are null.

ARTICLE 2332 - Nullity of charter.

After recordation of the company in the register of undertakings, a declaration of nullity of the charter does not prejudice the validity of acts performed in the name of the company.

The partners are not released from their duty to make their contributions until the claims of partnership creditors are satisfied.

The judgment which declares the nullity of the charter shall designate the liquidators.

The nullity of the charter cannot be declared when the cause for such nullity has been eliminated by amendments to the charter, entered in the register of undertakings.

SECTION IIOF ESTABLISHMENT THROUGH PUBLIC SUBSCRIPTIONARTICLE 2333 - Prospectus and subscription of shares.

A company may also be formed through public subscription on the basis of a prospectus which sets forth the purposes and the capital, the main provisions contained in the charter, the share which the promoters reserve for themselves in the profits, and the period within which the charter is to be agreed upon.

The prospectus, with the authenticated signatures of the promoters, shall be deposited with a notary before being made public.

The subscription of shares must be evidenced by a public act or by an authenticated private writing. The document of subscription shall contain the given name and surname of the subscriber, his domicile or office, the number of shares subscribed, and the date of subscription.

ARTICLE 2334 - Payments and calling meeting of subscribers.

The promoters, having received the subscriptions, shall assign to the subscribers, by registered mail or with the formalities set forth in the prospectus, a time limit not in excess of one month to make the payments prescribed by item 2 of Article 2329.

If this time limit expires without results, the promoters have the

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option of bringing an action to collect against the subscribers in default or releasing them from their obligation. If the promoters choose the latter course, the company may not be formed before the shares which had been subscribed are disposed of.

Unless the prospectus provides a different period, the promoters, within twenty days following the expiration of the time limit set forth for the payment prescribed by item 2 of Article 2329, shall call a meeting of the subscribers, through registered letter sent to each of such subscribers at least ten days before the day set for the meeting, stating the subjects to be discussed.

ARTICLE 2335 - Meeting of subscribers.

The meeting of subscribers shall:

1. Verify the presence of the conditions required for the establishment of the company.
2. Approve the contents of the charter.
3. Approve the share in the profits which the promoters reserve for themselves.
4. Appoint the managers and auditors.

A meeting is validly formed with the presence of one-half of the subscribers.

Each subscriber is entitled to one vote, regardless of the number of shares subscribed, and the favorable vote of the majority of subscribers present is required for the validity of resolutions.

However, the consent of all the subscribers is necessary in order to alter the conditions set forth in the prospectus.

ARTICLE 2336 - Stipulation and deposit of the charter.

Having complied with the requirements of the preceding Article, the subscribers present at the meeting, including representatives of absent subscribers, shall agree upon the charter, which shall be deposited for recordation in the register of undertakings in accordance with Article 2330.

SECTION IIIOF PROMOTERS AND FOUNDERSARTICLE 2337 - Promoters.

The promoters are those who, in the establishment of a joint stock

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company, have signed the prospectus in accordance with the second paragraph of Article 2333.

ARTICLE 2338 - Obligations of promoters.

Promoters are jointly and severally liable to third parties for the obligations assumed in the formation of the company.

The company is bound to take over the obligations assumed by the promoters and to reimburse them for their expenses, provided, in any case, that such expenses were necessary for the formation of the company or were approved by the meeting.

If, for any reason, the company is not formed, the promoters may not recover from the subscribers of stock.

ARTICLE 2339 - Liability of promoters.

The promoters are jointly and severally liable to the company and to third parties:

1. For the complete subscription of the company's capital and for the payments required for the formation of the company.
2. For the existence of the contributions in kind specified in the sworn report required by Article 2343.
3. For the authenticity of the information given out by them to the public in the formation of the company.

Persons for whose account the promoters have operated are, likewise, jointly and severally liable to the company and to third parties.

ARTICLE 2340 - Limitations to benefits reserved to promoters.

The promoters may reserve for themselves in the charter, independently from their status as members, a participation not in excess of a total of one-tenth of the net profits appearing in the balance sheet and for a maximum period of five years.

They may not stipulate any other benefit for themselves.

ARTICLE 2341 - Founders.

The provisions of the preceding Article are also applicable to the members who have been the makers of the charter when the company was formed, whether formed concurrently with such charter or by public subscription.

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SECTION IV
OF CONTRIBUTIONS OR PAYMENTARTICLE 2342 - Contributions.

Unless the charter provides otherwise, contributions must be made in money.

The provisions of Articles 2254 and 2255 are observed with regard to contributions consisting of property in kind or assignment of claims.

ARTICLE 2343 - Appraisal.

Whoever's payment consists of property in kind, must file a sworn report of an expert chosen by the President of the Tribunal, reciting a description of the property contributed, the value assigned to each item of property, and by what standards the value was estimated. The report must be attached to the charter.

The directors and auditors, within six months from the formation of the company, shall examine the valuations contained in the report indicated in the preceding paragraph and, if there are well founded reasons, must revise the estimate. Until the estimated worth of the property has been verified, the shares corresponding to such contributions in kind are inalienable and must be kept in deposit in care of the company.

If the actual value of the property contributed proves to have been lower, in an amount of more than one-fifth, then the nominal value which was to be contributed, the company shall reduce its capital proportionately, voiding the excess shares outstanding. A contributing member may, however, pay the difference in money or withdraw from the company.

ARTICLE 2344 - Non-payment of aliquot shares due by the members.

If a member fails to make payment of his aliquot share, the directors, after fifteen days from the publication of notice in the "Gazzetta Ufficiale" of the Kingdom, may cause the sale of said member's shares at his own risk and for his account, through a stockbroker or a credit institution.

If the sale cannot be made for lack of buyers, the directors may declare the member to be debarred, retaining the sums collected from him, without affecting the right to compensation for greater damages.

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If the unsold shares cannot be resold within the period in which the debarment of the defaulting member is pronounced, the shares shall be redeemed by a corresponding reduction of the company's capital.

A member who is in default in the aliquot payment due the company with respect to his shares may not exercise his right to vote.

ARTICLE 2345 - Accessory performances.

In addition to duties of contribution by the members, the charter may provide duties consisting of accessory performances not in the form of money, specifying the substance thereof, the duration, the formalities, and the remuneration, and providing special penalties for non-performance of such duties.

In determining the remuneration for said performances, the corporative rules applicable to similar performances shall be applied.

The shares corresponding to the value of performance of the above mentioned duties shall be nominative and not transferable without the consent of the directors.

Unless the charter provides otherwise, the duties set forth in this Article may not be modified without the consent of all the members.

SECTION VOF SHARESARTICLE 2346 - Issue of stock.

Shares of stock may not be issued for less than par.

ARTICLE 2347 - Indivisibility of shares.

Shares are indivisible. In the case of co-ownership of a share, the rights of the co-owners must be exercised by a joint representative.

If such joint representative has not been appointed, the notices and declarations conveyed by the company to one of the co-owners are valid with respect to the other co-owners.

The co-owners of shares of stock are jointly and severally liable for the obligations arising from said shares.

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ARTICLE 2348 - Particular kinds of stock.

Shares of stock must be equal in value and must convey equal rights to their holders.

However, the charter or subsequent amendments thereof, may provide for the creation of shares of stock conveying different rights to their holders.

ARTICLE 2349 - Stock in favor of employees.

In the case of distribution of a bonus to the persons employed by the company, special classes of stock may be issued in an amount corresponding to such bonuses, the shares of such stock being reserved for individual assignment to the employees, with particular rules concerning the form of such stock, the formalities for the transfer thereof, and the rights of shareholders.

The company's capital must be increased in a corresponding amount.

ARTICLE 2350 - Rights to profits and to share in liquidation.

Each share conveys the right to a proportionate share in the net profits and in the assets remaining after the liquidation, except for the rights reserved in favor of special classes of stock in accordance with the preceding Article.

ARTICLE 2351 - Right to vote.

Each share carries the right to vote.

However, the charter may provide that holders of shares which are preferred in the distribution of profits and in the reimbursement of capital at the time of dissolution of the company have the right to vote only with regard to the resolutions set forth in Article 2365. The shares of stock carrying such limitations to voting rights may not be in excess of one-half of the company's capital.

Shares of stock carrying multiple voting rights may not be issued.

ARTICLE 2352 - Shares of stock subjected to pledge or usufruct.

In the case of shares of stock subjected to pledge or usufruct, the right to vote vests in the secured creditor or usufructuary, unless otherwise agreed upon.

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If the shares of stock convey rights of option, such rights vest in the member.

If the member fails to attend to the payment of the sums necessary to exercise the right of option at least three days before expiration thereof, such right of option shall be sold for the account of said member through a stockbroker or a credit institution.

In the case of pledge, if there are payments to be made on the shares pledged, the member shall attend to the payment of the necessary sum at least three days before expiration of the time limit; otherwise, the secured creditor may sell the shares, with the formalities set forth in the preceding paragraph. In the case of usufruct, the usufructuary shall attend to the payment, except for his right of recovery at the termination of the usufruct.

If the right of usufruct is enjoyed by several persons, the second paragraph of Article 2347 is applicable.

ARTICLE 2353 - Enjoyment shares.

Unless the charter provides otherwise, shares given to holders of shares of stock which have been redeemed by the company, do not convey the right to vote in the meeting. The holders of such shares participate in the distribution of profits which remain after payment to holders of non-redeemed shares of stock, through a dividend equal to the legal interest on the sum invested; in the case of liquidation, they participate in the distribution of the company's effects which remain after redemption of the non-redeemed shares at the par value thereof.

ARTICLE 2354 - Information to be contained in shares.

The shares of stock shall indicate:

1. The name, headquarters and duration of the company.
2. The date of the charter and of its recordation, and the office of the Registrar of Undertakings where the company is recorded.
3. Their par value and the amount of the company's capital.
4. The amount of the part-payments on the shares of stock not entirely paid up.
5. The particular rights and duties inherent in such shares of stock.

The shares must be signed by one of the directors. A mechanical reproduction of the signature is valid, provided the original is deposited in the office of the Registrar of Undertakings where the company is recorded.

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The provisions of this Article are also applicable to the temporary stock certificates which are given to the members prior to the issuance of the final shares of stock.

ARTICLE 2355 - Nominative or registered shares and bearer or unregistered shares.

Shares may be nominative (non-transferable) or to the bearer, at the option of the shareholder, if the charter does not provide that the shares must be nominative.

Shares of stock cannot be made payable to bearer until they are entirely paid up.

The charter may provide that the sale of nominative shares be subject to special conditions.

ARTICLE 2356 - Liability for transfer of stock which is not paid up.

Those who sell shares of stock which are not paid up are bound, jointly and severally with the purchasers, for the amounts of the payments still due on said stock for a period of three years from the date of sale.

Payment may not be demanded from the sellers except in the case where a request for payment made to the holders of the stock has been unsuccessful.

ARTICLE 2357 - Acquisition by the company of its own stock.

A company may not acquire its own stock unless each of the following three conditions prevail:

1. That such purchase is authorized by a vote of the stockholders in meeting assembled;
2. That the purchase is made with sums taken from duly verified net profits; and
3. That the shares of stock are entirely paid up.

The managers may not dispose of the purchased shares, and the voting rights attached thereto are suspended as long as such shares are owned by the company.

The restrictions provided for in the first paragraph of this Article are not applicable when the purchase of stock takes place pursuant to a resolution of the meeting authorizing a reduction of the company's capital to be made by means of redemption and voiding of shares of stock.

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ARTICLE 2358 - Discounting company's own stock.

A company may not discount its own shares of stock nor make loans to third parties for purchase thereof.

ARTICLE 2359 - Acquisition of stock by controlled companies.

A company may not invest even part of its own capital in the stock of another company which exercises control over it or in the stock of other companies controlled by the latter.

Companies in which another company holds a number of shares sufficient to secure a controlling majority of votes in ordinary meetings and those which by reason of other contractual obligations are under the dominating influence of another are considered controlled companies or corporations.

ARTICLE 2360 - Prohibition of mutual subscription of stock.

Companies may not form or increase their own capital by means of mutual subscriptions of stock, even through an intermediary.

ARTICLE 2361 - Partaking in other enterprises.

A company may not undertake to engage in other enterprises, even if the charter provides for it in general terms, if by reason of the amount and purpose of such participation, the company's purpose, as set forth in the charter, undergoes substantial changes thereby.

ARTICLE 2362 - Sole shareholder.

In the case of insolvency of a company, the liability of a sole shareholder is unlimited with respect to the obligations which have arisen in the period when the shares of said company prove to have belonged to such shareholder only.

SECTION VI

ORGANIC STRUCTURE OF THE COMPANY

SUB-SECTION I

OF MEETING

ARTICLE 2363 - Place in which meeting is held.

Meetings are called by the directors to be held at the headquarters

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of the company or corporation, unless the charter provides otherwise.

Meetings are general and special.

ARTICLE 2364 - General meetings.

General meetings:

1. Approve the balance sheet.
2. Elect the directors, the auditors, and the president of the board of auditors.
3. Fix the remuneration of the directors and of the auditors, unless it is set forth in the charter.
4. Pass upon other matters, pertaining to the management of the company, which are placed under its jurisdiction by the charter or submitted to its attention by the directors, and determine the liability of the directors and auditors.

General meetings must be called at least once a year, within four months from the close of the company's accounting period. The charter may provide for a longer time limit, but never in excess of six months, when particular reasons require it.

ARTICLE 2365 - Special meetings.

Special meetings pass upon amendments to the charter and the issuance of bonds.

They also determine the appointment and the powers of the liquidators according to Articles 2450 and 2452.

ARTICLE 2366 - Formalities attached to the convocation of meetings.

Meetings must be summoned by the directors by means of a notice specifying the place, day and hour of each meeting and a list of the business to be transacted thereat.

The notice must be published in the "Gazzetta Ufficiale" of the Kingdom at least fifteen days before the day set for the meeting.

When the above mentioned formalities are not complied with, a meeting is deemed to be regularly constituted when the entire capital of the company is represented and when all the directors and members of the board of directors are present. In this case, however, each person present may object to the discussion of subjects on which he does not feel sufficiently well informed.

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ARTICLE 2367 - Meeting convoked upon request of a minority.

The directors must call a meeting without delay when requested by a number of shareholders sufficient to represent at least one-fifth of the company's capital without counting the shares having limited voting rights, and provided that the business to be transacted is set forth in such request.

If the directors, or the auditors in their stead, fail to act accordingly, the meeting is ordered by decree of the President of the Tribunal, who appoints the person who is to preside at the meeting.

ARTICLE 2368 - Manner in which meetings are constituted and validity of resolutions.

A general meeting is regularly constituted with the presence of a number of members sufficient to represent at least one-half of the company's capital, not including in such computation the shares which carry limited voting rights. Resolutions are passed by an absolute majority, unless the charter required a higher majority. The charter may provide special rules for the election of officers in the company.

Resolutions passed in special meetings are adopted by the favorable vote of a number of members sufficient to represent more than one-half of the capital of the company, unless the charter requires a higher majority.

ARTICLE 2369 - Second sitting.

If the partners who are present do not represent, together, the share of capital required by the preceding Article, the meeting must be newly assembled.

The notice for convocation of the meeting may set the day for the second sitting. It cannot take place on the same day set for the first assembling. If the notice did not indicate the date for the second sitting, the meeting shall be re-assembled within thirty days from the date set for the first sitting, and the time limit set forth by Article 2366 is reduced to eight days.

In a second sitting, the general meeting passes resolutions on the business which should have been transacted in the first, regardless of the share of capital represented by those present, and the special meeting acts with the favorable vote of a number of partners sufficient to represent more than one-third of the company's capital, unless the charter requires a higher representation.

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However, even in the second sitting, the favorable vote of a number of members sufficient to represent more than one-half of the company's capital is necessary for decisions affecting changes in the object of the company, the transformation of the company, premature dissolution, of transfer of the headquarters abroad, and issuance of preferential shares.

ARTICLE 2370 - Right of admission to the meeting.

The members or shareholders who are entered in the stock ledger at least five days before the day set for the meeting may take part in such meeting, as well as those who, within the same period, have deposited their shares at the company's headquarters or in a credit institution designed in the notice of the meeting.

ARTICLE 2371 - Chairmanship of the meeting.

The meeting is presided over by the person set forth in the charter or, in the absence of such person, by the person elected by those present at the meeting. The president is assisted by a secretary who is elected in the same manner.

The assistance of a secretary is not necessary when the minutes of the meeting are recorded by a Notary.

ARTICLE 2372 - Proxies.

Unless the charter provides otherwise, members may be represented in the meeting. A "proxy" must be conferred in writing and the instruments evidencing it must be kept by the company.

The directors and employees of the company may not act as proxy for the members.

ARTICLE 2373 - Conflicting interests.

A member may not exercise his right to vote in decisions affecting his interest which, on his own part or on the part of third persons, is conflicting with the interests of the company.

In case of non-observance, if the decision is such as to cause injury to the company it may be attacked in accordance with Article 2377, provided such decision could not have been reached by the necessary majority without the vote of the members who should have abstained from voting.

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Directors have no vote in decisions affecting their own responsibility.

The shares for which, on the basis of this Article, no voting rights may be exercised, are included for the purpose of computation of the regular make-up of the meeting.

ARTICLE 2374 - Postponement of the meeting.

If members present consisting of one-third of the capital represented by the meeting declare themselves not sufficiently well informed on the subject of the business to be transacted, they may demand that the meeting be postponed for not over three days.

This right may be exercised only once for each transaction.

ARTICLE 2375 - Minute book of meeting's resolutions.

The resolutions of the meeting must be entered in a minute book of the proceedings, signed by the chairman and the secretary or by a Notary. The minutes of the proceedings must carry a resume of the declarations of the members, upon request thereof.

The minutes of the proceedings of special meetings must be recorded by a Notary.

ARTICLE 2376 - Extra meetings.

If there are different classes of stock, the resolutions of the meeting which affect the rights of one particular class of stock must be approved also by an extra meeting of stockholders of the stock concerned.

The provisions applicable to special meetings are applicable to extra meetings.

ARTICLE 2377 - Invalidity of resolutions.

Resolutions passed by the meeting in compliance with the law and according to the charter are binding on all members, even those absent or dissenting.

Resolutions which are not passed pursuant to law or to the charter may be attacked by the directors, by the auditors, and by the absent or dissenting partners; resolutions of the general meeting may be attacked also by partners having limited voting rights, within three months from the date of such resolution, or, if the resolution is subject to recordation in the register of undertakings, within three months from such recordation.

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The annulment of the resolution is effective with respect to all members and impels the directors to take the consequent measures under their responsibility. In all cases, the rights acquired in good faith by third parties as a result of acts performed in carrying out the resolution are unaffected.

The annulment of a resolution may not be pronounced, if another resolution, passed pursuant to law and to the charter, is substituted for the resolution objected to.

ARTICLE 2378 - Procedure for opposition.

Objections to resolutions are filed before the Tribunal of the place where the company has its headquarters.

The dissenting member must file at least one action in the office of the clerk of the court. The President of the Tribunal may decree that the dissenting member post adequate security for the contingency of compensation for damages.

All objections relating to the same resolution must be investigated together and disposed of with one judgment. The hearing of the case begins after the expiration of the time limit set forth in the second paragraph of the preceding Article.

If serious reasons exist, the President of the Tribunal or the investigating judge, after hearing the directors and the auditors, may suspend the execution of the resolution concerned, upon request of the objecting member, by issuing a decree with reasons stated, notice of which must be given to the directors.

The directors must attend to the recordation, in the register of undertakings, of the matters disposed of by the decree and judgment ordering the suspension of the resolution.

ARTICLE 2379 - Resolutions which are null by reason of the impossibility of unlawfulness of subject matter.

The provisions of Articles 1421, 1422, and 1433 are applicable to resolutions which are null by reason of the impossibility or unlawfulness of the subject matter.

SUB-SECTION IIOF MANAGERS OR DIRECTORSARTICLE 2380 - Management of the company.

The management of the company may be given also to persons who

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are not members in said company.

When the management is given to several persons, this group of persons constitutes the board of directors.

If the charter makes no provision for the number of directors, but indicates only a maximum and minimum number, the meeting determines the number thereof.

The board of directors elects its chairman from among its members, unless a chairman is elected by the meeting.

ARTICLE 2381 - Executive board and managing directors.

If the charter or the (stockholders') meeting permits, the board of directors may delegate its functions to an executive board made up of some among its members, or to one or several of its members, specifying the extent of such delegation.

The functions set forth in Articles 2423, 2443, 2446, and 2447 may not be delegated.

ARTICLE 2382 - Causes for ineligibility and debarment.

Interdicts, incapacitated persons, bankrupts and persons who have been adjudged a sentence entailing even temporary disqualification from public office or from the exercise of directorship, may not be elected directors, and if elected, are debarred from office.

ARTICLE 2383 - Election and dismissal of directors.

Election of the directors is made by the meeting, with the exception of the first directors, who are appointed by the charter, except for the provisions of Articles 2458 and 2459.

Directors may not be elected for a period in excess of three years.

Unless the charter provides otherwise, directors may be re-elected and may be dismissed by the meeting at any time, even if they were appointed by the charter, except for the director's right to be compensated for damages if the dismissal is without justifiable reason.

Within fifteen days from notice of their appointment, directors must apply for entry in the register of undertakings, indicating for each one the surname and given name, the father's name, the domicile, the citizenship, and the race.

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ARTICLE 2384 - Agency.

The provisions of Article 2298 are applicable to the directors who have the representation of the company.

ARTICLE 2385 - Discontinuance from office of director.

A manager who discontinues his office must give written notice thereof to the board of directors and to the chairman of the auditors' board.

The resignation is effective immediately if the majority of the members of the board of directors remains in office; otherwise, it is effective from the time when a majority of the board of directors has been re-established, following the election of new directors.

The retirement of directors resulting from expiration of their term is effective from the time when the board of directors has been re-constituted.

The auditors' board shall attend to the recordation, in the register of undertakings, of the discontinuance of directors from their offices, for any reason, within fifteen days therefrom.

ARTICLE 2386 - Replacement of directors.

If, in the course of an accounting period, a vacancy of one or more directors occurs, the other directors provide for their replacement by resolution approved by the auditors' board.

The directors elected through this procedure remain in office until the next meeting.

If a majority of the directors vacate office, those who remain in charge must summon a meeting for the purpose of replacing the vacancies.

The term in office for the directors elected by the meeting expires at the same time as for those in office at the time of their appointment.

If the sole director or all directors vacate office, the auditors' board shall urgently convoke the meeting to effect replacement; the auditors' board may, meanwhile, perform acts of ordinary administration.

ARTICLE 2387 - Director's bonds.

Directors must post bond consisting of nominative shares of the company or nominative securities issued or guaranteed by the State, in an amount not less than one-fiftieth of the company's capital. The

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charter, however, may establish that such bond be not in excess of 200,000 liras per value of such shares or securities.

Directors who fail to post bond within thirty days from the notice of their appointment are debarred from office.

The bond's obligation must be noted on the security and in the register of the issuer and may not be removed until the meeting has approved the balance sheet corresponding to the last accounting period in which the director was in office.

ARTICLE 2388 - Validity of resolutions of board of directors.

The presence of the majority of directors in office is necessary for the validity of resolutions of the board of directors unless the charter requires a higher number of directors to be present.

Resolutions of the board of directors are passed by an absolute majority, unless the charter provides otherwise.

The vote may not be made by proxy.

ARTICLE 2389 - Remuneration of directors.

The remuneration and the share of the profits to which the members of the board of directors and of its executive board are entitled are established in the charter or by the meeting.

The remuneration of directors who are charged with particular functions in accordance with the charter is established by the board of directors after consultation with the auditors' board.

ARTICLE 2390 - Prohibition to compete.

Directors may not become partners with unlimited liability in rival companies, nor undertake conflicting activities for their own account or for the account of third parties, without being so authorized by the meeting.

A director may be dismissed from office and is liable for damages resulting from non-observance of said prohibition.

ARTICLE 2391 - Conflicting interests.

A director who, in a specified transaction, has an interest conflicting with the company's, either on his own account or on the account

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of third persons, is bound to give notice thereof to the other directors and to the auditors' board and must refrain from participating in the resolutions concerning such transaction.

Non-observance of this duty causes the director to be liable for the losses incurred by the company as a result of such transaction.

If the resolution of the board of directors is such as to cause injury to the company, it may be attacked by the directors who were absent or dissenting and by the auditors within three months from its date, provided the majority required for passing the resolution objected to would not have existed without the vote of the director whose duty it was to refrain from voting.

In all cases, rights acquired in good faith by third parties pursuant to acts performed in carrying out the resolution are unaffected.

ARTICLE 2392 - Liability to the company.

The directors must fulfil the duties imposed upon them by law and by the charter with the diligence of a mandatary, and are jointly and severally liable to the company for damages arising from non-observance of such duties, except in the case of functions which fall within the jurisdiction of the executive board or of one particular or several directors.

In all cases, the directors are jointly and severally liable if they fail to supervise the general trend of the administration of the company or if, being cognizant of facts which may bring harm to the company, they fail to do everything in their power to prevent those facts from happening or to remove or reduce the harmful consequences.

The liability for acts or omissions of the directors does not extend to a particular director who, while not being guilty of negligence, causes his dissent to be entered in the minute book of the meetings and of the resolutions of the board of directors, giving immediate written notice thereof to the chairman of the board of auditors.

ARTICLE 2393 - Company's action for liability.

An action for liability against the directors is instituted following a pertinent deliberation of the meeting, even if the company is in the process of liquidation.

Resolutions concerning the directors' liability may be taken at the time of the examination of the balance sheet, even if such resolutions are not included in the agenda.

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The resolution to sue on grounds of liability entails the dismissal of the directors against whom the actions are brought, provided it is adopted with the favorable vote of at least one-fifth of the company's capital. In this case provisions are made in the meeting for replacement of the directors.

The company may renounce its right of action for liability and may compromise, provided such renunciation or compromise is approved by an express resolution of the meeting and provided there is no unfavorable vote of a minority of members or shareholders representing at least one-fifth of the company's capital.

ARTICLE 2394 - Liability to company's creditors.

The directors are liable to the company's creditors for neglect of their duties relative to the preservation of a sound financial condition of the company's affairs.

The creditors may institute an action when the assets held by the company do not prove sufficient to satisfy their claims.

In the case of bankruptcy or involuntary liquidation by the administrative authorities, the action is instituted by the receiver or by the special agent appointed for the liquidation.

A refusal to act on the part of the company does not prevent the company's creditors from acting in their own behalf. An action for revocation, when the conditions necessary are present, is the only one available to the company's creditors in attacking a compromise.

ARTICLE 2395 - Personal action brought by a member or by third party.

The provisions of the preceding Articles do not prejudice the rights of individual stockholders or of third parties to be compensated for damages when they have suffered direct injury due to fraudulent or negligent acts of the directors.

ARTICLE 2396 - General managers.

The provisions which regulate the liability of directors are also applicable to the managers appointed in the general meeting or by virtue of the charter, insofar as their own functions are concerned.

SUB-SECTION IIIOF AUDITORS' BOARDRESTRICTED

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ARTICLE 2397 - Formation of the board.

The board of auditors is composed of three or five officiating members who may or may not be members of the company.

Two substitute auditors must be appointed in addition.

Joint stock companies with a capital in excess of five million lires must select at least one of the officiating members from among the official list of certified public accountants, when there are three officiating members on the board, and must select at least two from such list if the officiating members are five; in either case one of the substitute auditors shall be taken from the list of certified public accountants.

Other joint stock companies must select at least one of the officiating auditors and one of the substitutes from the professional rolls determined by law.

ARTICLE 2398 - Chairman of the board.

The auditor selected from among the list of certified public accountants is entitled to the chairmanship of the board of auditors; if there are several in that category, the meeting shall elect a chairman from among them. If none of the auditors is registered on the list of certified public accountants, the meeting shall elect a chairman from among the members of the board.

ARTICLE 2399 - Causes for ineligibility and debarment.

Persons affected by the conditions set forth in Article 2383, relatives and relatives by affinity, within the fourth degree of directors, and persons who are connected with the company or companies controlled by the latter by a permanent relationship of remunerated rendering of services, may not be elected to fill the post of auditor and, if elected, are debarred from practice.

The ousting or suspension from the list of official certified public accountants or from the professional rolls determined by law, is cause for debarment from the position of auditor of those who were selected from such list or rolls.

ARTICLE 2400 - Appointment and termination of office.

In the first instance, the auditors are appointed by the charter, and subsequently by the meeting, except for the provisions of Articles 2458 and 2459. The auditors remain in office for a period of three years, and may not be dismissed except for justifiable cause.

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A resolution to dismiss must be ratified by a decree of the Tribunal, after hearing the interested party.

The directors must attend to the entry, in the register of undertakings, of the appointments and termination of office of auditors within the period of fifteen days thereafter.

ARTICLE 2401 - Replacements.

In the case of death, resignation or debarment of an auditor selected from among the list of official public certified accountants or from among the professional rolls in accordance with the second and third paragraphs of Article 2397, the substitute auditor who is registered in said list or rolls takes his place. In the case of death, resignation or debarment of other auditors, the substitutes take their places in order of seniority. The new auditors remain in office until the next meeting in which the appointment of the officiating and substitute auditors necessary to restore the complete formation of the board is attended to. The term for the newly appointed auditors expires together with the term of those in office.

If the board of auditors is not formed completely with the substitute auditors, the meeting shall be assembled in order to attend to such formation.

ARTICLE 2402 - Remuneration.

If the yearly remuneration of auditors is not established in the charter, it shall be determined at the time of their appointment, for their entire period of office, by the meeting.

ARTICLE 2403 - Functions of board of auditors.

The board of auditors must supervise the administration of the company, see that the laws and charter are complied with, verify the regularity of the company's bookkeeping, check the balance sheet and the profit and loss statement against the amounts disclosed by the company's books and documents, and ascertain that the provisions of Article 2425 for the estimate of the company's property are observed.

The board of auditors must also verify, at least every three months, the cash on hand and the existence of the securities of all kinds owned by the company or received in pledge as security, or taken into custody.

The auditors may perform, even personally, acts of supervision and verification, at any time.

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The board of auditors may inquire from the directors on the subject of the company's operations, or of particular transactions.

The examinations made by the auditors shall be entered in the book indicated in item 5 of Article 2421.

ARTICLE 2404 - Meetings and decisions of the board.

The board of auditors shall meet at least every three months.

An auditor who, without justifiable reason, fails to attend two meetings during an accounting period of the company, is debarred from office.

The minutes of the meeting shall be taken and entered in the book provided for in item 5 of Article 2421 and signed by those present.

The decisions of the board of auditors are taken on the strength of an absolute majority of votes. A dissenting auditor is entitled to cause the entry in the minute book of the reasons for his dissent.

ARTICLE 2405 - Presence at meeting of the board of directors and at stockholders' meetings.

The auditors must be present at the meetings of the board of directors and at the stockholders' meetings and may be present at the meetings of the executive board.

Auditors who, without justifiable reason, fail to attend the stockholders' meetings, or who, twice during an accounting period, fail to attend meetings of the board of directors are dismissed from office.

ARTICLE 2406 - Non-observance on the part of directors.

The board of auditors must assemble the stockholders' meeting and attend to the publications prescribed by law if the directors fail to comply with such duty.

ARTICLE 2407 - Liability.

The auditors must perform their duties with the diligence of a mandatary; they are responsible for the correctness of their statements and must keep secret the facts and the documents which have come to their knowledge by reason of their office.

They are jointly and severally liable with the directors for the acts and omissions of the latter when the resulting injury could have

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been prevented if the auditors had kept the required vigilance in accordance with the duties of their office.

The action against the auditors for their liability is regulated by the provisions of Articles 2393 and 2394.

ARTICLE 2408 - Report to board of auditors.

Any member may refer to the board of auditors the matters he deems objectionable and the board of auditors shall acknowledge such complaint in its report to the meeting.

If the matter objected to is reported by a number of members sufficient to represent one-twentieth of the company's capital, the board of auditors must investigate, without delay, the facts which have been the subject of the report and submit its findings and possible suggestions to the meeting, summoning it immediately if the report appears to be well founded and there is an urgent necessity to attend to the matters therein contained.

ARTICLE 2409 - Charge before the Tribunal.

If there are well founded reasons to suspect serious breeches on the part of the directors or of the auditors in the performance of their duties, a number of members sufficient to represent one-tenth of the company's capital may present the pertinent facts before the Tribunal.

The Tribunal, having heard the directors and auditors in chambers, may order an investigation of the company's administration at the expense of the petitioning members, making such investigation contingent, if necessary, on the posting of a bond.

If the breeches charged exist, the Tribunal may provide for the necessary precautionary measures and summon the meeting for the purpose of taking action in the case. In aggravated cases, the Tribunal may dismiss the directors and the auditors and appoint a judicial administrator, specifying the powers and the duration in office thereof.

The judicial administrator may institute actions for liability against the directors and the auditors.

The judicial administrator, before the expiration of his term in office, shall call and preside over the meeting for the election of the new directors and auditors, or shall move to place the company in liquidation, as the case may be.

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The measures set forth in this Article may be taken by the public attorney and, in such case, the expenses attached to the investigation are chargeable to the company.

SECTION VIIOF BONDS AND DEBENTURESARTICLE 2410 - Limitations upon the issuance of bonds and debentures.

A company may issue bearer or registered bonds and debentures for an amount which may not be in excess of the existing paid-up capital according to the last approved balance sheet.

This amount may be exceeded:

1. When the bonds are secured by mortgage upon immovable property owned by the company, not over two-thirds of the value of such immovable.
2. When the excess of the amount of the bonds with respect to the paid-up capital is secured by registered securities issued or guaranteed by the State, and for which the date of maturity is prior to that of the bonds or debentures, or else when such bonds are secured by equivalent claims consisting of annuities or subsidies by the State or other public entities. The securities must be kept in deposit and the annuities or subsidies must be escrowed in a credit institution in an amount sufficient to guarantee the payment of the interest and the amortization of the bonds until extinction of the outstanding bonds.

When special reasons affecting national economy are present, a company may be authorized, by decree of the governmental authorities, to issue bonds even without the guarantees set forth in this Article, complying with the restrictions, formalities and precautionary measures set forth in said decree.

The provisions of special laws concerning particular types of companies are unaffected.

ARTICLE 2411 - Deposit and recordation of the resolution.

The Notary or the directors shall attend, within thirty days, to the deposit, in the office of the Registrar of Undertakings, of the meeting's resolution to issue bonds or debentures. The required authorizations shall be attached to such resolution.

The Tribunal, after ascertaining that the conditions required by law have been complied with, and having heard the public attorney,

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orders the recordation of the resolution in the register of undertakings.

The decree of the Tribunal may be appealed to the Court of Appeals within thirty days from notice thereof.

The resolution may not be carried out except after recordation thereof.

ARTICLE 2412 - Reduction of capital.

A company which has issued bonds or debentures may not reduce its capital except in the ratio of the bonds redeemed. If a reduction of the company's capital must be approved as a consequence of losses sustained by the company, the amount of the legal reserve fund referred to in Article 2428 must continue to be computed on the basis of the company's capital existing at the time of issuance of the debentures until the amount of the capital and the amount of said legal reserve fund equals the amount of the bonds outstanding.

ARTICLE 2413 - Information to be contained in bonds or debentures.

Bonds or debentures shall contain:

1. The name, purpose and headquarters of the company, with the location of the office of the Registrar of Undertakings where the company is recorded.
2. The company's paid-up capital in existence at the time of issuance.
3. The date of the meeting's resolution authorizing the issue, and the date of recordation of such resolution in the register of undertakings.
4. The full amount of the bonds issued, the face value of each bond or debenture, the rate of interest and the manner of payment and of redemption.
5. The guarantees which secure the bonds.

ARTICLE 2414 - Establishment of guaranty.

The meeting which approves the issuance of bonds with the guarantees set forth in Article 2410, must select a Notary to carry out the necessary formalities for the establishment of guarantees for the account of the bondholders.

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ARTICLE 2415 - Bondholders' meeting.

The resolutions of the bondholders' meeting shall concern the following:

1. Appointment and revocation of a joint representative or trustee.
2. Variations relative to the conditions of the loan.
3. Motions for administrative audit and composition.
4. Establishment of a fund to be applied to the expenses necessary for the protection of the interests in common and statements connected therewith.
5. Other matters of common interest to the bondholders.

The meeting is summoned by the directors or by the representative of the bondholders, when they deem it necessary, or when it is requested by a number of bondholders sufficient to represent one-twentieth of the securities issued and outstanding.

The provisions relative to special members' meetings are applicable to the bondholders' meeting.

The favorable vote of a number of bondholders sufficient to represent one-half of the bonds issued and outstanding is necessary in order to give validity to the resolutions concerning the subject matter of item 2 of this Article, even in a second sitting.

The company may not participate in resolutions affecting bonds or debentures which it may happen to hold.

The directors and auditors may be present at the bondholders' meeting.

ARTICLE 2416 - Objection to the resolutions of the meeting.

The resolutions adopted by the meeting are also binding on absent or dissenting bondholders.

Each bondholder may attack resolutions which are not passed in accordance with the law, as set forth in Articles 2377 and 2378.

The objection is filed before the Tribunal having jurisdiction over the place where the company has its headquarters, and is subject to rebuttal by the representative of bondholders.

ARTICLE 2417 - Trustee.

A trustee may be selected outside the bondholders. If he is not elected by the meeting in accordance with Article 2415, he is appointed

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by decree of the President of the Tribunal, upon request of one or more bondholders or directors of the company. Directors, auditors, employees of debtor companies and those who find themselves in the conditions set forth in Article 2399 may not be elected trustees of the bondholders, and if elected are debarred from office.

A trustee stays in office for a period not in excess of three years and may be re-elected. The bondholders' meeting decides his remuneration.

A trustee, within fifteen days of the notification of his appointment, shall request the entry thereof in the register of undertakings.

ARTICLE 2418 - Duties and powers of trustee.

A trustee must provide for the carrying out of the resolutions taken by the bondholders' meeting, protect the latter's common interests with respect to the company and be present at the drawing operations for the bonds. He is entitled to be present at the members' meeting.

The trustee represents the common interests of the bondholders in suits, even in the case of administrative audit, preliminary composition, bankruptcy and involuntary administrative liquidation of the debtor company.

ARTICLE 2419 - Separate action of bondholders.

The provisions of the preceding Articles do not bar separate actions by the bondholders, unless they are incompatible with the resolutions of the meeting as set forth in Article 2415.

ARTICLE 2420 - Drawing of bonds.

Drawing operations for bonds must be made in the presence of the trustee, or, in his absence, in the presence of a Notary, under penalty of nullity.

SECTION VIIIOF COMMERCIAL BOOKSARTICLE 2421 - Compulsory or indispensable books.

In addition to the books and other bookkeeping records set forth in Article 2214, a company shall keep the following:

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1. The stock ledger, indicating the number of shares, the surname and the given name of the persons in whose name the shares are registered, the transfers, the obligations inherent in such shares, and the contributions which have been made.
2. The bond and debenture register, indicating the amount of bonds and debentures issued and the amount redeemed, the surname and given name of the persons in whose name the bonds or debentures are registered, the transfers, and the obligations inherent therein.
3. The minute books of the meeting's resolutions, in which the minutes, drawn up as a public instrument, must also be entered.
4. The minute book of the meeting and resolutions of the board of directors.
5. The minute book of the meeting and resolutions of the board of auditors.
6. The minute book of the meeting and resolutions of the executive board, if there is one.
7. The minute book of the meeting and resolutions of the bondholders.

The directors must attend to the keeping of the books indicated in items 1, 2, 3 and 4, the board of auditors must attend to the book indicated in item 5, the executive board, the book in item 6, and the representative or trustee for the bondholders must attend to the keeping of the book referred to in item 7.

The above-mentioned books, before being put to use, shall have their pages numbered progressively, each sheet shall be stamped, and they must be certified each year in accordance with Articles 2215 and 2216.

ARTICLE 2422 - Right to examine books.

The members are entitled to examine the books indicated in items 1 and 3 of the preceding Article and to obtain excerpts thereof at their own expense.

The bondholders' trustee has the same right with respect to the books indicated in items 2 and 3 of the preceding Article, and the individual bondholders with respect to the book indicated in item 7 of the same Article.

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SECTION IX
OF BALANCE SHEETARTICLE 2423 - Drawing of balance sheet.

The directors must prepare the drawing of the balance sheet for each financial year together with the profit and loss statement.

The balance sheet and the profit and loss statement must exhibit with clearness and accuracy the financial position of the company, the profits gained, and the losses which have been sustained.

The balance sheet must be accompanied by a report of the directors on the general trend of its business.

ARTICLE 2424 - Information to be contained in balance sheet.

Except for the provisions of special laws concerning companies engaged in special lines of activities, the balance sheet in its aggregate amount, shall exhibit clearly the following information.

On the assets column:

1. Amounts of contributions still due from members.
2. Immovable property.
3. Plants and machinery.
4. Industrial patent rights and rights to exploit inventions.
5. Concessions, trade marks and goodwill.
6. Movable property.
7. Inventory of materials and merchandise on hand.
8. Cash and securities on hand.
9. Negotiable instruments bearing fixed incomes.
10. Participation in undertakings, indicating explicitly the shares of the company's own stock purchased in accordance with Article 2357.
11. Accounts receivable from customers.
12. Bank credits.
13. Credits with affiliated companies.
14. Other credits.

In the liability column:

1. The company's capital at its face value, making a distinction between the amount accounted for in ordinary shares and the amount accounted for in other classes of shares of stock.
2. Legal reserve fund.

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3. Reserves prescribed by the articles of the company and the optional reserves.
4. Depreciation funds and funds for renewal and coverage of risks.
5. Funds set aside for superannuation or retirement.
6. Debts secured by property.
7. Amounts due purveyors.
8. Debts to banks and other credit institutions.
9. Debts to affiliated companies.
10. Bonds and debentures issued and not redeemed.
11. Other debts.

In the assets and in the liability column:

1. The bonds posted by directors and employers.
2. Other clearing transactions and orders on account.

The debentures must be included in the balance sheet even when issued against corresponding credits.

The posting of counter items is prohibited.

ARTICLE 2425 - Basis of valuation.

In estimating the items in the assets column, the following basis of valuation must be followed.

1. Immovable plants, machinery and movable property must be carried at a value not in excess of the cost price, and such value must be reduced after each accounting period in an amount corresponding to the depreciation and consumption during that same period, by means of an entry in the liability column of a corresponding depreciation fund.
2. The materials and merchandise may not be carried at a value higher than the purchase or cost price or the price deduced from the trend of the market at the close of the accounting period concerned, whichever is the lesser.
3. Industrial patent rights, rights to exploit inventions, rights derived from concessions and trade marks may not be accounted for at a value higher than the purchase or cost price, which must be reduced after each accounting period in an amount proportionate to their periods of duration or to the loss or decrease in their application.
4. The value of shares and securities bearing fixed incomes must be determined by the directors, in accordance with their

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conservative estimate, taking into account the general trend of the market quotations for the securities listed on the exchange. The basis for such valuation must be communicated to the board of auditors, and they shall in turn refer to it in their report to the meeting.

5. Non-stock participations in other undertakings must be accounted for in an amount which may not be in excess of the amount shown in the last balance sheet of the undertaking to which they refer.
6. Credits must be carried at the presumptive immediate liquidating value.
7. The possible surplus represented by the difference between the sums due at the expiration of the bonds or debentures and the sums received at the time of the issue of said bonds or debentures may be carried as a special entry in the asset column. In this case, a part of said difference must be written off after each accounting period in accordance with the amortization plans of the company.

The underestimated items in the asset column may be brought out, separately for each item therein, by counter-items in the column of liabilities.

If special reasons call for variations from the provisions of this Article, the directors and the board of auditors must point out and justify each single variation in their report to the meeting.

ARTICLE 2426 - Entries referring to several accounting periods.

(The first part of this Article is obliterated in the text)

Except for the provisions of special laws, the rules referring to the entry of recurrent items in the asset or liability column of the balance sheet and the rules for accounting therefor in bookkeeping practice must be made satisfactory to the board of auditors, which in turn shall give notice thereof in its report to the meeting.

ARTICLE 2427 - Value of goodwill.

Goodwill may be carried in the asset column of the balance sheet only when a sum has been paid for goodwill in acquiring the business to which it refers, and it must be accounted for in an amount not in excess of the price paid therefor.

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The value of the goodwill must be redeemed in subsequent accounting periods in accordance with the conservative judgment of the directors and auditors.

ARTICLE 2428 - Legal reserve or compulsory surplus.

Deduction of a sum corresponding to at least one-twentieth of the net annual profits must be made toward the establishment of a reserve fund, up to the point where such reserve fund reaches one-fifth of the company's capital.

If, for any reason, such reserve fund is curtailed, it must be reinstated in accordance with the preceding paragraph.

The provisions of special laws are unaffected.

ARTICLE 2429 - Superannuation and retirement funds.

Funds for superannuation and retirement must be set aside gradually in an adequate amount established by the directors, when the company has not provided for the establishment of a contingency fund or other forms of insurance.

The provisions of special laws are unaffected.

ARTICLE 2430 - Issue of shares at a price higher than par.

The sums obtained by the company through the issue of shares at a price higher than their par value cannot be distributed until the compulsory surplus has reached the limit set forth by Article 2428.

ARTICLE 2431 - Participation in the profits.

The share in the profits to which promoters, founders and directors may be entitled, is computed on the amount of net profits shown on the balance sheet, after deducting the amount which must be set aside for the compulsory surplus.

ARTICLE 2432 - Auditors' report and deposit of balance sheet.

The balance sheet, accompanied by the report and supporting vouchers, must be forwarded by the directors to the board of auditors at least thirty days before the day set for the meeting which has said balance sheet on its agenda.

The board of auditors must, in turn, make its report to the meeting regarding the period just passed and the bookkeeping of the company,

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and make remarks and suggestions relative to the balance sheet and its approval.

A copy of the balance sheet, together with the reports of the directors and auditors, must be kept in the offices of the company during fifteen days before the meeting and until the balance sheet is approved. The members may have access to it.

ARTICLE 2433 - Distribution of profits to the members.

The meeting which approves the balance sheet decides on the distribution of profits to the members. No dividend may be paid on the shares except on the basis of profits actually procured and shown on the regularly approved balance sheet.

If the company's capital suffers a loss, no allotment of profits may take place until the capital is reinstated or reduced in a corresponding amount.

Dividends paid in violation of the provisions of this Article may not be reclaimed from the members if accepted in good faith on the basis of a regularly approved balance sheet exhibiting corresponding net profits.

ARTICLE 2434 - Action for liability.

Approval of the balance sheet by the meeting does not release directors, general managers and auditors from their share of liability in the management of the company.

ARTICLE 2435 - Publication of the balance sheet.

The directors must attend to the deposit in the office of the Registrar of Undertakings of a copy of the balance sheet, together with the reports of the directors and of the board of auditors and the minutes of the proceedings of approval by the meeting, within thirty days from the day of said approval.

SECTION XOF AMENDMENTS OF THE CHARTERARTICLE 2436 - Deposit and recordation of amendments.

Resolutions witnessing amendments of the charter must be deposited and recorded in accordance with the first, second and third paragraphs of Article 2411.

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Until the amendments to the charter have been recorded, they cannot be set up against third parties, unless it is proved that such parties had knowledge thereof.

ARTICLE 2437 - Right to withdraw.

The members who are not in agreement with the resolutions concerning changes in the object or of the type of the company or with the transfer abroad of the company's headquarters, have the right to withdraw from the company and to obtain reimbursement of their own shares of stock, on the basis of the average price of such shares during the last six months if the shares are listed on the market, or, otherwise, in proportion to the company's capital shown by the balance sheet of the last accounting period.

The declaration of withdrawal must be communicated by registered mail within three days from the adjourning of the meeting concerned, in the case of members present at such meeting, and within fifteen days from the date of recordation of the resolution in the register of undertakings for the members who were not present.

Any covenant barring the right of withdrawal or making the exercise thereof more difficult is null.

ARTICLE 2438 - Increase of capital stock.

The capital stock may not be increased by the issue of new shares until the shares which have been issued are paid up in full.

ARTICLE 2439 - Subscription and payment.

Underwriters of shares of stock of a new issue must pay, at the time of subscription, at least three-tenths of the par value of the stock subscribed.

If the capital stock increase is not entirely subscribed within the time limit provided for in the resolution, the underwriters are not released from their obligation, unless the resolution itself provides otherwise.

ARTICLE 2440 - Contributions in kind.

If the increase of the capital stock takes place by means of contributions in kind, the provisions of Articles 2254 and 2343 are observed.

If the increase takes place by means of assignment of claims, Article 2255 is observed.

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ARTICLE 2441 - Right of option.

Ordinary shares of a new issue must be offered in option to the shareholders, in proportion to the number of shares owned by them, unless a resolution of the meeting provides that such shares be paid up, wholly or in part, by means of payments in kind.

A time limit not less than fifteen days from the publication of the offer of option in the "Gazzetta Ufficiale" of the Kingdom must be given to the shareholders to exercise their right of option.

When the interest of the company requires it, the right of option may be barred or limited by the resolution to increase the capital stock if such resolution is approved by a number of members representing more than one-half of the company's capital, even when such resolution is taken in a second sitting of the meeting.

ARTICLE 2442 - Reserves or surplus transferred to capital.

The meeting may increase the capital stock by applying to capital the available part of the reserves or surplus appearing in the balance sheet.

In this case, the shares of new issue must have the same characteristics as those which are outstanding and must be given free to the shareholders in proportion to the shares owned by them.

Increase of the capital stock may also be brought about by increasing the per value of the shares outstanding.

ARTICLE 2443 - Power delegated to the directors.

The charter may delegate to the directors the power to increase the capital stock, in one or several times, by the issue of ordinary shares up to a specified amount, such power to be exercised within one year, at the most, from the date of recordation of the company in the register of undertakings.

Such power, to be exercised within the maximum period of one year from the date of the resolution granting it, may also be conferred by means of an amendment of the charter while the company is in existence.

The resolution of the directors to increase the capital stock must be deposited and recorded according to Article 2436.

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ARTICLE 2444 - Recordation in the register of undertakings.

The directors, within thirty days after completing the subscription of the shares of new issue, must deposit for recordation in the register of undertakings an affidavit witnessing the increase made in the capital stock.

The increase of the capital stock may not be mentioned in the company's deeds until such recordation has taken place.

ARTICLE 2445 - Reduction of excess capital.

A reduction of capital, when it appears to be excessive in view of the attainment of the company's purposes, may be effected by releasing members from the duty of making contributions they still owe, or by reimbursing the capital to the members, within the limits permitted by Articles 2327 and 2412.

The resolution to reduce capital may only be carried out after three months from the date of recordation thereof in the register of undertakings, provided that no creditor of the company whose claim antedates such recordation files his objection within such period.

The Tribunal may allow the reduction to be made notwithstanding the objection, after the posting of adequate security by the company.

ARTICLE 2446 - Reduction of capital due to losses.

When the company's capital proves to have shrunk in an amount of over one-third as a result of losses sustained, the directors must summon the meeting without delay for the adoption of the necessary measures. A report reciting the financial condition of the company together with the remarks of the board of auditors must remain posted in the company's offices during eight days preceding the meeting, for the members to take cognizance thereof.

If the loss does not prove to have been curtailed by at least one-third within the following accounting period, the meeting which approves the balance sheet of such period must reduce the company's capital in proportion to the losses which have been ascertained. If the meeting fails to take such step, the directors and auditors must petition the Tribunal to provide for a reduction of capital proportionate to the losses shown on the balance sheet. The Tribunal shall attend to this, after hearing the public attorney, by means of a decree which must be recorded in the register of undertakings by the directors. The decree may be appealed to the Court of Appeals within thirty days from its recordation.

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ARTICLE 2447 - Reduction of capital below legal minimum.

If, by reason of capital losses amounting to over one-third, the capital comes below the minimum established by Article 2327, the directors must summon the meeting, without delay, for the purpose of effecting a reduction of the company's capital to an amount not below said minimum, or to decide on a switch to a different type of company.

SECTION XIOF DISSOLUTION AND LIQUIDATIONARTICLE 2448 - Causes for dissolution.

Joint stock companies are dissolved for the following reasons:

1. By expiration of the predetermined period for the company.
2. By the completion of the undertaking which was the special object of the company's formation, or by the supervening impossibility to attain such object.
3. By the impossibility of existing working conditions or by the continued inactivity of the meeting.
4. By the reduction of the capital below the required minimum, except for the provisions of Article 2447.
5. By a resolution of the meeting.
6. By other causes set forth in the charter.

Companies may, however, be dissolved by decree of the governmental authorities in the cases established by law and by a declaration of bankruptcy if the company is concerned with commercial activities. In this case, the provisions of special laws are observed.

ARTICLE 2449 - Effects of dissolution.

The directors may not undertake new operations after the manifestation of causes entailing the dissolution of the company. If they violate such prohibition, they assume joint, several and unlimited liability for the transactions they undertake.

The directors must convene the meeting, within thirty days from the appearance of such causes for dissolution, for the passing of resolutions relative to the liquidation.

The directors are liable for the preservation of the company's property until they make delivery thereof to the liquidators.

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ARTICLE 2450 - Appointment and dismissal of liquidating partners.

The meeting appoints the liquidators, unless the charter provides otherwise.

The meeting adopts its resolutions with the majority required in special meetings.

In the case contemplated by item 3 of Article 2448, or when the prescribed majority is not reached, the liquidators are appointed by decree of the President of the Tribunal, upon petition of the members, directors or auditors.

The liquidators may be dismissed by the meeting with the majority required in special meetings, or by the Tribunal, for a justifiable reason, upon petition of the members or auditors or upon a motion of the public attorney.

The provisions of the first, second and third paragraphs are also applicable to the substitution of liquidators.

ARTICLE 2451 - Organic structure of the company during liquidation.

The provisions relative to the meeting and to the board of auditors are applicable also during the period of liquidation, insofar as they are compatible therewith.

ARTICLE 2452 - Powers, duties and liability of liquidating members.

The liquidators are subject to the provisions of Articles 2276, 2277, 2279, and the first paragraph of Article 2280 and of Article 2310.

The powers of the liquidators are regulated by the first paragraph of Article 2278, unless the meeting, with the majority required for special meetings, provides otherwise.

If the available funds do not prove sufficient for the payment of the company's debts, the liquidators may demand proportionate payments from the members on the amount still due by said members on their shares of stock.

ARTICLE 2453 - Final balance sheet of liquidation.

After the liquidation, the liquidators must draw up the final balance sheet, indicating the apportionment of each share in the partition of the assets.

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Said balance sheet, signed by the liquidators and accompanied by the auditor's report, is deposited in the office of the Registrar of Undertakings.

Each member, within three months following the recordation of such deposit, may submit his objection to the Tribunal, in opposition to the liquidators.

The objections must be combined and tried together in a trial in which all members may appear.

Trial of the case begins after the expiration of the above mentioned period. The judgment is binding also on those who do not appear in the trial.

ARTICLE 2454 - Tacit approval of balance sheet.

When three months have elapsed without the filing of any objections, the balance sheet is deemed to have been approved and the liquidators are discharged with respect to the members, except for the performance of their duties concerning distribution of the assets which appear on the balance sheet.

An unqualified release at the time of payment of the last allotment implies approval of the balance sheet, independently from the running of the above mentioned time limit.

ARTICLE 2455 - Deposit of sums not collected.

Sums to which members are entitled, which have not been collected within three months from the recordation of the deposit of the balance sheet in accordance with Article 2453, must be deposited in a credit institution with the given name and surname of the member, or with the numbers of each share, in the case of shares to bearer.

ARTICLE 2456 - Cancellation of company.

After approval of the final balance sheet of liquidation, the liquidating members must demand the cancellation of the company from the register of undertakings.

After such cancellation, the company's creditors whose claims have not been satisfied may enforce their claims against the members up to the limit of the sums collected by such members on the basis of the final balance sheet of liquidation, and against the liquidators, if the non-payment was the result of negligence of the liquidators.

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ARTICLE 2457 - Deposit of company's books.

After the liquidation, the distribution of the assets, or the deposit indicated in Article 2455, the company's books must be deposited and kept for ten years in the office of the Registrar of Undertakings. Anyone may examine the books, advancing payment for the pertinent expenses.

SECTION XIIOF COMPANIES IN JOINT PARTICIPATION WITH THE STATE
OR WITH OTHER ARTIFICIAL PERSONSARTICLE 2458 - Companies in joint participation with the State.

If the State or other public entities are in participation with a joint stock company, the charter may confer thereon the power to appoint one or more directors or auditors.

The directors and auditors thus appointed may be dismissed only by the entities from whom they were appointed.

They have the same rights and duties as those appointed by the meeting.

ARTICLE 2459 - Directors and auditors appointed by the State or by public entities.

The provisions of the preceding Article are applicable also when the law or the charter ascribes to the State or other public entities the power to appoint one or more directors or auditors even without joint stock participation in the company, unless the law provides otherwise.

ARTICLE 2460 - Chairmanship of auditors' board.

When one or more auditors have been appointed by the State, the chairman of the board must be selected among such auditors.

SECTION XIIIOF COMPANIES AFFECTING NATIONAL INTERESTSARTICLE 2461 - Rules to be applied.

The provisions of this Chapter are also applicable to joint stock companies affecting national interests, insofar as such provisions are

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compatible with the provisions of special laws providing for separate regulations for the management of such companies, the manner in which the shares thereof may be transferred, the right to vote, and the election of directors, auditors and managers.

CHAPTER VIOF LIMITED PARTNERSHIP WITH SHARES
(PARTNERSHIP IN ACCOMANDITA BY SHARES)ARTICLE 2462 - Elements.

In limited partnerships with shares, the general partners have joint, several and unlimited liability for the partnership's obligations and the liability of special partners is limited to the capital shares subscribed by them.

The proportionate participation of members is represented by shares of stock.

ARTICLE 2463 - Partnership's name.

A limited partnership with stock operates under a firm's name composed of at least one of the general partners, with the indication of the limited partnership with stock status.

ARTICLE 2464 - Applicable rules.

The provisions relative to joint stock companies are applicable to limited partnerships with stock, insofar as they are compatible with the following provisions.

ARTICLE 2465 - General partners.

The document establishing the partnership must indicate the names of the general partners.

The general partners are entitled to the management and are subject to the duties of directors in joint stock companies, except for the duty of posting bond.

ARTICLE 2466 - Removal of managers.

The dismissal of managers must be decided upon with the majority required for resolutions passed in special meetings of joint stock companies.

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If a manager is dismissed without justifiable reason, he is entitled to compensation for damages.

ARTICLE 2467 - Replacement of managers.

The meeting provides, with the majority indicated in the preceding Article, for the replacement of managers who, for any reason, have vacated their office. If there are several managers, the new appointment must be approved by the managers who have remained in office.

The new manager acquires the status of general partner from the date of his acceptance of the appointment.

ARTICLE 2468 - Vacancy in office of all managing partners.

In the case of vacancy in office of all the managers, the partnership is dissolved if, within six months, provisions have not been made for their replacement and the new managers have not accepted the appointment.

The board of auditors appoint a provisional manager to attend to acts of ordinary administration during such interim period. Said provisional manager does not acquire the status of general partner.

ARTICLE 2469 - Auditors and action for liability.

The general partners have no right to vote in resolutions concerning acts to be performed by them in appointing and removing auditors and in exercising the action for liability.

ARTICLE 2470 - Modifications of document establishing partnership.

Modifications of the document establishing the partnership must be approved by the meeting with the majority required for passing resolutions in special meetings of joint stock companies, and must also be approved by all the general partners.

ARTICLE 2471 - Liability of general partners to third parties.

The liability of general partners to third parties is regulated by Article 2304.

A general partner who vacates his office of manager is not liable for partnership obligations which arise subsequently to the recordation in the register of undertakings of his cessation from office.

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CHAPTER VIIOF COMPANIES WITH LIMITED LIABILITYSECTION IGENERAL PROVISIONSARTICLE 2472 - Elements.

In companies with limited liability, only the company with its effects is liable for the company's obligations.

The proportionate participation of the members may not be represented by shares of stock.

ARTICLE 2473 - Company's name.

The company's name, regardless of how it is formed, must include an indication of the limited liability company status.

ARTICLE 2474 - Company's capital.

The company must be formed with a capital not lower than fifty thousand liras.

The members' shares of contributions may vary in their amounts, but may never be lower than one thousand liras.

If the share of contribution is higher than the minimum, it must represent a multiple of one thousand.

If the value of a contribution in kind does not reach the minimum amount required or a multiple thereof, the difference must be made up by a contribution in money.

ARTICLE 2475 - Establishment.

A limited company must be established by public act. The document establishing the company must contain:

1. The name and surname, the father's name, domicile, citizenship and race of each member.
2. The company's name, the headquarters, and branch offices if any.
3. The company's object.

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4. The amount of the capital subscribed and paid for.
5. The value of the contributions of each member, and the value of the property and the claims contributed.
6. The rules according to which the profits are to be distributed.
7. The number of managers and their powers, indicating those among them who have the representation of the company.
8. The number of auditors who make up the board of auditors in the cases set forth in Article 2488.
9. The length of duration of the company.

The provisions of the last paragraphs of Articles 2328, 2329, 2330, the first and second paragraphs of Article 2331, Articles 2332 and 2334 are applicable to companies with limited liability.

SECTION II

OF CONTRIBUTIONS AND ALIQUOT PARTS OF
SHARES

ARTICLE 2476 - Contributions.

The provisions of Articles 2342 and 2343 are applicable to the members' contributions.

ARTICLE 2477 - Non-payment by member for share.

If a member fails to make payment for his share within the prescribed period, the managers may serve notice on such defaulting partner to make payment within thirty days.

If this period lapses without results, the managers may sell such share of the defaulting partner, for his account at his own risk, for the value of such share as carried by the last approved balance sheet. The members have preferential rights in the purchase. If there are no bids for the sale, the member's share is sold at auction.

If the sale cannot be made for lack of buyers, the managers may expel the member, keeping the sums collected from him, without effecting their rights for compensation for greater damages. The company's capital must be reduced in a corresponding amount.

A partner who is in default in the payment of his share in the company may not exercise his right to vote.

ARTICLE 2478 - Accessory performances.

The document establishing the company may provide for the duty of

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accessory performances by the members. In this case, the provisions of the first and third paragraphs of Article 2345 are applicable.

The shares to which the duty of such performances is attached, may be transferred only with the consent of the directors.

ARTICLE 2479 - Transfer of shares.

The shares of the members may be transferred by virtue of acts inter vivos and causa mortis, unless the document establishing the company provides otherwise.

Such transfer is effective with respect to the company from the date of recordation thereof in the stock ledger.

The transfer may be entered in the stock ledger upon request of the purchaser or the seller against presentation of the document witnessing such transfer, or else by a declaration entered in the stock ledger signed by the purchaser and the seller and countersigned by a director.

ARTICLE 2480 - Expropriation of shares.

The share of a member may be expropriated.

The creditor must inform the company concerning the order of the Judge providing for the sale of the share.

If such share may not be freely transferred and the creditor, the debtor and the company do not reach an agreement concerning its sale, the share is sold at auction; such sale is not effective, however, if within ten days from the adjudication, the company produces another buyer who offers the same price.

The provisions of the preceding paragraph are also applicable in the case of insolvency of one of the partners.

ARTICLE 2481 - Liability of the seller for payments still due.

In the case of assignment of a share, the seller is jointly and severally liable with the buyer, for the period of three years from the date of such assignment, for payments still due on such share.

Payment may not be demanded from the seller unless a request for payment from the defaulting member has been without results.

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ARTICLE 2482 - Divisibility of an aliquot share.

Unless the document establishing the company provides otherwise, aliquot shares are divisible in the case of successions causa mortis or of alienation, provided the provisions of the second and third paragraphs of Article 2474 are observed.

If a share of the company descends in joint ownership of several persons, the provisions of Article 2347 are applicable.

ARTICLE 2483 - Acquisition or pledge of shares by the company.

Under no circumstances may the company acquire or receive in pledge its own shares.

SECTION IIIOF ORGANIC STRUCTURE AND MANAGEMENTARTICLE 2484 - Holding of the meeting.

Unless the document establishing the company provides otherwise, the meeting must be convoked by the directors by means of registered letter to each of the members, with the address indicated in the stock ledger, at least eight days before the meeting.

Said letter must indicate the day, the place and the hour of the meeting as well as a list of the business to be transacted.

ARTICLE 2485 - Right to vote.

Each member is entitled to at least one vote in the meeting. If a member's share is a multiple of one thousand liras, he is entitled to one vote for each thousand liras.

ARTICLE 2486 - Resolutions of the meeting.

Unless the document establishing the company provides otherwise, resolutions in general meetings are passed by a favorable vote of a number of members sufficient to represent the majority of the company's capital, and resolutions in special meetings are passed by a favorable vote of a number of members sufficient to represent at least two-thirds of the company's capital.

The provisions of Articles 2363, 2364, 2365, 2367, 2371, 2372, 2373, 2374, 2375, 2377, 2378, and 2379 are applicable to the meeting of the partners.

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Limited liability companies may not issue bonds or debentures.

ARTICLE 2487 - Management.

Unless the document establishing the company provides otherwise, the management of the company must be entrusted to one or more of its members.

Articles 2381, 2382, the first, third and fourth paragraphs of Articles 2383, 2384, 2385, 2386, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, and 2434 are applicable to the management of the company.

ARTICLE 2488 - Board of auditors.

The appointment of a board of auditors is compulsory if the company's capital is not below one million liras or if such appointment is provided for in the document establishing the company.

In this case, the provisions of Article 2398 and the following Article are applicable.

The provisions of Article 2409 must be observed even when there is no board of auditors.

ARTICLE 2489 - Supervision by individual members.

In companies where there is no board of auditors, each member has the right to receive from the directors information concerning the trend of the company's affairs, and to have access to the company's books.

The partners who represent at least one-third of the capital are, moreover, entitled each year, at their own expense, to a review of the management.

Any agreement to the contrary is null.

ARTICLE 2490 - Indispensable books.

In addition to the books and other bookkeeping items prescribed in Article 2214, the company must keep:

1. The stock ledger, which must indicate the names of the members and the payments made by them on their shares as well as the changes of individual members.
2. A minute book of the meetings and resolutions of the meetings including the records drawn by public act.

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3. A minute book of the meetings and resolutions of the meeting of the board of directors.
4. A minute book of the meetings and resolutions of the meeting of the board of auditors, if there is one.

The directors must attend to the keeping of the first three books, and the auditors must attend to the fourth.

The members are entitled to verify the books indicated in items 1 and 2 and to obtain excerpts thereof, at their own expense.

ARTICLE 2491 - Balance sheet.

The balance sheet must be drawn observing the provisions of Articles 2423 and 2431.

The directors must deposit a copy of the balance sheet in the company's office, together with the profit and loss statement and their report, at least fifteen days before the meeting.

If there is a board of auditors, Article 2432 is applicable.

ARTICLE 2492 - Apportionment of the profits.

Unless the document establishing the company provides otherwise, the apportionment of the profits among the members is made in proportion to their respective shares of contribution.

Moreover, the provisions of Article 2433 are applicable.

ARTICLE 2493 - Deposit of balance sheet.

The balance sheet approved by the meeting must be deposited in the office of the Registrar of Undertakings according to Article 2435.

SECTION IVOF CHANGES IN THE DOCUMENT ESTABLISHING THE
COMPANY AND OF DISSOLUTION OF THE COMPANYARTICLE 2494 - Variations.

The provisions of Articles 2436 and 2437 are applicable to variations of the document establishing the company.

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ARTICLE 2495 - Increase of the capital.

If the capital of the company is increased, the provisions of Articles 2438, 2439, 2440, the first paragraph of Article 2441, and the last paragraph of Article 2474 are applicable to the shares of the members.

ARTICLE 2496 - Reduction of the capital.

Reduction of the capital takes place in the cases and with the formalities prescribed for joint stock companies.

With reference to Articles 2445 and 2447, the minimum amount of capital is that indicated by Article 2474.

If the capital is reduced as a consequence of losses sustained by the company, the members retain their rights in the company in accordance with the original value of their respective contributions.

ARTICLE 2497 - Dissolution and liquidation.

The provisions of Articles 2448 and 2457 are applicable to the dissolution and liquidation of the company.

The majority required for the appointment and dismissal of the liquidating members is the same as that required by Article 2486 for special meetings.

In the case of insolvency of the company, obligations which originated during the period when the shares of the company were owned by one person only are chargeable in toto to such person.

CHAPTER VIIIOF REORGANIZATION OR MERGER OF COMPANIESSECTION IREORGANIZATION OF THE COMPANYARTICLE 2498 - Transformation into types of companies enjoying the status of juridical persons.

A resolution to transform a general partnership or a limited partnership into a joint stock company, a limited partnership with shares or a limited liability company must be evidenced by a public act and must contain the provisions which the law prescribes for the charter of the type of company chosen.

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A report with the appraisalment of the company's capital in accordance with Article 2343 must be attached to said charter, which must be recorded in the register of undertakings with the formalities prescribed for the recordation of charters for the type of company chosen.

The company acquires the status of a juridical person at the time of recordation of the resolution in the register of undertakings, and retains the rights and duties which have arisen prior to the reorganization.

ARTICLE 2499 - Liability of members.

The reorganization of a company does not release the members whose liability is unlimited from the liability for the company's obligations which have arisen prior to the recordation of the resolution of reorganization in the register of undertakings, unless it appears that the company's creditors have given their consent to such reorganization.

Such consent is presumed to have been given if the creditors, having been informed by registered mail of the resolution to reorganize, fail to deny expressly their consent within thirty days from receipt of such communication.

ARTICLE 2500 - Apportionment of shares and aliquot parts.

When a company of a different type is transformed into a joint stock company or a limited company with shares, each member is entitled to the apportionment of a number of shares proportionate to the value of his interest in accordance with the last approved balance sheet.

When a company of a different type is transformed into a limited liability company, the apportionment of the shares must be made in accordance with Article 2474.

SECTION IICONSOLIDATION OR MERGER OF COMPANIESARTICLE 2501 - Forms of consolidation or merger.

The consolidation or merger of several companies may be accomplished by the establishment of a new company, or by absorbing in one company one or several others.

ARTICLE 2502 - Resolution to consolidate.

A consolidation must be decided upon by each of the constituent companies.

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The resolution to consolidate must be deposited for recordation in the office of the Registrar of Undertakings together with the financial status of the company at the time of the resolution in accordance with the first, second and third paragraphs of Article 2411.

ARTICLE 2503 - Creditors' objections.

A consolidation may be accomplished only after three months from recordation of the resolution for such consolidation by the constituent companies, unless there is approval of the respective creditors or unless the creditors who have not given their consent are paid up or the corresponding amounts due such creditors placed in a credit institution.

During the above mentioned period, the creditors of the constituent companies may file their objections.

The Tribunal may provide for the accomplishment of the consolidation, notwithstanding the objection, by the posting in advance of an adequate security by the company.

ARTICLE 2504 - Instrument evidencing the consolidation.

If the consolidated company or the new company created by the merger is a joint stock company, a limited company by shares or a limited liability company, the consolidation or merger must be made by public act.

In all cases, the notary or the directors must attend, within thirty days, to the recordation of the instrument evidencing the consolidation or merger in the office of the Registrar of Undertakings of the place where the consolidated company or the new company have their headquarters.

The instrument evidencing the merger or consolidation must also be recorded in the register of undertakings of the place where the companies which have become extinguished by reason of the merger had their headquarters.

The consolidated company or the new company assume the rights and duties of the companies which have become extinguished.

CHAPTER IX

OF COMPANIES FOUNDED OR OPERATING IN A
FOREIGN COUNTRY

ARTICLE 2505 - Companies founded abroad with headquarters within the
territory of the State.

Companies founded in a foreign country, having their administrative

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headquarters or the principal object of their business within the territory of the State, are subject to all the provisions of the Italian law including the requisites for the validity of the charter.

ARTICLE 2506 - Foreign companies with branch offices within the territory of the State.

Companies founded in a foreign country, which establish one or more branch offices with permanent representation within the territory of the State, are subject, for each of such branch offices, to the provisions of the Italian law concerning the deposit and recordation of the charter in the register of undertakings, and the publication of the balance sheet, and must, in the same manner, give the surnames and given names of the persons who permanently represent the company within the state, and deposit their respective autographs.

Said companies, insofar as such branch offices are concerned, are also subject to the provisions concerning the exercise of the undertaking or to other provisions which cause the undertaking to be subject to the observance of particular conditions.

ARTICLE 2507 - Foreign companies of a type different from domestic types.

Companies founded in a foreign country which are of a type different from the types regulated by this Code are subject to the provisions of joint stock companies concerning the duties relative to the recordation of the company's documents in the register of undertakings and the liability of directors.

ARTICLE 2508 - Liability in case of non-observance of formalities.

Until the above mentioned formalities have been complied with, those who act in the name of the company have joint, several and unlimited liability for the company's obligations.

ARTICLE 2509 - Companies founded within the territory of the State operating in a foreign country.

Companies which are founded within the territory of the State are subject to the provisions of the Italian law, even if they operate in a foreign country.

ARTICLE 2510 - Companies with prevailing foreign interests.

The provisions of special laws remain unaffected insofar as they bar or require a submission to special conditions in the exercise of specified activities by companies where foreign interests are represented.

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TITLE SIX

OF COOPERATIVE UNDERTAKINGS AND OF MUTUAL INSURANCE

CHAPTER I

OF COOPERATIVE UNDERTAKINGS

SECTION I

GENERAL PROVISIONS

ARTICLE 2511 - Cooperative societies.

Undertakings for mutual purposes may be established as cooperative societies with limited or unlimited liability.

ARTICLE 2512 - Mutual benefit associations.

Mutual benefit associations differing from cooperative societies are regulated by special laws.

ARTICLE 2513 - Cooperative societies with unlimited liability.

In cooperative societies with unlimited liability, the society and its effects are liable for the society's obligations, and, in case of involuntary administrative liquidation or bankruptcy, each member has a joint and several secondary liability in accordance with Article 2541.

ARTICLE 2514 - Cooperative societies with limited liability.

In cooperative societies with limited liability, the society and its effects are liable for the society's obligations. The aliquot parts may be represented by shares of stock.

The charter may provide that, in case of involuntary administrative liquidation or bankruptcy, each member shall be secondarily liable, jointly and severally, for a multiple amount of his share participation in accordance with Article 2541.

ARTICLE 2515 - Name of society.

The name of the society, regardless of how it is formed, must include an indication of its status as a cooperative society with limited or unlimited liability.

The use of the word "cooperative" as part of the name of any society is prohibited for societies which do not have mutual purposes.

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ARTICLE 2516 - Applicable rules.

Cooperative societies are, in all cases, subject to the provisions concerning contributions, including accessory performances, and meetings, directors, auditors, commercial books, balance sheet and the liquidation of joint stock companies, insofar as such provisions are compatible with the following provisions and with those of special laws.

ARTICLE 2517 - Special laws.

Cooperative societies which transact credit operations or cash loans to farmers and artisans, cooperative societies granting loans for the construction and purchase of housing projects, and other cooperative societies regulated by special laws, are subject to the provisions of this title insofar as such provisions are compatible with those of special laws.

SECTION IIOF FORMATIONARTICLE 2518 - Charter.

A cooperative society must be formed by public act. The information contained in the charter must be the following:

1. Surname and given name, father's name, domicile, citizenship and race of the members.
2. The society's name and headquarters, and branch offices, if any.
3. The purpose.
4. Whether the society is with unlimited or limited liability and, in the latter case, whether the capital of the society is divided into shares of stock, and the secondary liability of the members, if provided for.
5. The aliquot parts of capital subscribed by each member, and, if the capital is divided in shares of stock, the par value of the shares.
6. The value of claims and of property in kind contributed.
7. The conditions for admittance of members, and when and how their contributions are due.
8. Conditions for the eventual withdrawal or expulsion of members.
9. The rules by which the profits are to be apportioned, the maximum apportionable percentage of the profits, and the destination of the surplus profits.
10. The formalities for the call of meetings of the members, insofar as the rules therefor depart from the provisions of the law.

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11. The number of directors and their powers, indicating those among them who have the representation of the company.
12. Of how many auditors the board of auditors is composed.
13. The period of duration of the society.

The articles of association, with the rules relative to the working of the society, is considered as an integral part of the charter, and must be attached to it even if drawn up as a separate document.

ARTICLE 2519 - Deposit of charter and recordation of society.

The Notary who received the charter, or the directors, must attend within thirty days to the filing of the charter for recordation in the register of undertakings in accordance with Article 2330.

The effects of recordation or of the nullity of the charter are regulated by Article 2331 and 2332 respectively.

ARTICLE 2520 - Changes in the membership and in the amount of the capital.

Changes in the number or in the components of the membership do not entail changes of the charter.

The capital of the society, even for societies with limited liability, is not determined in an amount fixed in advance.

The directors must attend every three months to the filing of a list of changes in the membership with unlimited liability or in the membership of those who have assumed liability for a multiple amount of their share, for recordation in the office of the Registrar of Undertakings.

SECTION IIIOF ALIQUOT PARTS AND SHARES OF STOCKARTICLE 2521 - Aliquot parts and shares.

In cooperative societies, no member may have parts in excess of fifth thousand lires, or a number of shares of stock for which the par value is in excess of such amount.

The value of each aliquot part or of each share of stock may not be below one hundred lires. The par value of each share of stock may not be higher than one thousand lires.

The provisions of Articles 2346, 2347, the first paragraph of

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Article 2348, Articles 2349 and 2354 are applicable to the shares of stock. However, the shares of stock will carry no reference to the amount of the capital nor to the amount of partial payments on shares of stock which have not been entirely paid up.

ARTICLE 2522 - Acquisition of society's own aliquot parts or shares of stock.

The charter may authorize the directors to acquire or make reimbursement for aliquot parts or shares of stock of the society, provided such purchase or reimbursement is made with sums taken from duly verified profits.

ARTICLE 2523 - Right to transfer aliquot parts or shares of stock.

The assignment of aliquot parts or of shares of stock is not effective with respect to the society, unless the assignment is authorized by the directors.

The charter may provide that assignment of aliquot parts or shares of stock is not effective with respect to the society, but in this case, the right of members to withdraw from the society is unaffected.

ARTICLE 2524 - Non-payment of aliquot parts or of shares of stock.

A member who fails, wholly or in part, to make payments on his aliquot parts or on the shares of stock subscribed by him may be expelled from the society in accordance with Article 2527, after being summoned by the directors to make such payments.

ARTICLE 2525 - Admission of new members.

The admission of a new member takes place by a resolution of the directors, upon application of the interested party.

The directors must attend to the entry in the stock ledger of such resolution for admittance.

In addition to his own aliquot parts or shares of stock a new member must pay a sum, to be determined by the directors, for each accounting period of the society, taking into account the surplus shown on the last approved balance sheet.

ARTICLE 2526 - Withdrawal of members.

A declaration to withdraw, when withdrawal is permitted by the law or by the charter, must be forwarded to the society by registered mail and must be entered in the stock ledger by the directors.

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Withdrawal is effective at the close of the current accounting period of the society if it is communicated three months before such close, and, otherwise, at the close of the subsequent accounting period.

ARTICLE 2527 - Expulsion of members.

Regardless of the type of society concerned, the expulsion of members may take place, in addition to the case set forth in Article 2524, in the cases set forth in Article 2286 and the first paragraph of Article 2288, as well as in the cases provided for in the charter.

When the expulsion does not take place by operation of law, it must be decided upon by the members' meeting or, if the charter so provides, by the directors, and notice must be communicated to the member concerned.

A member may, within thirty days of such notice, file before the Tribunal his objection to the resolution to expel him. The Tribunal may suspend execution of the resolution.

Expulsion is effective from the date of entry thereof in the stock ledger by the directors.

ARTICLE 2528 - Death of a member.

If a member dies, his heirs are entitled to his liquidated portion or to the reimbursement for his shares of stock in accordance with the provisions of the following Article, unless the charter provides for the continuation of the society's relationship with said heirs.

ARTICLE 2529 - Liquidated portion or reimbursement of shares of stock of retiring member.

In case of withdrawal, expulsion or death of a member, his liquidated portion or the reimbursement for his share of stock is computed on the basis of the balance sheet of the accounting period which terminated the society's relationship with respect to such member.

Payment must be made within six months from the approval of said balance sheet.

ARTICLE 2530 - Liability of retiring member and his heirs.

A member who ceases to be part of the society is liable to the latter for the payment of the contributions he still owes, for the period of two years from the day on which the withdrawal or expulsion, or the assignment of his aliquot parts or shares of stock, has occurred. For

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that same period, a retiring member is liable to third parties, within the limits of secondary liability provided for by the charter, for the society's obligations up to the day on which the termination of his status as member has occurred.

The liability of heirs of a deceased member, to the society and to third parties, is of the same kind and for the same period.

ARTICLE 2531 - Separate creditor of a member.

A separate creditor of a member may not levy execution on the aliquot parts or on the stock of the debtor member, as long as the society is in existence.

In the case of prolongation of a society, a separate creditor of a member may file his objection in accordance with Article 2307.

SECTION IVOF ORGANIC STRUCTUREARTICLE 2532 - Meeting.

Those whose entry in the stock ledger dates back at least three months have the right to vote in the meeting.

Each member has one vote, regardless of the number of aliquot parts or of shares of stock he owns.

However, in cooperative societies, in which juridical persons are participating, the charter may give such juridical persons several votes, but not over five, in proportion to the amount of the aliquot parts or stock owned by them, or else in proportion to the number of their members.

The majority required for a regularly constituted meeting and for the validity of the resolutions are computed on the basis of the votes to which the members are entitled. The charter may determine what majorities are required, without the necessity of complying with Articles 2368 and 2369.

A vote may be sent by mail, if this is permitted by the charter. In this case, the notice for the meeting must contain a full transcript of the resolution which is being considered.

ARTICLE 2533 - Separate meetings.

If a cooperative society has at least five hundred members and

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exercises its activities in several communes, the charter may provide that the meeting be constituted by delegates elected by sectional meetings, assembled in localities counting at least fifty members.

Separate meetings must make decisions as to the matters to be dealt with in the general meetings and in sufficient time to allow the delegates elected by such sectional meetings to be present at the general meeting.

The delegates must be members of the society.

The charter must also provide the rules for the assembly of the separate meetings, for electing delegates to the general meeting and for the validity of resolutions passed by the sectional meeting and the general meeting.

The same provisions are applicable to cooperative societies made up of persons belonging to different classifications, when the number of their components is not below three hundred, even in absence of the conditions set forth in the first paragraph.

ARTICLE 2534 - Representation at the meeting.

A member may only be represented by another member at the meeting and only in the cases set forth in the charter. A member may not represent more than five members.

ARTICLE 2535 - Directors and auditors.

The directors must be members or mandataries of juridical persons who are members.

They must post bond in the amount and with the formalities set forth in the charter, unless it exonerates them from such duty.

The charter may provide that one or more directors or auditors be selected among the components of different groups of members, in proportion of the interest of each group in the society's activities. The provisions of the second and third paragraphs of Article 2397 are not applicable.

The charter may provide that the State or artificial persons be given the privilege of appointing one or more directors or auditors.

In all cases, the appointment of the majority of directors and auditors is reserved to the members' meeting.

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ARTICLE 2536 - Apportionment of profits.

Regardless of the amount of the legal reserve fund, at least one-fifth of the annual net profits must be set aside therefor.

That part of the profits which is not apportioned to the legal or other statutory reserve must be used for mutual purposes.

SECTION VOF AMENDMENTS OF THE CHARTERARTICLE 2537 - Amendments of the charter.

The provisions of Article 2436 are applicable to resolutions entailing amendments of the charter.

The provisions of Article 2499 are applicable to resolutions limiting the liability of members to third parties.

ARTICLE 2538 - Consolidation or merger.

The merger of cooperative societies is regulated by the provisions of Articles 2501 and 2504.

SECTION VIOF DISSOLUTION AND LIQUIDATIONARTICLE 2539 - Dissolution.

Cooperative societies are dissolved by the causes set forth in Article 2448, except item 4 therein, as well as for the loss of the capital of the society.

ARTICLE 2540 - Insolvency.

When the assets of the society prove insufficient to pay the debts, the governmental authorities who supervise the society may, even if the society is in the process of liquidation, order an involuntary administrative liquidation.

ARTICLE 2541 - Secondary liability of members.

In cooperative societies with limited or unlimited secondary liability, in case of involuntary administrative liquidation or in case of insolvency, the members are liable for the payment of the societies' debts.

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in proportion to be established in accordance with the apportionment plan made up by the liquidating agent or by the receiver.

The sums due by insolvent members are apportioned in the same ratio.

After the close of the involuntary administrative liquidation or of the bankruptcy proceedings, the unsatisfied creditors are entitled to exercise their right of action against the individual members, within the limits of the secondary liability thereof, unless a composition was reached.

SECTION VIIOF SUPERVISION BY GOVERNMENTAL AUTHORITIESARTICLE 2542 - Supervision over cooperative societies.

Cooperative societies are subject to the authorizations, supervision and other managerial regulation provided for by special laws.

ARTICLE 2543 - Management by government agent.

When cooperative societies do not function regularly, the governmental authorities may revoke the power of the directors and auditors and entrust the management of the society to an agent of the government, determining such agent's power and duration in office.

The government agent may also be given, for specified acts, the powers which vest in the meeting, but in this case, the agent's resolutions are not valid without the approval of the governmental authorities.

ARTICLE 2544 - Dissolution by decree of the authorities.

Cooperative societies which, in the judgment of governmental authorities, are not in a position to attain the objects for which they were founded, and those which fail to deposit the annual balance sheet for two consecutive years or have been inactive for such period, may be dissolved by decree of the governmental authorities, such decree to be published in the Gazzetta Ufficiale of the Kingdom and recorded in the Register of Undertakings.

If liquidation of the society is determined, the same decree appoints one or several liquidating agents.

ARTICLE 2545 - Substitution of liquidators.

In case of irregularities or excessive delay in winding up the process of ordinary liquidation of a cooperative society, the governmental authorities may replace the liquidators or, if the latter were appointed by the judicial authorities, may petition the Tribunal for their replacement.

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CHAPTER II
OF MUTUAL INSURANCEARTICLE 2546 - Elements.

In mutual insurance companies, the obligations of the company are secured by the company's effects.

The members are bound to pay fixed dues, up to the maximum amount specified in the charter.

In mutual insurance companies, the status of members may not be acquired except by becoming insured with the company, and the status of members is lost with the extinguishment of the insurance relationship, except for the provisions of Article 2548.

ARTICLE 2547 - Applicable rules.

Mutual insurance companies are subject to the authorizations, supervision and other regulation established by special laws for the exercise of insurance, and are regulated by the provisions for cooperative societies with limited liability, insofar as such provisions are compatible with the particular class of mutual insurance concerned.

ARTICLE 2548 - Contributions for the establishment of trust funds.

The charter may provide for the establishment of trust funds for the payment of indemnities, such funds to be made up by contributions of the insured or of third parties, conferring upon the latter, also, the status of members of the company.

The charter may provide that each fund-contributing member be entitled to several votes, but not over five votes, in proportion to the amount contributed.

In all cases, votes given to fund-contributing members, as such, must be less than the number of votes possessed by the insured members.

Fund-contributing members may be appointed as directors. The majority of directors must be made up of insured members.

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TITLE SEVENOF ASSOCIATION IN PARTICIPATIONARTICLE 2549 - Elements.

In a contract of association in participation, the party who becomes associated is given a participation in the profits of the other party's undertaking or in the profits of one or more transactions, against payment of a specified amount.

ARTICLE 2550 - Several associations.

Unless otherwise agreed upon, a party may not grant to other persons participations in the same undertaking or in the same transaction without the consent of the parties who have become associated previously.

ARTICLE 2551 - Rights and obligations of third parties.

Third parties acquire rights and assume obligations only with respect to the party who grants the participation.

ARTICLE 2552 - Rights of the parties.

The management of the undertaking or of the transaction belongs to the party who grants the association.

The contract may specify what supervision over the undertaking, or the transaction for which the association has been contracted, may be exercised by the other party.

In all cases, the party who becomes associated is entitled to receive a statement concerning the transaction or an annual statement concerning the management of the undertaking when it is continued for over a year.

ARTICLE 2553 - Apportionment of the profits and the losses.

Unless otherwise agreed upon, the party who becomes associated participates in the losses in the same proportion in which he participates in the profits, but the losses to which such party is subject may not be in excess of the value of his contribution.

ARTICLE 2554 - Participation in the profits and the losses.

The provisions of Articles 2551 and 2552 are also applicable to contracts of association in participation of the profits of an undertaking

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without participation in the losses, and to contracts of joint adventure whereby one contracting party grants to another a participation in the profits and the losses of his undertaking without payment of a specified consideration.

The provisions of Article 2102 concerning participation in the profits given to workers are unaffected.

TITLE EIGHTOF THE BUSINESS AS A WHOLECHAPTER IGENERAL PROVISIONSARTICLE 2555 - Elements.

A business concern is the aggregate amount of property organized for the exercise of an undertaking by the person who is at the head thereof.

ARTICLE 2556 - Undertakings subject to registration.

Contracts concerning the transfer of ownership or the enjoyment of business concerns falling in the category of undertakings subject to registration must be evidenced in writing, in addition to the observance of particular formalities established by law for the transfer of individual items of property which are part of said business concern, or the observance of formalities due to the particular nature of the contract.

The parties to the aforementioned contracts must report the contract within thirty days of its conclusion for recordation in the register of undertakings.

ARTICLE 2557 - Prohibition to compete.

Whoever alienates his entire business, must refrain, for the period of five years from such sale, from starting a new enterprise which, in view of its aims, location, or other circumstances, may be apt to divert the clientele of the business which was sold.

An agreement to refrain from competition to a greater extent than that provided for in the preceding paragraph is valid, provided it does not interfere with the professional activities of the seller. Such restrictions may not be for a period in excess of five years from the date of the sale.

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If agreements provide for a longer period or if the period is not specified, the prohibition to compete is in force for five years from the date of the sale.

In the case of usufruct or lease of the business, the prohibition to compete provided for in the first paragraph is operative with respect to the owner or the lessor for the entire period of the usufruct or of the lease.

The provisions of this Article are applicable to agricultural business enterprises only with respect to activities inherent in such business when there is a possibility of diverting clients from the business.

ARTICLE 2558 - Contractual succession.

Unless otherwise agreed upon, the person who sells his business succeeds the previous owner in contracts stipulated for the exercise of the business, unless the contracts are of a personal nature.

However, a third party may withdraw from his contract within three months from the date on which he received notice of the sale, if there is a justifiable reason therefor, without affecting the liability of the seller.

The same provisions are also applicable with respect to a usufructuary or lessee for the duration of the usufruct or the lease.

ARTICLE 2559 - Claims of sold business.

The assignment of claims relative to a sold business is operative with respect to third parties, even in the absence of notification of such assignment to the debtor, or of his acceptance, from the date of recordation of the assignment in the register of undertakings. However, a debtor whose debt was assigned is released if he pays the seller in good faith.

The same provisions are also applicable in the case of usufruct of a business enterprise, if such usufruct extends to the claims of said business.

ARTICLE 2560 - Debits of sold business.

A seller is not released from the debts contracted in connection with the exercise of a sold business when such debts are prior to the transfer, unless it appears that the creditors gave their consent to such release.

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The buyer of the business is also liable for such debts in the case of transfers of commercial enterprises, unless such debts appear in the compulsory commercial books.

ARTICLE 2561 - Usufruct of the business.

The usufructuary of a business must exercise it under the business name which characterizes it.

A usufructuary must manage the business without diverting from its object, and in such manner as to safeguard the efficiency of the organization of the plant as well as the normal outfit of supplies.

If he fails to obey such rules or if he arbitrarily ceases to manage the business, Article 1015 is applicable.

The differences in the content of the inventory at the beginning and the end of the usufruct are adjusted in money, on the basis of the current values at the termination of the usufruct.

ARTICLE 2562 - Lease of the business.

The provisions of the preceding Article are also applicable in the case of lease of the business.

CHAPTER IIOF BUSINESS NAME AND ADVERTISEMENTARTICLE 2563 - Business house.

A trader or business man is entitled to the exclusive use of the business house name selected by him.

The name of a business house, regardless of what it is composed of, must include at least the surname or the distinguishing sign of said trader or business man, except for the provisions of Article 2565.

ARTICLE 2564 - Changes of business house appellation.

When the business name is the same or similar to that used by another trader and is apt to be confusing in view of the object of the undertaking and the place where it is exercised, the name must be readjusted or changed with the indications necessary in order to make a distinction between them.

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With respect to commercial undertakings, the duty to make such readjustments or changes rests with the trader who was the last in recording his business house in the register of undertakings.

ARTICLE 2565 - Assignment of business house.

A business house may not be assigned separately from the business as a whole.

In the assignment of a business by means of an act inter vivos, the business house does not pass to the buyer without the consent of the seller.

In the case of successions causa mortis of the business, the business house name descends to the heir, unless testamentary provisions provide otherwise.

ARTICLE 2566 - Recordation of business house.

The office of the Registrar of Undertakings must refuse the recordation of business houses connected with commercial undertakings when the business house denomination does not conform to the requirements of the second paragraph of Article 2563 or, in the case of business houses the ownership of which has descended to others, unless a copy of the document witnessing the descent is deposited.

ARTICLE 2567 - Company.

The firm's name and the appellation of the company are regulated by Titles Five and Six of this Book.

The provisions of Article 2564 are, however, applicable to the provisions of said Titles also.

ARTICLE 2568 - Advertisement.

The provisions of the first paragraph of Article 2564 are applicable to advertisements.

CHAPTER IIIOF TRADE-MARKSARTICLE 2569 - Exclusive rights.

Whoever deposits, with the formalities established by law, a new trade-mark consisting of an emblem or denomination, for the purpose of

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identifying his own goods or other products of his undertaking, has the exclusive right to the use of such mark in connection with the goods for which it was registered.

In the case of non-registration, the marks are protected in accordance with Article 2571.

ARTICLE 2570 - Collective marks.

Legally recognized and artificial persons and associations may obtain the registration of collective marks for subordinate and associated undertakings, in accordance with the respective by-laws or special laws.

ARTICLE 2571 - Prior use.

Whoever used a non-registered mark may, notwithstanding the registration of such mark obtained by others, continue to use it within the same limits as before such registration.

ARTICLE 2572 - Prohibition to erase mark.

Whoever re-sells merchandise may affix his mark to the products he sells, but may not erase the mark of the maker.

ARTICLE 2573 - Transfer of mark.

The exclusive right to the use of a registered mark may only be transferred with the business as a whole or with a particular branch of same.

When the mark consists of a distinguishing sign or a fancy denomination, when it was designed by a business house which has descended to others, it is presumed that the right to the exclusive use of such mark is transferred together with the business as a whole.

ARTICLE 2574 - Special laws.

The conditions required for the registration of marks and of documents witnessing the transfer thereof, as well as the effects of such registration, are established by special laws.

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TITLE NINEOF COPYRIGHTS AND PATENT RIGHTS FOR THE PRODUCTS
OF THE MIND AND INDUSTRIAL INVENTIONSCHAPTER IRIGHTS OF AUTHORS IN THEIR LITERARY OR ARTISTIC CREATIONSARTICLE 2575 - Subject matter of copyright.

All products of the mind, creative in character, falling in the field of science, literature, music, pictorial arts, architecture, theater, and photo-play are subject to the rights of their author regardless of the manner or form of reproduction thereof.

ARTICLE 2576 - Acquisition of the right.

The original foundation for the acquisition of author's rights is formed by the creation of the work as a particular expression of an author's intellectual endeavors.

ARTICLE 2577 - Substance of the right.

An author has the exclusive right to publish his work and to make economic use thereof in any manner or form, within the limits and for the ends fixed by the law.

An author may, even after assigning the rights set forth in the preceding paragraph, set a claim on the authorship of his work and object to any deformity, mutilation or other change which may be prejudicial to his dignity or reputation.

ARTICLE 2578 - Projects.

An originator of a project of engineering work or other similar work representing original solutions to technical problems is entitled to receive an adequate compensation from those who carry out said project for lucrative purposes without his consent, in addition to the exclusive rights of such originator to reproduce the plans and drawings of the project concerned.

ARTICLE 2579 - Rendition artists and musicians.

Artists who act or give renditions of works or of literary or dramatic productions and artists who give renditions of operas or musical compositions, even if such operas or compositions are public property, are

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entitled, within certain limits, and with the formality prescribed by special laws, to a fair compensation from whoever broadcasts or transmits by radio, telephone or other equivalent means or from whoever records, registers or in any way reproduces on phonographic disks, films or other similar apparatus the recitation, representation or production, independently from the remuneration to which they may be otherwise entitled.

Artists who act or give renditions and artists who give renditions of operas or musical compositions have the right to object to the propagation, transmission or reproduction of their recitation, representation or rendition which may be prejudicial to their dignity or reputation.

ARTICLE 2580 - Persons who may avail themselves of author's rights.

Author's rights belong to the authors and those whose rights are derived from the author, within the limits and for the purposes fixed by special laws.

An author who has reached eighteen years of age may perform all juristic acts connected with the works created by him and exercise all actions deriving therefrom.

ARTICLE 2581 - Transfer of rights of use.

Rights of use may be transferred.

When the transfer is made by means of an act inter vivos, it must be proved by a writing.

ARTICLE 2582 - Works withdrawn from commerce.

When serious moral reasons exist, the author has the right to withdraw his work from commerce, except for his duty to indemnify those who have acquired rights to reproduce, broadcast, perform, represent or put on the market such work.

This right is personal and is not transmissible.

ARTICLE 2583 - Special laws.

The exercise of the rights set forth in this Chapter and the period of duration of such rights are regulated by special laws.

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CHAPTER II

OF PATENT RIGHTS FOR INDUSTRIAL INVENTIONS

ARTICLE 2584 - Exclusive rights.

Whoever secures a patent for an industrial invention has the exclusive right to implement his invention and to exploit it within the limits and under the conditions provided by law.

Such right extends to the trade in the product to which the invention applies.

ARTICLE 2585 - What may be subject to patent rights.

The subject matter of patent rights may be constituted by new inventions which may be applied to industry, such as a method or process of industrial manufacture, a machine, an instrument, a mechanical contrivance, an industrial product or result, and the technical application of a scientific principle, provided the latter produces direct industrial results.

In this last case, the patent rights are only limited to the results specified by the inventor.

ARTICLE 2586 - Patents for new manufacturing methods or processes.

Patent rights concerning new industrial manufacturing methods or processes give the exclusive use thereof to the person entitled thereto.

If the method or process is directed to produce a new industrial product, the patent rights extend also to such product, provided it is patentable.

ARTICLE 2587 - Patents subordinate to other persons' patents.

A patent for an industrial invention the implementation of which is based upon inventions which are protected by previous patents for industrial inventions, still in force, does not prejudice the rights of persons entitled to the latter, and may not be implemented without their consent.

The provisions of special laws are unaffected.

ARTICLE 2588 - Persons who may secure patent rights.

Patent rights may be secured by the author of an invention and by those whose rights derive from such author.

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ARTICLE 2589 - Assignment of patent rights.

Rights deriving from industrial inventions, except the right to be acknowledged as the author thereof, are subject to assignment.

ARTICLE 2590 - Inventions of workers.

A worker is entitled to be acknowledged as the author of an invention made by him in pursuance of the work he is performing.

The rights and duties of the parties concerning such inventions are regulated by special laws.

ARTICLE 2591 - Reference to special laws.

The conditions and formalities for the granting of a patent, the exercise of rights derived therefrom, and their period of duration, are regulated by special laws.

CHAPTER IIIOF PATENT RIGHTS FOR IMPROVEMENT PROCESSES AND FOR
ORNAMENTAL MODELS AND DESIGNSARTICLE 2592 - Improvement processes.

Whoever secures, pursuant to law, a patent for an invention which may impart particular efficiency or expediency in the use or application of machines or parts thereof, or of instruments, utensils or other articles, has the exclusive right to implement and use the invention, and to trade in the products to which said invention refers.

Patents for machines as a whole do not include protection for the single parts thereof.

ARTICLE 2593 - Ornamental models and designs.

Whoever secures, pursuant to law, a patent for a new model or design for the purpose of serving as a special ornament for specified categories of industrial products, whether on the basis of the drawing or of a particular color scheme or linear combination, has the exclusive right to make and use such model or design and trade in the products to which it is applied.

ARTICLE 2594 - Applicable rules.

Articles 2588, 2589 and 2590 are applicable to the patent rights set forth in this Chapter.

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The conditions and formalities connected with the concession of patents are regulated by special laws.

TITLE TENOF REGULATIONS RELATIVE TO COMPETITION AND OF SYNDICATESCHAPTER IREGULATIONS CONCERNING COMPETITIONSECTION IGENERAL PROVISIONSARTICLE 2595 - Lawful bounds of competition.

Competition must be exercised in such manner as not to interfere with the interests of national economy, and within the limits provided by law or corporative rules.

ARTICLE 2596 - Extent to which competition may be regulated by contract.

An agreement which limits competition must be evidenced in writing. Such agreement is valid if it is restricted to a specified zone or a specified activity and may not be stipulated for a period in excess of five years.

If the period of duration of the agreement is not specified or is set for a period in excess of five years, such agreement is valid for five years.

ARTICLE 2597 - Duty to enter contracts in case of monopoly.

Whoever exercises an undertaking under lawful monopolistic conditions, is obliged to enter into contracts on equal terms with anyone who requires the performances falling within the activities which are the object of said undertaking.

SECTION IIOF UNFAIR COMPETITIONARTICLE 2598 - Acts constituting unfair competition.

Without affecting the provisions relative to the protection of distinguishing signs and patent rights, the following acts constitute unfair

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competition:

1. Usage of names or distinguishing signs which are apt to create confusion with the names or signs lawfully used by others, or the parasitical imitation of a competitor's products, or the performance, by any means, of acts tending to create confusion with the products and activities of a competitor.
2. Dissemination of news and observations relative to the products and activities of a competitor which are apt to discredit them, or the taking for one's own, the praises for the products or the undertaking of a competitor.
3. The direct or indirect usage of any other means which do not conform with the principles of correct professional behavior and tend to injure other persons' undertakings.

ARTICLE 2599 - Penalties.

A judgment confirming acts of unfair competition prohibits the continuation thereof and makes the necessary provisions to eliminate its effects.

ARTICLE 2600 - Compensation for damages.

If a person performs acts of unfair competition with fraud or negligence, he is bound to make compensation for damages.

In this case, publication of the judgment may be ordered.

Negligence is presumed, when acts of unfair competition have been verified.

ARTICLE 2601 - Right of action by trade associations.

When acts of unfair competition are prejudicial to the interests of a professional class, the action to restrain such acts may also be instituted by the trade associations or by the artificial persons who represent the class concerned.

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CHAPTER II

OF SYNDICATES FOR THE COORDINATION OF PRODUCTION
AND EXCHANGES

SECTION I

GENERAL PROVISIONS

ARTICLE 2602 - Elements and applicable rules.

Contracts entered into by several traders in the same line of economic activity, or exercising interrelated economic activities, which tend to regulate such activities by means of uniform organization, are regulated by the following provision, unless special laws provide otherwise.

ARTICLE 2603 - Form and substance of the contract.

The contract must be made in writing, under penalty of nullity.

The contract must indicate:

1. The subject matter and the period of duration of the contract.
2. The location of the office, if there is one.
3. The duties assumed by the parties and the contributions due from them.
4. The competence and the powers of the organic branches of the syndicate, also with reference to representation in court.
5. The conditions for admission of new members of the syndicate.
6. The conditions for withdrawal and expulsion.
7. The penalties for non-fulfilment of duties by the components of the syndicate.

If the object of the syndicate is the rationing of production or exchange, the contract must also set forth the portions allotted to the individual members of the syndicate or the standard for measuring such portion.

If the by-laws of the syndicate refer the determination of said portions to one or several persons, the decisions of such persons may be attacked, within thirty days from notice thereof, before the judicial authorities, if they are manifestly unjust or unsound.

ARTICLE 2604 - Period of duration of the syndicate.

The contract may not have a period of duration in excess of ten years, but it may be prolonged, before the expiration of the term, with the consent of all the parties to the syndicate.

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If the period of duration is not specified, or if it is set for a period in excess of ten years, the contract is valid for ten years.

ARTICLE 2605 - Supervision over the activities of individual parties to the syndicate.

The parties to a syndicate must allow supervision and inspections by the bodies set forth in the contract for the purpose of verifying the faithful performance of the obligations assumed by such parties.

ARTICLE 2606 - Resolutions of the syndicate.

Unless the contract provides otherwise, the resolutions concerning attainment of the purposes of the syndicate are taken with the favorable vote of the majority of its component parties.

Resolutions which are not adopted in pursuance to the provisions of this Article or those of the contract may be attacked, within thirty days, before the judicial authorities. For absent parties, such period runs from the date on which they receive notice of the resolution, or in the case of resolutions subject to recordation, from the date of such recordation.

ARTICLE 2607 - Modification of the contract.

Unless otherwise agreed upon, the contract may not be modified without the consent of all parties to the syndicate.

The variations must be made in writing under penalty of nullity.

ARTICLE 2608 - Managing bodies.

The liability to the syndicate of the parties who have charge thereof is regulated by the provisions concerning mandates.

ARTICLE 2609 - Withdrawal and expulsion.

In the cases of withdrawal or expulsion set forth by the contract, the share of participation of a member withdrawn or expelled accrues proportionately to the share of the other members.

A mandate conferred by the parties to a syndicate for the fulfilment of the purposes thereof, terminates with respect to a member who has withdrawn or has been expelled from such syndicate, even if the mandate is given by means of a separate document.

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ARTICLE 2610 - Transfer of a business.

Unless otherwise agreed upon, in case of transfer of one of the businesses, in any manner, the party who acquires the business succeeds as a party to the contract forming the syndicate.

However, if the business is transferred by an act inter vivos, the other parties to the syndicate may decide upon the expulsion from the syndicate of the party who acquires the business, if there is a justifiable reason therefor, within one month from notice of the transfer.

ARTICLE 2611 - Causes for dissolution.

A contract forming a syndicate may be dissolved:

1. Upon the expiration of the period established for its duration.
2. By reason of the attainment of the object for which the syndicate was formed, or for the impossibility to attain it.
3. By unanimous determination of the parties.
4. By a resolution of the parties, adopted in accordance with Article 2606, if there is a justifiable reason therefor.
5. By decree of the governmental authorities, in the cases permitted by law.
6. For other causes set forth in the contract.

SECTION II

OF SYNDICATES WITH OUTSIDE ACTIVITIES

ARTICLE 2612 - Recordation in the register of undertakings.

If the contract provides for the establishment of an office intended to deal in activities with third parties, the directors, within thirty days from the stipulation of the contract, must deposit a statement to that effect in the office of the Registrar of Undertakings of the place where such office is located.

The statement must indicate:

1. The name and object of the syndicate and the location of the office.
2. The given name and surname of the parties to the syndicate.
3. The period of duration of the syndicate.
4. The persons who are given the presidency, directorship and representation of the syndicate, and their powers.
5. The manner in which the syndicate's funds are raised and the provisions relative to liquidation.

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Variations of the contract concerning the aforementioned items must likewise be recorded in the register of undertakings.

ARTICLE 2613 - Representation in suits.

Syndicates may be made defendants in suits by suing those members to whom the contract gives the presidency or directorship, even if the representation of the syndicate is given to others.

ARTICLE 2614 - Funds of the syndicate.

The contributions of the parties to the syndicate and the property acquired with such contributions constitute the funds of the syndicate. While the syndicate is in existence, the members may not demand partition of the fund, and the separate creditors of such members may not enforce their rights on said funds.

ARTICLE 2615 - Liability to third parties.

Third parties may enforce their rights on the funds of the syndicate with respect to obligations assumed in the name of such syndicate by the persons who represent it.

Moreover, the persons who have acted in the name of the syndicate have joint, several and unlimited liability for said obligations.

With respect to obligations assumed by executive branches of the syndicate for the account of individual parties thereto, the liability of such individual parties is joint and several with the funds of the syndicate.

In the case of insolvency in the relationship between one of the parties and the syndicate, the debt of the insolvent member is divided among all the other members in proportion to their shares.

SECTION IIIOF COMPULSORY SYNDICATESARTICLE 2616 - Establishment.

A decree of the governmental authorities, issued after consultation with the corporations or guilds concerned, may provide, also with reference to specified zones, for the establishment of compulsory syndicates among those exercising the same or similar lines of economic activity, when the establishment of such syndicates meets the requirements for the organization of production.

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Voluntary syndicates may, likewise, be turned into compulsory ones, when the conditions referred to in the preceding paragraph are present.

ARTICLE 2617 - Syndicates for the pooling of agricultural products.

When the law prescribes the pooling of certain specified agricultural products, the collective administration thereof is exercised through compulsory syndicates for the account of the agricultural traders concerned, in accordance with the provisions of special laws.

SECTION IVOF SUPERVISION OF SYNDICATES BY GOVERNMENTAL AUTHORITIES

ARTICLE 2618 - Approval of contract forming the syndicate.

If the contracts set forth in this Chapter are such as to affect the general market of the goods considered in such contract, they are subject to the approval of governmental authorities, after consultation with the guilds or corporatives concerned.

ARTICLE 2619 - Supervision of syndicates' activities.

The activities of syndicates are subordinated to the supervision of governmental authorities.

When the activities of a syndicate do not conform to the purposes for which such syndicate was formed, the governmental authorities may dismiss the executive agencies of the syndicate and give the management to a government agent, or, in aggravated cases, may order the dissolution of the syndicate.

ARTICLE 2620 - Supervisory provisions extending to companies.

The provisions of this Section are also applicable to companies which are formed for the purpose of achieving the same results as are indicated in Article 2602.

The governmental authorities may always dissolve the company when the formation of such company lacks the approval indicated in Article 2618.

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TITLE ELEVENPENAL CLAUSES FOR VIOLATIONS OF RULES CONCERNING COMPANIES AND SYNDICATESCHAPTER IGENERAL PROVISIONS FOR COMPANIES SUBJECT TO RECORDATIONARTICLE 2621 - False information and unlawful distribution of profits.

Imprisonment from one to five years and a fine from ten thousand to one hundred thousand liras is the punishment for offenders in the following categories, unless the offense constitutes a crime of greater gravity:

1. Promoters, founders, directors, general managers, auditors and liquidators who, in the making of reports, balance sheets or other informatory documents of the company, fraudulently make untrue statements concerning the establishment or the economic conditions of the company or conceal, wholly or in part, facts concerning said conditions.
2. The directors and general managers who, in the absence of an approved balance sheet, in disregard thereof, or on the basis of a false balance sheet, collect or pay, in any form, profits which are fictitious or which may not be distributed.

ARTICLE 2622 - Dissemination of confidential information concerning the company.

Imprisonment up to one year and a fine from one thousand to ten thousand liras is the punishment provided for directors, general managers, auditors and liquidators, who, without justifiable reason, turn to their profit that of other persons, or divulge information received by them by virtue of their office, if the interests of the company may be prejudiced thereby. The crime is punishable upon complaints lodged by the company.

ARTICLE 2623 - Violation of duties as directors.

Imprisonment from six months to three years and a fine from two thousand to ten thousand liras is the punishment provided for directors who are guilty of the following:

1. Making a reduction of capital or merging with another company in violation of Articles 2306, 2445 and 2503.

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2. Returning contributions to the members, either openly or in a concealed manner, or releasing them from the duty to make such contributions, except in the case of reduction of the company's capital.
3. Preventing the supervision of the company's management by the board of auditors or, when the law provides for it, by the members.

ARTICLE 2624 - Loans and security procured by companies.

Directors, general managers, auditors and liquidators who, either directly or through an intermediary, contract any form of loan with the company under their management or with a company controlling or controlled thereby, or who procure from such company security for their personal debts, are punishable with imprisonment from one to three years and with a fine from two thousand to twenty thousand liras.

In the case of directors, general managers, auditors and liquidators of companies the object of which is to extend credit, the provisions of special laws are applicable.

ARTICLE 2625 - Violation of duties as liquidators.

Imprisonment from one to three years and a fine from one thousand to ten thousand liras is the punishment provided for liquidators who proceed with the apportionment to the members of the company's assets before paying the creditors or before setting aside the amount necessary for such payments.

ARTICLE 2626 - Omission and belated or incomplete reports, information or deposits.

A fine from five hundred to ten thousand liras is the punishment provided for directors, auditors and liquidators who fail to make a report, give information or make a deposit in the office of the Registrar of Undertakings, within the prescribed time limit, when the law provides for such report, information or deposit by them, or when such duty is performed by them in an incomplete manner.

The same penalty is applicable to a Notary when the law provides that he should attend to such report, information or deposit.

ARTICLE 2627 - Omission of compulsory information.

Directors, general managers or liquidators who violate the provisions of Article 2250 are punishable with a fine from five hundred to five thousand liras.

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CHAPTER IISPECIAL PROVISIONS FOR JOINT STOCK COMPANIES, LIMITED
PARTNERSHIP WITH SHARES, COMPANIES WITH LIMITED LIA-
BILITY AND COOPERATIVE SOCIETIESARTICLE 2628 - Sharp practice affecting stock of the company.

Imprisonment from one to five years and a fine of not less than three thousand liras is the punishment provided for directors, general managers, auditors or liquidators who disseminate false information for the purpose of causing a rise or a fall on public markets or exchanges, of the value of the company's stock or other securities connected with the company.

ARTICLE 2629 - Overstated value of contributions in kind.

Imprisonment from one to five years and a fine from two thousand to twenty thousand liras is the punishment provided for promoters and founders who fraudulently overstate in the charter the value of contributions in kind.

The same penalty is also applicable to directors and contributing members when, in the case of increase of capital, they fraudulently magnify the value of contributions in kind, and to the directors, who in the case of reorganization of the company, fraudulently overstate the value of the effects of the company which is being reorganized.

ARTICLE 2630 - Violation of duties as directors.

Imprisonment from six months to three years and a fine from two thousand to ten thousand liras is the punishment provided for directors who are found guilty of the following offenses:

1. Issuing shares of stock or apportioning aliquot shares for a sum lower than their par value, or else issuing new shares of stock or apportioning new aliquot shares before those which are previously subscribed are entirely paid up.
2. Violating the provisions of Articles 2357 and 2358, those of Articles 2483 and 2522 or those of Articles 2359 and 2360.
3. Interfering with the forming of a majority of the meeting, using shares of stock or aliquot shares which are not disposed of, or causing the right to vote inherent in their shares of stock or aliquot shares to be exercised under a different name, or causing such interference by other unlawful means.

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Imprisonment up to one year and a fine from one thousand to ten thousand liras is the punishment provided for directors who are found guilty of the following offenses:

1. Receiving compensation or participation in violation of Article 2389.
2. Failing to convoke the meeting of the members within the time limit prescribed by the law, in the cases set forth in Articles 2367 and 2446.
3. Assuming, for the account of the company, participations in other undertakings, and causing substantial changes in the company's objects as specified in the charter by reason of the scope and object of such participation.

ARTICLE 2631 - Conflicting interests.

A director who, while having either for his own account or for the account of third parties an interest conflicting with the company's interests, does not refrain from participating in the resolution of the meeting concerning such transaction is punishable with a fine from two thousand to twenty thousand liras.

If prejudice to the company results from said resolution, imprisonment up to three years may be the penalty in addition to the fine.

ARTICLE 2632 - Violation of duties as auditors.

Imprisonment from six months to three years and a fine from one thousand to ten thousand liras is the punishment provided for auditors who fail to do the following:

1. Fulfil the duties imposed by the law in the case set forth in item 2 of Article 2621, except in cases of concurrence in the crime therein contemplated.
2. Call the meeting in the cases set forth by Articles 2406 and 2408.

ARTICLE 2633 - Irregularities in issuance of stock or bonds.

Directors of joint stock companies and limited partnerships by shares who issue stock or temporary stock certificates without observing Article 2354, or who issue bonds or debentures in violation of Article 2443, are punishable with a fine from five hundred to five thousand liras.

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ARTICLE 2634 - Trustee of bondholders.

A trustee of bondholders who fails to request recordation of his appointment in the register of undertakings within the time limit set forth in Article 2417 is punishable with a fine from five hundred to five thousand lires.

CHAPTER IIISPECIAL PROVISIONS FOR SYNDICATESARTICLE 2635 - Non-recordation in the register of undertakings.

The penalty provided for by Article 2626 is applicable to directors of syndicates who fail to apply, within the prescribed time limit, for the recordations in the register of undertakings as set forth in Article 2612.

CHAPTER IVOF JUDICIAL ADMINISTRATORS AND GOVERNMENT AGENTSARTICLE 2636 - Judicial administrators and government agents.

The penalties provided by Articles 2621, 2622, 2623, 2624, 2626, 2627, 2628 and 2630 are applicable to the judicial administrators set forth in Articles 2091 and 2409 and to the government agents set forth in Articles 2543 and 2619.

The penalty provided by the second paragraph of Article 2630 is applicable to judicial administrators who fail to call the meeting in accordance with the fifth paragraph of Article 2409.

ARTICLE 2637 - Private interests of judicial administrators and government agents.

Imprisonment from two to six years and a fine of not under two thousand lires is the punishment provided for judicial administrators or government agents who directly, through an intermediary, or through simulated acts, assume private interests in connection with any managerial act entrusted to them.

Conviction involves interdiction from public offices.

ARTICLE 2638 - Acceptance of undue remuneration.

Imprisonment from six months to three years and a fine from two thousand to ten thousand lires is the punishment provided for judicial

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administrators or government agents who receive or agree to receive compensation in money or in any other form, in addition to the lawful compensation to which they are entitled.

In aggravated cases, it may also be provided that the guilty party be temporarily barred from exercising directorship of any undertaking for a period not under three years and not over ten years.

ARTICLE 2639 - Failure to deliver or deposit effects held by reason of one's office.

Imprisonment from six months to three years and a fine up to fifteen thousand liras is the punishment provided for judicial administrators or government agents who fail to obey the orders of the judicial authorities to deliver or deposit sums or other effects held by them by reason of their office.

If the omission is due to negligence, imprisonment up to six months or a fine up to three thousand liras is applicable.

CHAPTER VUNIFORM PROVISIONS

ARTICLE 2640 - Aggravating circumstances.

When serious injury is caused to an undertaking by the violations set forth in Articles 2621, 2622, 2623, 2628 and the first paragraph of Article 2630, the penalty is increased up to an additional one-half.

ARTICLE 2641 - Additional penalties.

A conviction involving imprisonment for directors, general managers, auditors and liquidators, for crimes committed in the exercise of their office or by reason of their office, involves incapacity to exercise directorship for any undertaking for a period of ten years, in addition to the other accessory punishments provided by Chapter III, Title Two of Book One of the Penal Code.

The directorship to which the incapacity mentioned in the preceding paragraph and in the second paragraph of Article 2638 refers to, are the offices of director, auditor, liquidator and general manager.

ARTICLE 2642 - Notification of conviction.

All sentences convicting directors, general managers, auditors,

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liquidators and agents for any undertaking for crimes committed in the exercise of their office, or by reason of their office, are forwarded by the Clerk of the Court of the judicial authority who passed such sentence to the executive office which superintends the discipline of those listed in the professional rolls to which they may belong, for the purpose of taking whatever measures may be necessary.

END OF BOOK FIVE

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