

MERSEN

S O C I E T E A N O N Y M E

With capital of 41.273.708 Euros

HEADQUARTER

Tour EQHO

2 Avenue Gambetta

92066 La Défense Cedex

R.C.S. : NANTERRE B 572 060 333

ARTICLES OF ASSOCIATION UPDATED ON MAY 11TH 2016

ARTICLES OF ASSOCIATION

PART I

FORM-NAME-OBJECT-REGISTERED OFFICE-DURATION

ARTICLE 1

FORM

The present Company is stock joint company "Société anonyme". It is governed by the laws in force and by the present articles of association.

ARTICLE 2

NAME

The name of the Company is:

MERSEN

ARTICLE 3

PURPOSE

The purpose of the Company in France and in all other countries is:

The carrying out of all operations concerning the research, manufacture, processing, use and sale relating to:

1. products, objects or equipment based on carbon, whether or not associated with other materials;
2. metallic powders, objects obtained from such powders, special alloys and objects obtained from such alloys;
3. electro-mechanical and electronic products;
4. all industrial products and in particular metallurgical or mechanical products made of plastics or elastomers;
5. all other products, objects or equipment that may be connected with the above:
 - . either through the use of the above in their construction,
 - . or through the development of research activities,
 - . or through manufacturing procedures, industrial applications or marketing networks.

The company, within the field of activity as defined above, may in particular undertake activities of all kinds concerning:

- raw materials, pre-processed materials, components and elements, spare parts and semi-finished products, finished products and equipment, combinations of equipment, assemblies of all types and all dimensions involving the combination of items of equipment,
- all works,
- all techniques.

The Company may also carry out operations indirectly relating to its technical, industrial or commercial activities. It may, for this purpose, create all companies and groupings, take up all participations in any capital companies or partnerships, make all contributions or subscriptions, proceed to make all purchases or sales of shares, interests or company rights.

And in general, it may carry out all industrial, commercial, financial, security or real estate activities which may be connected principally or secondarily with such activities.

Moreover, the Company may take up an interest in any other form whatsoever, in any enterprise or organisation, whether French or foreign.

ARTICLE 4

REGISTERED OFFICE

The registered office of the Company is situated at Tour EQHO, 2 Avenue Gambetta – 92066 La Défense Cedex.

It may be transferred to any place within the same “département” or any adjoining “département” through a decision by the Board of Directors, subject to ratification of such decision by the next Ordinary General Meeting.

The registered address can be transferred anywhere else through a decision by an extraordinary general meeting.

ARTICLE 5

DURATION

The Company commenced its existence on 1 January 1937 and shall terminate on 31 December 2114, unless extended or dissolved in advance, through a decision of an Extraordinary General Meeting.

PART I I
SHARE CAPITAL - SHARES – BONDS

CHAPTER I

CAPITAL

ARTICLE 6

THE AMOUNT AND COMPOSITION OF THE CAPITAL

The share capital is fixed at a total of 41,273,708 (forty-one million, two hundred and seventy three thousand, seven hundred and eight) euros, divided into 20 636 854 (twenty million, six hundred and thirty six, eight hundred and fifty four) shares, of which 20,635,952 (twenty million, six hundred and thirty five thousand, nine hundred and fifty-two) shares are in category A and 902 (nine hundred and two) shares are in category B, each with a nominal value of 2 euros.

The shares are divided into three categories:

- 20 635 952 (twenty million, six hundred and thirty five thousand, nine hundred and fifty two) category A shares (the "**A Shares**") which are ordinary shares.
- 902 (nine hundred and two) category B shares ((the "**B Shares**") which are preference shares issued under application of Articles L.228-11 et seq. of the Commercial Code.
- [•] ([•]) category C shares (the "**C Shares**") which are preference shares issued under application of Articles L.228-11 et seq. of the Commercial Code.

In the present articles of association A Shares, B Shares and C Shares are defined collectively as the "shares", and the bearers of A Shares as "A Shareholders", the bearers of B Shares as "B shareholders", the bearers of C Shares as "C shareholders", the A Shareholders, B Shareholders and C Shareholders are defined as the "shareholders".

CHAPTER II

CAPITAL INCREASE

ARTICLE 7

PRINCIPLES

The share capital can be increased either by the issue of new shares or by the increase in the nominal amount for the existing shares.

The old capital must be totally paid-up before any issue of new shares to be paid for in cash, on pain of invalidity of the capital increase. This provision is not applicable to capital increases carried out by means of contributions in kind.

The General Meeting, under the conditions established in Article 25 of the present articles, has the sole competency to decide on a capital increase. It will rule on the basis of a report from the Board of Directors, which must contain all the required information on the reasons for the proposed capital increase, as well as regarding the progress of the Company's business since the commencement of the current accounting period.

The General Meeting may delegate to the Board of Directors the necessary powers for carrying out a capital increase through the issue of new shares to be paid for in cash, or via a compensation for debts or through capitalisation of reserves, and to establish its methods, ascertain its implementation and proceed with the corresponding change to the articles of association.

A capital increase may be carried out by the Board of Directors in one or more phases within time periods provided for in the current legislative and regulatory texts.

ARTICLE 8

PREFERENTIAL SUBSCRIPTION RIGHTS

In proportion to the amount of their shares, the shareholders have a preferential right to the subscription of shares for cash issued in order to carry out a capital increase.

This preferential subscription right will be exercised subject to the conditions, methods and time periods provided for by the legislation in force.

The shareholders may, on an individual basis, renounce their preferential right.

The General Meeting that decides on the capital increase may cancel the preferential subscription right. For this purpose, and on pain of annulment of the decision, it may rule on the report from the Board of Directors and on that from the Auditors, as established in accordance with the legal provisions.

ARTICLE 9

CAPITAL REDUCTION

Any capital reduction shall be authorised or decided on by an Extraordinary General Meeting which may delegate to the Board of Directors all powers required for implementing it. It may not, at any event, infringe the equality of the rights of the shareholders.

CHAPTER III

SHARES – BONDS

ARTICLE 10

TYPES OF SHARES

The shares issued by the Company are either shares issued for cash or shares granted in return for a contribution.

The shares issued for cash are those for which the value is fully paid-up, either through cash transfers or by means of offsetting against current and liquid debts against the Company, and those which are issued as the result of a capitalisation of reserve capital, profits or issue premiums. The shares issued for cash may be paid for partially via a capitalisation of the reserve capital, profits or issue premiums, and with the remainder in cash.

All other shares are shares granted in return for a contribution.

ARTICLE 11

FORM OF SHARES

The fully paid-up A shares are registered shares or bearer shares, at the option of the shareholders. Fully paid-up B shares and C shares are registered shares.

These shares give rise to a registration into the accounts under the conditions and in accordance with the methods provided for by the legislative and regulatory provisions in force.

When shares have not been fully paid-up on subscription, the first remittance and subsequent remittances will be entered into the shareholders' account.

ARTICLE 11a

IDENTIFICATION OF THE BEARERS OF SHARES

The Company has the right, at its own cost and at any time, and subject to the conditions under the law, to request from the organisation responsible for the clearance of securities, the name or the designation, the nationality and the address of the holders of the Company's shares conferring either immediately or in future the right to vote in shareholders' meetings, as well as the quantity of shares held by each of them and, where applicable, any restrictions by which the shares may be affected.

ARTICLE 11 ter

NOTIFICATION OF CROSSING OF THRESHOLD

Any person, acting alone or in concert, who acquires, in any manner whatsoever within the meaning of Articles L.233-7 et seq. of the Commercial Code, whether directly or indirectly, via companies that it controls within the meaning of Article L233-3 of the Commercial Code, a fraction of the capital or voting rights equal to or greater than 1% must, within five trading days of the deal with respect to such securities, independently of their delivery, and which enables him to reach or exceed such threshold, notify the Company by registered letter with acknowledgement of receipt, the total number of shares or securities giving future access to capital and the number of voting rights. The crossing of any reduction in this 1% threshold must be declared in the same form and within the same time periods. This obligation applies on each occasion that the proportion of the capital or of the voting rights held increases or diminishes by at least 1%.

In the event no notification is reported as per the above conditions, any shares in excess of the fraction which should have been declared will be deprived of voting rights for any shareholders' meeting held until the expiry of a period of two years following the date of regularisation of such notification unless one or more shareholders holding at least 1% of the capital or of the voting rights so request at the time of the Meeting.

The above-mentioned information obligation is accompanied by an obligation to provide information concerning the crossing of thresholds provided for under the law.

ARTICLE 12

PAID-UP SHARES

The amount for the shares issued for a capital increase will be payable in accordance with a decision taken by the General Meeting or by the Board of Directors acting by delegation of the Meeting, in accordance with the legal and regulatory requirements in force.

ARTICLE 13

TRANSFER OF SHARES

A Shares are freely negotiable. B and C Shares can be transferred under the conditions set out in Article 15.

ARTICLE 14

INDIVISIBILITY OF SHARES

The shares are indivisible with respect to the Company.

Joint owners must be represented toward the Company by a single one of them or by a common proxy, subject to the legal and regulatory provision applicable to the exercise of communication rights.

ARTICLE 15

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

I. Common Rights attached to shares

1. The rights and obligations attached to each share are those defined under the law, the regulations and the present articles of association, and in particular those applicable to the right of participating in General Meetings and voting on resolutions, the rights of communication, the rights of subscription and allocation in case of capital increases.

2. Each A Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, for a portion which is proportionate to the number of A Shares existing, taking into consideration where necessary any capital that is depreciated or not depreciated or fully paid-up, and the nominal amount of the A Shares.

Each A Share gives the right during the life of the Company or during its liquidation to equality of nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to payment of the same net sum for any distribution or reimbursement, so that, when applicable, all A Shares shall be considered together, irrespective of any exemptions or reductions in taxation, and of all taxation that may be taken over by the Company and which could be occasioned by such distribution or reimbursement.

II. Rights and restrictions specific to B Shares

1. Each B Share gives the right, through the ownership of assets in the Company, for participation in profits and liquidation bonuses, to a dividend per B Share equal to 10% of the dividend per share allocated to A Shares.

Each B Share gives the right during the life of the Company or during liquidation to an amount equal to the nominal value and, apart from taking into account when applicable, the date of eligibility to dividends, to the payment of same net sum for any distribution or reimbursement, equal to 10% of any sum paid out to each A Share for any distribution or reimbursement, under application of the provisions of paragraph 1.

2. At the end of the retention period for B Shares (the "**Retention Period**") (the "**Date of Expiry of the Retention Period**"), as established in the plan for the free-of-charge allocation of B Shares, that decides on their allocation, each B shareholder has the right to convert into A Shares all or part of the B Shares he holds, under the conditions provided for in paragraphs 4 to 6.

For the requirements of the present Article 15, the "**Allocation Date**" is defined as the date on which a plan for the allocation of free-of-charge shares is adopted by the Board of Directors.

3. Counting from the Date of Expiry of the Retention Period, the B Shares are freely transferable between B Shareholders.

4. The B Shares may be converted into A Shares during a period of thirty (30) days from (i) the fourth anniversary of the Allocation Date, or (ii) the date falling four years and three months after the Allocation Date (the "**Conversion Periods**"), in accordance with a parity (the "**Conversion Parity**") determined on the basis of the difference as a percentage between the Initial Stock Price and the Final Stock Price. If the Conversion Periods fall during a period of restricted intervention regarding the securities of the Company, the commencement of the Conversion Period will be postponed until the expiry of the said period for the restriction of intervention for the securities of the Company, within the limit of a period of ninety (90) days, and it should be noted that in the event of a rescheduling of the first Conversion Period, the second Conversion Period will be postponed by an identical number of days.

The "**Initial Stock Price**" refers to the average, weighted by the volumes of the opening trading prices quoted for A Shares during the last 20 trading sessions prior to the Allocation Date.

The "**Final Stock Price**" refers to the average of the opening trading prices quoted for A Shares between the date of the second anniversary from the Allocation Date (inclusive) and the date of commencement of the Conversion Period during which the owners of B Shares shall have requested their conversion into A Shares (exclusive).

5. The Conversion Ratio will be equal to:

- If the Final Stock Price is lower than 150% of the Initial Stock Price (the **"Maximum Final Stock Price"**):

$$N = 10 + \frac{300 (CF - CI)}{CF}$$

Where:

"N" is the number of A Shares to which each B Share gives an entitlement, and it is pointed out that in the event of a fractional number, the numbers of A Shares allocated to an owner of B Shares will be rounded to the lowest whole number;

"CF" is the Final Stock Price;

"CI" is the Initial Stock Price; and

"CFMax" is the Final Maximum Stock Price.

- If the Final Stock Price is above the Maximum Final Stock Price:

$$N = 10 + \frac{(CFMax \times 100)}{CF}$$

- If the Final Stock Price is lower than the Initial Stock Price:

$$N = 10$$

6. In the absence of conversion during the Conversion Periods, the B Shares will be automatically converted into A Shares on expiry of the second Conversion Period at the Conversion Ratio applicable during the second Conversion Period.

7. The maximum total number of A Shares that can result from the conversion of B Shares may not exceed 99 220 shares, although this figure does not take into account any possible adjustments carried out in order to preserve the rights of the beneficiaries of A shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.

8. At latest 15 days before each General Meeting, a complementary report from the Board of Directors and a complementary report from the Auditors, relating the conversions of B Shares into A Shares, will be put at the shareholders' disposal.

III. Rights attaching to C Shares

The C Shares will have the same rights and obligations as those provided for in paragraph II of the present article referring to B Shares, which apply *mutatis mutandis*, subject to the following modifications:

- The **"Allocation Date"** is defined as the date on which an allocation plan for free shares is adopted by the Board of Directors.
- The **"Initial Stock Price"** refers to the highest amount between (i) 17 (seventeen) euros, and (ii) the average weighted in accordance with the volumes of the opening trading prices quoted for A Shares during a period of twenty (20) stock trading days preceding such Allocation Date.
- The total maximum number of A Shares capable of resulting from the conversion of C Shares may not exceed 129 000 shares, which number does not take into account possible adjustments carried out in order to preserve the rights of the beneficiaries

of C shares in accordance with the legal and regulatory provisions and, where applicable, any contractual stipulations.

ARTICLE 16

PLAN FOR MANAGEMENT OF BONDS

The Company may enter into contracts for bond issues in accordance with its requirements by issuing short or long-term bonds or debentures.

The Board of Directors will be entitled to decide on or authorise the issue of bonds in one or more phases, subject to conditions and methods provided for under legal and regulatory applicable provisions.

PART I I I

CORPORATE GOVERNANCE OF THE COMPANY

CHAPTER I

BOARD OF DIRECTORS

ARTICLE 17

COMPOSITION – APPOINTMENT – DISMISSAL

The Company is managed by a Board of Directors composed of at least three members and a maximum of eighteen members, appointed by the Ordinary General Meeting of the shareholders, subject to the exceptions provided for by law in the event of a merger.

The Board members may be:

- Natural persons, or
- Legal persons. In this case they must, at the time of their appointment, designate a permanent representative subject to the same conditions and obligations and who undertakes the same responsibilities as if he were a director in his own name, without prejudice to the joint and several liability of the legal person which he represents.

The duration of the office of the Board members is four years, renewable. In any event, the first Board members who were members of the Supervisory Board of the Company up to the Combined General Meeting of 11 May 2016, appointed by the Combined General Meeting of 11 May 2016, will continue to be so for the remaining duration of their office as members of the Supervisory Board of the Company.

Any member of the Board of Directors may be re-elected.

The members of the Board of Directors may be dismissed at any time by the Ordinary General Meeting without indemnity nor prior notification.

The age limit applicable to the exercise of such functions by any member of the Board of Directors who is a natural person is set at seventy-two (72) years. Furthermore, no natural person having passed the age of 70 years may be appointed as a member of the Board of Directors if his nomination has the effect of causing over one third of the number of members of the Board of Directors to have exceeded that age. The provisions regarding age limits will be applicable to the permanent representatives of the legal persons' members of the Board of Directors.

In the event of a vacancy due to death or resignation of one or more director offices, the Board of Directors may carry out appointments on a provisional basis which will be submitted for ratification by the next ordinary general meeting, within the limits and conditions provided for under the law.

ARTICLE 18

FUNCTIONING OF THE BOARD OF DIRECTORS – COMPENSATION OF THE MEMBERS OF THE BOARD

18.1 Chairman of the Board of Directors

The Board of Directors shall elect a Chairman from among its members, being a natural person, who will be responsible for convening the Board and directing its proceedings. He will exercise his functions for the duration of his office as a director. He may be re-elected.

He is subject to the same age limit as the members of the Board of Directors.

The Chairman may, at any time, be dismissed by the Board of Directors.

18.2 Vice-Chairman and Secretary of the Board of Directors

The Board of Directors may elect, from among its members, a Vice- Chairman, being a natural person. He will exercise his functions for the duration of his office as a director. He may be re-elected.

He is subject to the same age limit as the members of the Board of Directors.

The Vice-Chairman has the duty of replacing the Chairman if he is temporarily prevented from attending, or in the event of his death. This substitution applies:

- in the event of temporary inability to attend, for the duration of such inability;
- in the case of death, until the election of the new President.

The Vice-Chairman may, at any time, be dismissed by the Board of Directors.

The Board of Directors will nominate a secretary chosen from among the members of the Board of Directors or from the outside.

18.3 Special committees of the Board of Directors

The Board of Directors may set up one or more special committees for which it will determine the composition and the duties, and who will carry out their activities under the responsibility of the Board. The composition, the methods of operation and the assignments of these committees will be established within the internal procedures of the Board of Directors.

18.4 Convening of the Board of Directors

The Board of Directors shall meet as often as the interests of the Company require.

The members of the Board of Directors will be convened to the Board's meeting by the Chairman by any written means with at least five (5) days' notice, and without a notice period in the event of unanimous agreement by the directors. The invitation will give the agenda. At least two (2) days before the date of the meeting provided for in the invitation, at least one third of the members of the Board of Directors are entitled to propose in writing additional points to the agenda, without this calling into question the convening or holding of the Board meeting on the scheduled date.

The General Manager may also request the Chairman to convene the Board of Directors for a specific agenda. The Chairman of the Board of Directors is obliged to convene such Board meeting within a period that may not be longer than fifteen days, when the General Manager or at least one third of the members of the Board present him with a request to this effect. If the request remains unfulfilled, the authors may themselves proceed with convening the meeting, indicating the agenda for the meeting.

18.5 The holding of the meetings of the Board of Directors

The Board of Directors meets at the registered address of the Company or at such other place as is indicated in the invitation.

The Board of Directors can only validly deliberate if at least half of its members are present. Decisions are taken by a majority of the members present or represented. While observing the legal and regulatory provisions, internal procedures can make provision that members of the Board of Directors are considered to be present for calculating the quorum or the majority if they participate in the meeting by means of video conferencing or telecommunications that enable their identification and guarantee that they can effectively participate, in accordance with the regulatory requirements.

Any director may, using any written means, give a proxy to another director to represent him at a meeting of the Board of Directors; each director may only represent a single director.

The vote of the Chairman of the meeting does not act as the casting vote in the event of a tie.

An attendance register will be kept, which will be signed by the members of the Board of Directors attending in a meeting of the Board, whether in their own name or through a proxy to represent another director.

The deliberations of the Board of Directors shall be recorded in minutes set up and retained in accordance with the law.

18.6 Compensation

The members of the Board of Directors shall receive attendance fees, the value of which is determined by the General Meeting, in accordance with applicable legal provisions.

Subject to possible regulatory and legal provisions, and in proportions that it deems appropriate in view particularly of the effective participation in the meetings of the Board and its Committees as appropriate, the Board shall distribute among its members the sums that are allocated to it for this purpose.

Furthermore, the Board may allocate exceptional compensation for missions or mandates conferred upon members of the board under conditions established by applicable legal provisions.

The Board of Directors shall determine the remuneration of the Chairman and, as applicable, the Vice-Chairman, which will be added to their share of the total amount of the attendance fees.

ARTICLE 19

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientation of the activities of the Company and ensures that they are implemented. Subject to powers expressly attributed to meetings of shareholders, and within the limits of the Company's purpose, the Board shall take up all questions concerning the smooth running of the Company and through its deliberations shall control all matters concerning it.

Moreover, certain operations, a list of which is provided in the internal ruling of the Board of Directors must, within the framework of the internal organisation of the Company, be subject to prior express approval by the Board of Directors before being taken up by the General Manager of the Company or, if applicable, by a Deputy General Manager.

The Board of Directors shall proceed with such controls and verifications as it deems appropriate. The Board shall receive all information necessary for the fulfilment of its mission and may, within these limits, obtain all documents or information required for this purpose.

The Board of Directors may confer upon one or more of its members, or third parties, whether shareholders or not, special missions with one or more specific objects.

ARTICLE 20

REGULATED AGREEMENTS

All regulated agreements within the meaning of Article L.225-38 of the Commercial Code, with the exception of those provided for in Article L.225-39 of the Commercial Code, must be submitted for prior authorisation by the Board of Directors and then for approval of the General Shareholders' Meeting subject to legal conditions.

CHAPTER II

GENERAL MANAGEMENT

ARTICLE 21

GENERAL MANAGEMENT OF THE COMPANY

21.1 Choice of the method for the General Management of the Company

The General Management of the Company is fulfilled under its own responsibility:

- Either by the Chairman of the Board of Directors,
- Or by another natural person nominated by the Board of Directors from among its members or from outside and bearing the title of General Manager.

The Board of Directors, deliberating under conditions for quorums and majorities provided for in Article 18 of the present articles of association, shall choose between the two methods for implementing the General Management stated above. Such method of management will remain in force until any decision to the contrary. This choice falls under the exclusive competence of the Board of Directors.

When the General Management of the Company is assumed by the Chairman of the Board of Directors, the provisions below concerning the Managing Director shall apply to him. He then takes the title of Chief Executive Officer.

21.2 General Manager

The General Manager is a natural person who, at the time of his appointment, is aged less than 65 years. When the General Manager reaches this age limit, he is expected to resign from his office at the end of the Ordinary General Meeting which has deliberated on the accounts for the period during which he reached such age limit.

The duration of the functions of the General Manager shall be fixed by the Board of Directors in the appointment decision. However, if the General Management of the Company is assumed by a director, the latter is expected to resign from his functions as General Manager on the expiry of his office as a director.

He can, at any time, be dismissed by the Board of Directors.

The compensation of the General Manager and, where applicable, of the Deputy General Manager(s) shall be set by the Board of Directors.

ARTICLE 22

POWERS OF THE GENERAL MANAGER

The General Manager is vested with the broadest powers to act in all cases on behalf of the Company, within the limits of the Company's purpose and subject to the following:

- The powers that the legislative and regulatory provisions in force expressly attribute to the shareholders' meetings and to the Board of Directors; and
- The powers reserved and the prior approvals conferred upon the Board of Directors in accordance with the provisions of the present articles of association and of the internal ruling of the Board of Directors.

The General Manager represents the Company in its dealings with third parties.

The Company is committed even by any acts of the General Manager that do not ensue from the object of the Company unless it can prove that such third party knew that such act was outside the said object, or that the third party could not be unaware of this in the light of the circumstances.

The stipulations in the articles of association or the decisions by the Board of Directors limiting the powers of the General Manager are not binding on third parties.

When the Chairman of the Board of Directors and the General Manager are two different people, the General Manager may request the Chairman of the Board of Directors to call a meeting of the Board of Directors under a specific agenda.

ARTICLE 23

THE ROLE OF DEPUTY GENERAL MANAGER

At the suggestion of the General Manager, the Board of Directors may appoint, from among its members or from outside, one or more natural persons responsible for assisting the General Manager, and bearing the title Deputy General Manager.

The Deputy General Managers can be re-elected and are subject to the same age limit as the General Manager. They can be dismissed under the same conditions as the General Manager.

When the General Manager ceases to exercise his functions or is prevented from doing so, unless there is a decision to the contrary by the Board of Directors, the Deputy General Managers keep their functions and their duties until the appointment of the new General Manager.

On the occasion of the appointment of the new General Manager, the Board of Directors shall pronounce on the keeping or not of Deputy General Manager(s), on proposal from the new General Manager.

In agreement with the General Manager, the Board of Directors shall determine the extent and duration of the powers conferred upon each of the Deputy General Managers, which may not exceed the powers of the General Manager nor the duration of the General Manager's functions.

With respect to third parties, the Deputy General Managers possess the same powers as the General Manager himself.

CHAPTER III

STATUTORY AUDITORS

ARTICLE 24

APPOINTMENT - DUTIES

One or more Statutory Auditors are appointed by the General Meeting of the shareholders on a proposal from the Board of Directors, and shall carry out their controlling function in accordance with the law.

One or more Supplementary Statutory Auditors may be designated by the Ordinary General Meeting intended to replace the principal Statutory Auditors in the event of death, inability to carry out their duties or refusal to do so.

PART IV

SHAREHOLDERS' MEETINGS

ARTICLE 25

CONVENING - COMPOSITION

Shareholder' meetings are convened subject to the conditions provided for by law and deliberate under the conditions for quorums and majorities determined by law.

The meetings shall be carried out either at the registered office, or in some other place indicated in the notice calling the meeting.

The owners of registered shares have the right to attend the General Meeting if their shares were registered in the account five days before the date of the meeting.

In order to obtain the right to attend a meeting, the owners of bearer shares must give evidence of the lodging of their shares three days before the date fixed for the meeting.

The Board of Directors has always have the possibility of reducing such notice periods.

Moreover, any shareholder, if the Board of Directors so decides at the time of convening the General Meeting, may participate and vote at the general meetings by video conference or by any means of telecommunication permitting their identification, under the conditions and in accordance with the methods provided for by law.

The meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors and, if this is not possible, by a member of the Board of Directors specially delegated for the purpose by the Board of Directors. Failing this, the Meeting will itself elect its President.

Minutes of the meetings shall be taken and copies thereof shall be certified by the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors, the secretary of the Board of Directors or by a signing officer authorised for the purpose.

ARTICLE 26

SPECIAL MEETING

1. The B Shareholders and the C Shareholders shall respectively be consulted under the conditions provided for in Article 25 (applicable mutatis mutandis to special meetings for B Shareholders B and special meetings for C Shareholders) regarding questions referring specifically to their areas of interest in accordance with the law.

2. Only B Shareholders and C Shareholders registered in the accounts of the Company may participate in these special meetings and take part in the voting.

3. A special meeting of B Shareholders and a special meeting of C Shareholders shall exercise their powers under conditions provided for by the legislation in force.

4. The decisions of the Company, taken by a General Meeting of the shareholders, shall only become definitive after approval by a special meeting of B Shareholders when they modify the rights relating to B Shares and by a special meeting of C Shareholders when they modify the rights relating to C Shares.

PART V

COMPANY RESULTS

ARTICLE 27

ANNUAL ACCOUNTS - PAYMENT OF DIVIDENDS – RESERVE FUNDS

Each accounting period of the company commences on first of January and expires on the thirty-first of December.

At the closure of each period, the Board of Directors shall set up the inventory and the annual accounts in accordance with the provisions of Title II of Book 1 of the Commercial Code.

The profit for the period, as it appears in the profit and loss account, consists of the difference between the incomes and expenses for the period, after deduction of depreciation and provisions.

The profit for the period, reduced if necessary by previous losses, is subject to a deduction of at least one twentieth destined to form a reserve fund called the "legal reserve".

When the said reserve reaches one tenth of the capital, this deduction will cease to be obligatory; but if for any reason the reserve reduces to below one tenth of the capital, such deduction will be reinstated.

The distributable profit consists of the profit for the period, reduced by previous losses and by any sums to be carried over to reserves in accordance with the law, and is increased by any profits carried forward.

Such profit shall first be subject to deduction of a first dividend equal to 5% of the nominal value of the shares paid-up and not reimbursed, although, if the profit for a particular year after the deduction stipulated above does not permit such payment, the shareholders may require it to be paid out of the profits of subsequent years. Then, the General Meeting, on a proposal from the Board of Directors, shall have the right of deciding the deduction of such sums as it deems appropriate, either to be carried forward or for the formation of reserves, of which the Board of Directors shall determine the use.

The balance shall be shared among the shareholders without distinction.

The General Meeting deliberating on the accounts for the year shall have the possibility of granting to each shareholder for all or part of the dividend placed for distribution, or for dividends allocated on account, an option between payment in cash of the dividend or dividends on account, or in shares under the conditions and methods provided for in the legislative and regulatory provisions in force.

Moreover, the General Meeting may decide to distribute sums taken from the reserves that it has at its disposal; in this case the decision shall indicate specifically the reserve items from which the deductions will be taken.

In any event, the dividends shall in the first place be taken from the distributable profits for the period.

PART VI

DISSOLUTION - LIQUIDATION

ARTICLE 28

On the dissolution of the Company, one or more liquidators shall be named by the General Meeting of shareholders, under the conditions regarding quorums and majorities applying to Ordinary General Meetings.

The liquidator represents the Company. He is provided with the broadest powers to realise the assets, even by way of amicable arrangements. He is authorised to pay the creditors and to distribute the available balance.

The General Meeting of shareholders may authorise a continuation of business in progress or the entry into new business for the purposes of the liquidation.

The sharing out of the net assets remaining after the reimbursement for the nominal price of shares shall be carried out amongst the shareholders in the same proportions as their participation in the capital.

PART V II

DISPUTES - ELECTION OF DOMICILE

ARTICLE 29

Any disputes that may arise during the life of the Company or during its liquidation, whether between the shareholders or between the Company and the shareholders themselves with regard to the interpretation or execution of the present articles of association or generally with regard to the affairs of the Company, are subject to the jurisdiction of the courts competent at the place of the registered office.

For this purpose, in the event of a dispute, all shareholders must elect a domicile within the jurisdiction of the court competent for the place of the registered office, and all summonses and notices shall be duly served to such domicile.

In the absence of the election of a domicile, the summonses and notices shall be validly served at the Office of the Public Prosecutor at the Tribunal de Grande Instance ["District Court"] at the place of the registered office.

- - - - -

Last update May 11th 2016