

Directors' Report on the proposals  
relating to the items on the agenda of the Shareholders' Meeting

**SNAM S.p.A.**

**EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING OF  
26 AND 27 APRIL 2012 ON FIRST AND SECOND CALL RESPECTIVELY**

**Directors' Report on proposals relating to the items on the agenda of the  
Shareholders' Meeting**

**EXTRAORDINARY PART**

**Item 1**

**Amendments to Articles 13 and 20 of the Bylaws of Snam S.p.A.**

Dear Shareholders,

Law no. 120 of 12 July 2011 on "*Amendments to the consolidated finance act, Legislative Decree no. 58 of 24 February 1998, concerning equal access to the management and control bodies of companies listed in regulated markets*" has introduced paragraph 1 - *ter* of Article 147 - *ter* of the TUF (concerning directors) and paragraph 1 - *bis* of Article 148 of the TUF (concerning statutory auditors). Pursuant to said provisions, the allocation of directors and auditors to be appointed must be made on the basis of a criterion that ensures the respect of the principle of gender representation is upheld for three consecutive terms of office. For the first term of office, according to said provisions, the least represented gender shall constitute "at least one fifth" of the members of the Board of Directors and of the Board of Statutory Auditors, while this figure shall be "at least one third" for the remaining terms of office.

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These provisions will be applicable to the appointment of the Board of Directors and the Board of Statutory Auditors which will take place after 12 August 2012.

Law no. 120/11 also mandated Consob to regulate on the violation and application of and compliance with measures requiring a gender balance in management and control bodies. Pursuant to such mandate, Consob issued Resolution no. 18098 of 8 February 2012 to modify its Issuers' Regulation *by introducing Article 144-undecies.1 (Gender representation)*, which states the general criteria to which issuers' bylaws must conform to ensure the balanced gender representation in case of re-appointing and replacing the members of corporate bodies. In order to simplify their implementation, the gender representation criteria shall not apply to lists with less than three candidates.

Snam's Bylaws disciplines the methods for appointing and checking the required qualifications of candidates for the Board of Directors and the Board of Statutory Auditors, in Articles 13 and 20 respectively.

In order to amend these texts in line with the change to national law, the Board of Directors proposes to make the amendments described below to the two Articles.

The Board of Directors also proposes further procedural amendments aimed at harmonising the provisions contained in Article 13 regarding the appointment of independent directors with the amendments described above.

Dear Shareholders,

You are invited to:

- approve the amendments to Articles 13 and 20 of the Bylaws of Snam S.p.A. according to the text shown below together with the text currently in force.

**BYLAWS  
SNAM S.p.A.**

Current text	Amended text
<b>SNAM BYLAWS</b>	
<b><u>Chapter IV – BOARD OF DIRECTORS</u></b>	<b><u>Chapter IV – BOARD OF DIRECTORS</u></b>
ARTICLE 13	ARTICLE 13
<p>13.1 The Company is managed by a Board of Directors made up of no less than five members and no more than nine; their number and their term of office are established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 Directors may be appointed for a period not exceeding three financial years, which term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office; they may be re-elected.</p> <p>13.3 The Board of Directors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number.</p> <p>Lists are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors and made available to the public by the methods provided for by law and by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Each candidate may run as a</p>	<p>13.1 The Company is managed by a Board of Directors made up of no less than five members and no more than nine; their number and their term of office are established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 Directors may be appointed for a period not exceeding three financial years, which term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office; they may be re-elected.</p> <p>13.3 <b>Pursuant to the pro tempore provisions in force on gender representation</b>, the Board of Directors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number.</p> <p>Lists are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors and made available to the public by the methods provided for by law and by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Each candidate may run as a</p>

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<p>candidate on only one list, subject to ineligibility.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists. The ownership of the minimum percentage necessary for the submission of lists is determined considering the shares registered in the shareholder's favour on the date on which the lists are filed at the Company.</p> <p>For purposes of corroborating ownership of the number of shares necessary for the submission of lists, shareholders must produce the respective certification issued in accordance with the law by authorised intermediaries by the deadline provided for publication of the lists by the Company.</p> <p>If there are no more than seven directors on the board, at least one must satisfy the independence criteria established for auditors of listed companies; however, with more than seven directors on the board, at least three must satisfy the independence criteria.</p> <p>Candidates meeting the aforesaid independence requirements must be specifically identified on the lists.</p> <p>All candidates must also meet the honesty requirements provided for by current provisions.</p>	<p>candidate on only one list, subject to ineligibility.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists. The ownership of the minimum percentage necessary for the submission of lists is determined considering the shares registered in the shareholder's favour on the date on which the lists are filed at the Company.</p> <p>For purposes of corroborating ownership of the number of shares necessary for the submission of lists, shareholders must produce the respective certification issued in accordance with the law by authorised intermediaries by the deadline provided for publication of the lists by the Company.</p> <p>If there are no more than seven directors on the board, at least one must satisfy the independence criteria established for auditors of listed companies; however, with more than seven directors on the board, at least three must satisfy the independence criteria.</p> <p>Candidates meeting the aforesaid independence requirements must be specifically identified on the lists.</p> <p>All candidates must also meet the honesty requirements provided for by current provisions.</p> <p><b>In order to comply with applicable regulations on gender representation, in the lists containing three or more candidates, candidates of each gender shall be present, in accordance with the notice of call of Shareholders' Meeting. Where the number of the least represented gender must, by law, be at least three, the presented lists for the</b></p>
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<p>Together with each list, subject to its admissibility, a curriculum vitae must be filed for each candidate as well as the candidates' statements accepting their candidacy and certifying, under their own cognisance, the lack of grounds for ineligibility or incompatibility, as well as the fact that they satisfy the honesty and possible independence requirements. The directors appointed must inform the Company of any loss of the independence and honesty requirements, as well as the occurrence of causes of ineligibility or incompatibility.</p> <p>13.4 The Board shall periodically evaluate the independence and honesty of the directors, as well as the lack of grounds for ineligibility or incompatibility. In the event a director does not meet or ceases to meet the independence or honesty requirements declared or legally required, or if grounds for ineligibility or incompatibility should exist, the Board shall dismiss the director and replace him or ask him to desist from the reason of incompatibility within a pre-determined time period, else face dismissal from office.</p> <p>13.5 Directors shall be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be taken from the list receiving the majority of the shareholders' votes in the consecutive order in which they appear on the list, rounding down to the nearest whole number if the number is a fraction;</p> <p>b) the remaining directors shall be taken from the other lists, which</p>	<p><b>appointment of the majority of the Board of Directors' members must include at least two candidates of the least represented gender.</b></p> <p>Together with each list, subject to its admissibility, a curriculum vitae must be filed for each candidate as well as the candidates' statements accepting their candidacy and certifying, under their own cognisance, the lack of grounds for ineligibility or incompatibility, as well as the fact that they satisfy the honesty and possible independence requirements. The directors appointed must inform the Company of any loss of the independence and honesty requirements, as well as the occurrence of causes of ineligibility or incompatibility.</p> <p>13.4 The Board shall periodically evaluate the independence and honesty of the directors, as well as the lack of grounds for ineligibility or incompatibility. In the event a director does not meet or ceases to meet the independence or honesty requirements declared or legally required, or if grounds for ineligibility or incompatibility should exist, the Board shall dismiss the director and replace him or ask him to desist from the reason of incompatibility within a pre-determined time period, else face dismissal from office.</p> <p>13.5 Directors shall be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be taken from the list receiving the majority of the shareholders' votes in the consecutive order in which they appear on the list, rounding down to the nearest <b>whole</b> number if the number <del>is a fraction</del> is a <b>decimal</b> fraction;</p> <p>b) the remaining directors shall be taken from the other lists, which</p>
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<p>may not be associated in any way, even indirectly, to shareholders who have submitted or voted for the list which came in first in number of votes; for that purpose, the votes won by said lists shall be divided successively by one, two or three, depending on the consecutive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown in them. The quotients thus assigned to candidates from the different lists shall be arranged in a single decreasing gradation. Those obtaining the highest quotients shall be elected. If several candidates obtain the same quotient, the candidate from the list which has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;</p> <p>c) if, after following the procedure described above, the minimum number of independent directors required by the Bylaws is not elected, the quotient of votes to be attributed to each candidate on the different lists is determined according to the system indicated in letter b); candidates not yet taken from the lists pursuant to letters a) and b) who meet the independence requirements and</p>	<p>may not be associated in any way, even indirectly, to shareholders who have submitted or voted for the list which came in first in number of votes; for that purpose, the votes won by said lists shall be divided successively by one, two or three, depending on the consecutive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown in them. The quotients thus assigned to candidates from the different lists shall be arranged in a single decreasing gradation. Those obtaining the highest quotients shall be elected. If several candidates obtain the same quotient, the candidate from the list which has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;</p> <p>) if, after following the procedure described above, the minimum number of independent directors required by the Bylaws is not elected, the quotient of votes to be attributed to each candidate <del>on the different lists is determined according to the system indicated in letter b); candidates not yet taken from the lists pursuant to letters a) and b) who meet the independence requirements and have won the</del></p>
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<p>have won the highest quotients, in the number necessary to ensure compliance with the Bylaws, shall be elected. They shall replace the non-independent directors with the lowest quotients. If there are not enough candidates to ensure the minimum number of independent directors, the Shareholders' Meeting shall resolve by statutory majority to replace those candidates who did not meet the independence requirements and had the lowest quotients;</p>	<p><del>highest quotients, in the number necessary to ensure compliance with the Bylaws, shall be elected. They shall replace the non-independent directors with the lowest quotients. If there are not enough candidates to ensure the minimum number of independent directors, the Shareholders' Meeting shall resolve by statutory majority to replace those candidates who did not meet the independence requirements and had the lowest quotients;</del> <b>taken from the lists, dividing the number of votes for each list by the order number of each of these candidates; non-independent candidates with the lowest quotients among the candidates taken from all the lists shall be replaced, starting from the very lowest, by the independent candidates taken from the same list as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by people who meet the independence criteria and appointed in accordance with the procedure mentioned in letter d). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which the highest number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;</b> <b>c-bis) notwithstanding the procedure described in letters a) and b) above it is not possible</b></p>
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<p>d) for the appointment of directors not appointed for any reason by the above procedure, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Directors is consistent both with the law and with the Bylaws.</p>	<p><b>to comply with the law on gender representation, the quotient of votes to be attributed to each candidate taken from the lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced, notwithstanding the compliance with the minimum number of independent directors, by the candidate of the least represented gender (with the highest consecutive number) taken from the same list as the replaced candidate; otherwise, the candidate shall be replaced by the person appointed in accordance with the procedure mentioned in letter d). If candidates from different lists have obtained the same lowest quotient, the candidate from the list from which the greater number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;</b></p> <p>d) for the appointment of directors not appointed for any reason by the above procedures, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Directors is consistent both with the law and with the Bylaws.</p>
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<p>Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>13.6 The list voting mechanism applies only for the replacement of the entire Board of Directors.</p> <p>13.7 Even during its term of office, the Shareholders' Meeting may change the number of members on the Board of Directors, provided it is within the limit set forth in paragraph one of this Article, with regard to respective appointments. The term of office of directors thus elected shall expire with those in office.</p> <p>13.8 If, during the financial year, the office of one or more directors should be vacated, Article 2386 of the Italian Civil Code shall be applied. If the majority of directors should vacate their offices, the entire Board shall be understood to resign, and the Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.</p> <p>13.9 The Board of Directors may form internal committees charged with consultative and advisory duties on specific matters.</p>	<p>Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>13.6 The list voting mechanism applies only for the replacement of the entire Board of Directors.</p> <p>13.7 Even during its term of office, the Shareholders' Meeting may change the number of members on the Board of Directors, provided it is within the limit set forth in paragraph one of this Article, with regard to respective appointments. The term of office of directors thus elected shall expire with those in office.</p> <p>13.8 If, during the financial year, the office of one or more directors should be vacated, Article 2386 of the Italian Civil Code shall be applied.</p> <p><b>Compliance with the minimum number of independent directors and with the applicable law on gender representation must in any case be ensured.</b></p> <p>If the majority of directors should vacate their offices, the entire Board shall be understood to resign, and the Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.</p> <p>13.9 The Board of Directors may form internal committees charged with consultative and advisory duties on specific matters.</p>
<p><b><u>Chapter V – BOARD OF STATUTORY AUDITORS</u></b></p>	<p><b><u>Chapter V – BOARD OF STATUTORY AUDITORS</u></b></p>
<p>ARTICLE 20</p> <p>20.1 The Board of Statutory Auditors consists of three effective auditors; two alternate auditors are also appointed. The Shareholders' Meeting appoints the auditors and determines their compensation. Statutory auditors are chosen from among those who meet the</p>	<p>ARTICLE 20</p> <p>20.1 The Board of Statutory Auditors consists of three effective auditors; two alternate auditors are also appointed. The Shareholders' Meeting appoints the auditors and determines their compensation. Statutory auditors are chosen from among those who meet the</p>

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<p>professionalism and honesty requirements indicated in Decree no. 162 of 30 March 2000 of the Ministry of Justice.</p> <p>Issues set forth in this decree which relate strictly to the Company's activity include: commercial law, business economics and business finance.</p> <p>Likewise, the sector pertaining strictly to the Company's business is the engineering and geology sector.</p> <p>20.2 Statutory auditors may assume offices as members of management and control bodies of other companies within the limits set by Consob in its regulations.</p> <p>20.3 The Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number.</p> <p>The procedures governed by Article 13.3 of the Bylaws shall apply for the filing, submission and publication of lists.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists.</p> <p>Each candidate may run as a candidate on only one list, subject to ineligibility.</p> <p>Lists are broken into two sections: the</p>	<p>professionalism and honesty requirements indicated in Decree no. 162 of 30 March 2000 of the Ministry of Justice.</p> <p>Issues set forth in this decree which relate strictly to the Company's activity include: commercial law, business economics and business finance.</p> <p>Likewise, the sector pertaining strictly to the Company's business is the engineering and geology sector.</p> <p>20.2 Statutory auditors may assume offices as members of management and control bodies of other companies within the limits set by Consob in its regulations.</p> <p>20.3 <b>Pursuant to the pro tempore provisions in force on gender representation,</b> the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists submitted by shareholders. In these lists, the candidates must be listed by consecutive number <b>and their number must not be higher than that of the members of the body to be elected.</b></p> <p>The procedures governed by Article 13.3 of the Bylaws shall apply for the filing, submission and publication of lists.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists.</p> <p>Each candidate may run as a candidate on only one list, subject to ineligibility.</p> <p>Lists are broken into two sections:</p>
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first for candidates to the office of effective statutory auditor, and the second for candidates to the office of alternate statutory auditor. At least the first candidate in each section must be included in the register of auditors and must have a minimum of three years' experience as an auditor.

Two effective auditors and one alternate auditor are taken from the list that wins the majority of the votes. The other effective auditor and the other alternate auditor are appointed pursuant to Article 13.5 b), which shall be applied separately to each of the sections into which the other lists are broken down.

The Shareholders' Meeting appoints as Chairman of the Board of Statutory Auditors the effective auditor appointed pursuant to Article 13.5 b).

the first for candidates to the office of effective statutory auditor, and the second for candidates to the office of alternate statutory auditor. At least the first candidate in each section must be included in the register of auditors and must have a minimum of three years' experience as an auditor.

**In order to comply with the applicable law on gender representation, lists with candidates for both sections which contain three or more candidates presented for appointment of the majority of the Board of Statutory's members must contain candidates of each gender in the section for the appointment of effective Statutory Auditors, in accordance with the notice of call of the Shareholders' Meeting. If the alternate auditor section of these lists contains two candidates, there must be one of each gender.**

Two effective auditors and one alternate auditor are taken from the list that wins the majority of the votes. The other effective auditor and the other alternate auditor are appointed pursuant to Article 13.5 b), which shall be applied separately to each of the sections into which the other lists are broken down.

The Shareholders' Meeting appoints as Chairman of the Board of Statutory Auditors the effective auditor appointed pursuant to Article 13.5 b).

**If according to the above mentioned procedure it is not possible to ensure the compliance with the law on gender representation for the effective auditors, the quotient of votes to be attributed to each candidate taken from the effective auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order**

	<p>number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same effective auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor he/she has just been replaced by). If this procedure fails to ensure the compliance with the law on gender representation, the candidate is replaced by the person appointed by the Shareholders' Meeting with the majority of votes set by the law, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and with the Bylaws. Where candidates from different lists have obtained the same quotient, the candidate from the list from which the greater number of Statutory Auditors has been taken shall be replaced, or, if these numbers of Statutory Auditors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced.</p> <p>For the appointment of Statutory Auditors not appointed for any reason according to the above mentioned procedures, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Statutory Auditors</p>
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<p>In the event of the replacement of a statutory auditor from the list that wins the majority of the votes, he is replaced by the alternate statutory auditor from the same list; in the event of replacement of a statutory auditor from other lists, he is succeeded by the alternate statutory auditor from the those lists.</p> <p>The list voting procedure applies only for the replacement of the entire Board of Statutory Auditors. Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>20.4 Outgoing statutory auditors may be re-elected.</p> <p>20.5 Upon notice to the Chairman of the Board of Directors, the Board of Statutory Auditors may call Shareholders' Meetings and Board of Directors' meetings. The power to call Board of Directors' meetings may be exercised individually by each member of the Board of Statutory Auditors; power to call Shareholders' Meetings must be exercised by at least two members of the Board.</p> <p>20.6 The Board of Statutory Auditors may meet via conference call or videoconferencing, providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. A session is considered held if it takes place where the Chairman of the Board of Statutory Auditors and the Secretary, if appointed, are located.</p>	<p><b>complies both with the law and the Bylaws.</b></p> <p>In the event of the replacement of a statutory auditor from the list that wins the majority of the votes, he is replaced by the alternate statutory auditor from the same list; in the event of replacement of a statutory auditor from other lists, he is succeeded by the alternate statutory auditor from the those lists.</p> <p><b>If the replacement fails to ensure the compliance with the law on gender representation, a Shareholders' Meeting must be called as soon as possible to this end.</b></p> <p>The list voting procedure applies only for the replacement of the entire Board of Statutory Auditors. Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>20.4 Outgoing statutory auditors may be re-elected.</p> <p>20.5 Upon notice to the Chairman of the Board of Directors, the Board of Statutory Auditors may call Shareholders' Meetings and Board of Directors' meetings. The power to call Board of Directors' meetings may be exercised individually by each member of the Board of Statutory Auditors; power to call Shareholders' Meetings must be exercised by at least two members of the Board.</p> <p>20.6 The Board of Statutory Auditors may meet via conference call or videoconferencing, providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. A session is considered held if it takes place where the Chairman of the Board of Statutory Auditors and the Secretary, if appointed, are located.</p>
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- grant the broadest powers to the Chief Executive Officer so that, even by means of proxy, he may give effect to this resolution and, where appropriate or necessary, he may make formal additions, changes and deletions which may be requested by the competent Authority for registration in the Register of Companies.

The Chairman of the Board of Directors

Mr. Salvatore Sardo