BOARD OF DIRECTORS' ANNUAL REPORT ON THE CORPORATE GOVERNANCE SYSTEM AND ADHESION TO THE CODE OF ITALIAN LISTED COMPANIES

PREAMBLE

In March 2006, the Corporate Governance Committee, set up by Borsa Italiana, published the new Corporate Governance Code for listed companies (hereafter "Corporate Governance Code"), in place of the Code issued in 1999 and amended in 2002.

In compliance with the Instructions in force for Regulating Markets included in and managed by Borsa Italiana S.p.A. (section IA.2.6), the Board of Directors of CAD IT S.p.A. (hereafter "the Company") hereby publishes the present comparative annual report between the model of corporate governance adopted by the Company and the indications in the Corporate Governance Code.

As shown below in this report, the Company already partly complies with the Corporate Governance Code by means of:

- resolution of the Shareholders' Meeting dated April 28th 2006, on deliberation of the Board of Directors dated April 28th 2006, where the members of the Board of Directors and the Board of Auditors were nominated;
- resolution of the Board of Directors dated May 12th 2006, where the Remuneration Committee, the Internal Control Committee and the Nominating Committee were set up and where the procedure for the management and treatment of inside information was approved;
- resolution of the Board of Directors dated August 11th 2006, where internal procedures were approved with reference to keeping an Insider and Internal Dealing Register;
- resolution of the Board of Directors dated November 10th 2006 where the person responsible for Internal Auditing and the Code of Ethics and Managerial Organisation Model, ex. Legislative Decree no. 231/2001, was nominated.

while, in part, compliance will be carried out through an amendment to the Statute provisions, as approved at the Company Shareholders' Meeting on 30th April 2003 (hereafter "Statute"), as indicated in the Board of Directors' Explanatory Report relating to Statute amendment proposals (hereafter "Explanatory Report"), that will be submitted for approval at the Extraordinary Shareholders' Meeting, to be held, on first summons on 30th April 2007, and on second summons on 8th May 2007.

For purposes of clarity, this report is divided into two sections: the first deals with the Corporate Governance Code provisions and information on the

Company's compliance to the provisions themselves; the second section contains summarizing tables on corporate governance.

SECTION I - INFORMATION ON THE IMPLEMENTATION OF THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

ARTICLE 1 - ROLE OF THE BOARD OF DIRECTORS

Principles

1.P.1. Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.

1.P.2. The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they shall also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.

Criteria

1.C.1. The Board of Directors shall:

a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any;

b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;

c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;

d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;

e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;

f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact;

g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;

h) provide information, in the report on corporate governance, on the application of the present article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.

1.C.2. The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.

1.C.3. The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties.

To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may also take into account the participation of the directors in committees established within the ranks of the board.

1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.

Comment

The Committee believes that the Board of Directors has the primary responsibility for determining and pursuing the strategic objectives of the issuer and of the group of which it is a member or which it heads.

The decisions of each director are autonomous, to the extent he/she makes his/her choices with free judgement, doing so in the overriding interest of the generality of the shareholders. Therefore, even when management choices have been evaluated, addressed or otherwise influenced in advance, within the limits and in compliance with the applicable provisions of law, by those exercising management and coordination activities, or by subjects participating in a syndication agreement, each director shall pass resolutions in autonomy, adopting choices which may, reasonably, lead – primarily– to the creation of value for the shareholders in the medium-long term.

Independence of judgement is required for the decisions of all directors, regardless of whether they are executive or non-executive, and whether or not they are "independent" pursuant to Article 3 below.

The appointment of one or more managing directors, or of an executive committee, plus the fact that the business activity is exercised through several subsidiaries, does not relieve the board of the tasks entrusted to it hereunder. Notwithstanding the absence of precise statutory restrictions on this subject, the board is required to delegate powers in such a way that the board does not appear to be divested of its prerogatives. Moreover, the issuers shall adopt adequate measures to ensure that subsidiaries submit to the board of the parent company, for prior review, material transactions, subject to the principle of autonomous management, in the event that the subsidiary is also a listed company. Among the matters reserved to the competence of the board, this article mentions the evaluation of the adequacy of the organizational, administrative and accounting

structure of the issuer and of its subsidiaries having strategic relevance; it is pointed out that such relevance should be evaluated with reference to criteria that do not concern only the size, to be mentioned in the report on corporate governance.

In carrying out their duties, the directors shall review the information received from the delegated bodies, ask the same for any clarifications, elaborations or supplements that are deemed necessary or appropriate for a complete and correct evaluation of the facts submitted to the review of the board. The chairman of the Board of Directors shall use his/her best efforts in order to ensure that the material information and documents for enabling the board to take its decisions are made available to its members according to adequate procedures and timing.

The Board of Directors may request of the managing directors that executives of the issuer or the group participate in the meetings of the board, in order to supply the appropriate supplemental information on the items on the agenda.

The Company Board of Directors meets at regular intervals, administering and operating in such a way as to guarantee its effective function in accordance with article 1.P.1 of the Corporate Governance Code.
The Company Statute states in article 16 that the Board of Directors should meet whenever the Chairman maintains it necessary or when at least two Directors request a meeting.
With resolution of the Board of Directors on 30th August 2000, it was decided that the Board of Directors should meet at least four times a year, with intervals of no less than three months.

In 2006 the Board of Directors met seven times.
At least six Board meetings have been scheduled for 2007.

Moreover, the Explanatory Report establishes that the Board of Directors can be summoned upon notice to the Chairman by the Board of Auditors or even by an individual member of the Board of Auditors.

In compliance with article 1.P.2. of the Corporate Governance Code, the presence of non-executive and independent directors in the Company Board of Directors, assures that decisions are not unduly influenced.

Article 14 of the Company Statute states that the Board of Directors should have maximum power for the ordinary and extraordinary management of the Company, with no restrictions, except for those powers reserved by law for the Shareholders' Meeting.

The above-mentioned article 14 also states that, in addition to matters that by law cannot be delegated, the Board of Directors has the exclusive responsibility in terms of:

(a) examination and approval of the Company's strategic, industrial and financial plans, and the corporate structure of the group of which it is head;
(b) purchase, sale, exchange and bestowal of real estate and real estate rights; the constitution of real rights to guarantee real estate;
(c) formation of new subsidiaries; assumption, purchase or sale of company shares; purchase, sale, exchange and bestowal of the entire business complex of the Company or company branches;
(d) purchase, sale, exchange and bestowal and any other act of acquisition or disposition of assets, rights and services, as well as the assumption of obligations, duties and responsibilities of any nature whose amount, either alone or jointly with other legal transactions, is greater than Euro 4,000,000/00, as well as any modifications to such agreements, contracts, negotiations, duties or responsibilities that have any economic effect to the afore-mentioned sum;
(e) nomination of general directors, authorisations for the bestowal of the relative company powers of attorney and determination of the relative compensations;
(f) issue of warranties and real or personal guarantees of any kind to the amount of Euro 2.000.000/00 for each single action and, if in the interest of subjects other than the Company and its subsidiaries, of any amount;
(g) examination and approval of transactions involving correlated parties;
(h) evaluation of the adequacy of the general organisational and administrative structure of the Company and the group of which it is head as established by the managing directors.

In compliance with article 1.C.1. of the Corporate Governance Code, the Explanatory Report has modified the previous points a), g) and h) replacing them with following:

a) examination and approval the Company's strategic, industrial and financial plans and of the group of which it is head as well as the Company's governance system and the structure of the group;
g) examination and preventive approval of any transactions of the Company and its subsidiaries, should such transactions have a significant strategic, economic, patrimonial or financial effect on the Company, being careful of those situations where one or more Directors has a personal interest or when there is third party or correlated party interests, and establishing the general criteria for identifying any such significant transactions;
h) evaluation of the adequacy of the organisational, administrative and general accounting structure of the Company and its subsidiaries, as established by the managing directors, in particular with regard to the internal control system and management of conflicts of interest.

Amendments to the above mentioned points a), g) and h) were made to highlight the importance of the structure of the group of which the Company is head, in compliance with article 1 - Comment - of the Corporate Governance Code, which states that "the Board of Directors has the primary responsibility to determine and pursue the strategic objectives not only of the main company but also of the group of which it is head".

The Explanatory Report also states that the Board of Directors be given the duty to see that adjustments to the Statute and any legal dispositions are adhered to.

The members of the Company Board of Directors have been nominated upon verifying the company positions that each one covers, in compliance with article 1.C.2. of the Corporate Governance Code.
At the moment, the four executive directors of the Board of Directors (Giuseppe Dal Cortivo, Paolo Dal Cortivo, Giampietro Magnani and Luigi Zanella), the non-executive members (Maurizio Rizzoli, Michael John Margetts) and the independent director (Lamberto Lambertini), do not hold any position as Director or Auditor in any other listed company, or any financial, banking or insurance company or company of any significant dimension.
One of the independent Directors, Prof. Francesco Rossi is a member of: Duomo UniOne Assicurazioni S.p.A. (previously "Il Duomo Assicurazioni e Riassicurazioni"); Aletti Gestielle SGR S.p.A. (as independent Director); Aletti Private Equity SGR S.p.A..
This situation does not influence his involvement in the Company, as his presence at all the Board meetings held to date testifies.

The Company Board of Directors positively evaluated activities carried out in 2006 in terms of the number of meetings and the effectiveness of the work carried out.

ARTICLE 2 – COMPOSITION OF THE BOARD OF DIRECTORS

Principles

2.P.1. The Board of Directors shall be made up of executive and non-executive directors.

2.P.2. Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist.

2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions.

2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual.

2.P.5. Where the Board of Directors has delegated management powers to the chairman,it shall disclose adequate information in the report on corporate governance on the reasons for such organisational choice.

Criteria

2.C.1. The following are executive directors:

- *the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies;*
- *the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer;*
- *the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer;*

The granting of powers only in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.

2.C.2. The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.

2.C.3. In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director, who represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.

Comment

In the Italian reality, the number of non-executive directors usually exceeds the number of executive directors. The Committee recommends that the shareholders, when appointing directors, evaluate the number, experience and personal characteristics of the candidates in relation to the size of the issuer, the complexity and specificity of the business sector in which the issuer operates, as well as the size of the Board of Directors.

The fact that the management powers are granted to some directors only does not eliminate the importance that the board, in the performance of its tasks of determining the strategy and exercising control, is actually able to express influential judgements, which are the result of real discussions among professionally qualified people.

The non-executive component has the primary role of providing a significant contribution to the exercise of such duties.

In particular, non-executive directors enrich the board's discussion with competences formed outside the company, having a general strategic character or a specific technical one. Such competences permit to analyse the different matters under discussion from different standpoints and, therefore, contribute to nourish the dialectics that is the distinctive precondition for a meditated informed corporate decision.

The contribution of non-executive directors appears to be useful on such subject matters in which the interests of executive directors and those of the shareholders could not coincide, such as the remuneration of the executive directors and the internal control system. In fact, the non-executive members of the board, due to their extraneousness to the operational management of the issuer, may effectively contribute to the evaluation of the proposals and the activity of executive directors. Within the Board of Directors, the figure of the chairman, to whom law and practice entrust duties of organization of the board's works and of liaison between executive and non-executive directors, takes up a fundamental importance.

The international best practice recommends to avoid the concentration of offices in one single individual without adequate counterbalances; in particular, the separation is often recommended of the roles of chairman and chief executive officer (CEO), the latter meant as a director who, by virtue of the delegations of powers received and the concrete exercise of these, is the main responsible officer for the management of the issuer.

The Committee is of the opinion that, also in Italy, the separation of the above-mentioned roles may strengthen the characteristics of impartiality and balance that are required from the chairman of the Board of

Directors.
The Committee, in acknowledging that the existence of situations of accumulation of the two roles may satisfy, in particular in issuers of smaller size, valuable organizational requirements, recommends that, should this be the case, the figure, already known also to the Italian practice, of the lead independent director be created.
The Committee also recommends the designation of a lead independent director in the event that the chairman is the person controlling the issuer, a circumstance this which, per se, takes up no negative characteristics, but which requires, however, the creation of adequate counterweights.
Non-executive directors (and, in particular, independent directors) shall make reference to the lead independent director for a better contribution to the activity and operation of the board. In particular, the lead independent director shall collaborate with the chairman for the purpose of ensuring that the directors are addressees of complete timely flows of information.
The lead independent director is granted, inter alia, with the power to convene, autonomously or upon demand of other directors, appropriate meetings of independent directors only, for the discussion of subject matters judged of interest regarding the functioning of the Board of Directors or the company's operations.

In accordance with article 14 of the Statute, the Company is governed by a Board of Directors composed of a minimum of three and a maximum of nine members, including non shareholders, appointed by the Shareholders' Meeting, which will also decide the number of Directors.
The Shareholders' Meeting held on April 28th 2006 set the number of members of the Board of Directors at eight, of which four are executive Directors, two are non-executive directors and two are independent directors.

With a resolution dated April 28th 2006, the Company Board of Directors nominated, for the entire term coinciding with his position of Director, Mr. Giuseppe Dal Cortivo as Chief Executive Officer, thus conferring to him the inherent delegation of all powers of ordinary and of extraordinary administration, with the sole exclusion of those powers reserved by law to the Shareholders' Meeting or the Board of Directors, as well as those reserved to the exclusive competence of the Board of Directors, as listed in article 14 of the Statute.

The Chairman, in accordance with article 17 of the Statute, is the Company's legal representative and is responsible for the company signature before third parties and in judicial and administrative questions, with the faculty to promote judicial actions at every level of jurisdiction, including appeals to the Supreme Court and annulment.
With the aforesaid resolution, the Board of Directors also conferred Giampietro Magnani and Luigi Zanella with the positions of Vice Chairmen with vicarious functions to those of the President, in accordance with article 15 of the Statute, for the term coinciding with the office of Director.
Moreover, the Board of Directors, with the aforesaid resolution, also gave the Vice Chairmen the position of managing director conferring to both all the powers of ordinary administration, including the faculty to deal on company bank accounts, within the limits of trust, to the maximum amount of Euro 1,000,000/00 (one million/00) for any single operation with a single signature and up to a maximum amount of Euro 3,000,000/00 (three million/00) with a joint signature of another Managing Director. These same directors also have the power and faculty to purchase and/or sell registered assets, excluding boats and aircraft, of any nature with their own signature.
Paolo Dal Cortivo has been given the office of Managing Director and the responsibility to represent the Company in relations with the institutional investors, shareholders, Borsa Italiana S.p.A. and CONSOB, supplying the above with all notifications and obligatory information as laid down by the

laws in force and/or by the rules concerning the best international practice, in respect of said rules and of the Company's own internal regulations.
In compliance with article 17 of the Statute, the managing directors should represent the Company and have the power to act alone, within and in the limits of the own position and delegations, or jointly with another Managing Director, where necessary.

The number, competence, authority and time availability of non-executive Directors are such as to ensure that their judgement has a significant impact on the Board's decision-making, as required by article 2.P.3. of the Corporate Governance Code.

In accordance with the definition in article 2.C.1. of the Corporate Governance Code, Chairman Giuseppe Dal Cortivo and the Managing Directors Giampietro Magnani, Luigi Zanella and Paolo Dal Cortivo are Executive Directors.

All Company Directors are aware of the duties and responsibilities relating to their office.
The number of the Board of Director meetings and, in some cases, participation at Committee meetings, means that the Board of Directors is constantly updated on company transactions and market conditions.
The Board of Directors is also constantly updated on the principal changes in laws, in accordance with article 2.C.2. of the Corporate Governance Code.

The Board of Directors, which will remain in office until the Shareholders' Meeting that will approve the balance for year ending December 31st 2008, works in accordance with the Italian Civil Code directives on listed companies.
In compliance with article 15 of the Statute, the Board of Directors can nominate from among its members, one or more Managing Director and an Executive Committee, specifying the delegated powers and the frequency, as a rule no less than once every three months, with which the persons in question must report to the Board of Directors on the activities performed while exercising the powers delegated to them. As for the Executive Committee, the Board can also decide the number of members, the duration and the dispositions that govern its functioning.

The Company Board of Directors, with deliberation dated May 12th 2006, bearing in mind that the Chairman of the Board also has managerial duties and is, besides that, the main person responsible for said duties, decided to nominate the independent Director Francesco Rossi as "head independent director".
The head independent director is a reference and co-ordination point for the requests and contributions of non-executive directors and particularly of independent directors in accordance with the afore-mentioned article 3 of the Corporate Governance Code.

ARTICLE 3 – INDEPENDENT DIRECTORS

Principles

3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.

3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.

Criteria

3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered
merely as an example and not limited to:
a) if he/she controls, directly or indirectly, the issuer also through subsidiari trustees or through a third party, or is able to exercise over the issuer
dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence
over the issuer;
b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;
c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
– with the issuer, one of its subsidiaries, or any of its significant representatives;
– with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;
or is, or has been in the preceding three fiscal years, an employee of the abovementioned subjects;
d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;
e) if he/she was a director of the issuer for more than nine years in the last twelve years;
f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;
g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;
h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

3.C.2. For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives".
3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to
ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.
3.C.4. The Board of Directors shall evaluate, after the appointment of a director who qualifies himself / herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated in these criteria.
3.C.5. The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.
3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.

Comment

Independence of judgement is required of all directors, executive and non-executive alike: directors who are conscious of the duties and rights associated with their position always bring independent judgement to their work. In particular, non-executive directors may provide an independent unbiased judgement on the proposed resolutions, since they are not directly involved in the running of the company.

The most delicate aspect in issuers with a broad shareholder base consists in aligning the interests of executive directors with those of the shareholders. In such companies, therefore, the predominant aspect is their independence from the executive directors.

In issuers with concentrated ownership, or where a controlling group of shareholders can be identified, the problem of aligning the interests of the executives directors with those of the shareholders continues to exist, but there emerges the nee for some directors to be independent also from the controlling shareholders, or shareholders which are, however, able to exercise a considerable influence.

The qualification of a non-executive director as independent director does not express a judgement of value, but it rather indicates an actually existing situation: the absence, as the principle states, of any relation with the issuer, or with subjects linked to the issuer, such as to actually affect, due to their importance, to be evaluated in relation to the individual subject, the independence of judgement and the unbiased assessment of the management activity.

The criteria set out some of the most common elements that are symptomatic of absence of independence. Such elements are set out by way of example and are not binding on the Board of Directors, which may adopt, for the purpose of its evalua- tions, additional or different, in whole or in part, criteria from those mentioned above, giving adequate information to the market together with the relevant reasons. The Board of Auditors, in its control of the modalities of concrete implementation of the corporate governance rules, is demanded to verify the correct application of the criteria adopted by the board and of the procedures of assessment utilized by it. Such procedures make reference to the information provided by the single parties concerned or, however, at disposal of the issuer, since no appropriate investigation activity aimed at identifying any material relations is demanded from the issuer. When the board deems that the independence requirement exists, in concrete, even in the presence of situations that may be considered as being without independence – e.g., defining a commercial relationship as not significant in relation to its economic value – it will be sufficient to notify the market of the result of the evaluation, subject to the control of the Board of Auditors on the adequacy of the relevant reasons.

The non-exhaustive or mandatory character of the events set out in the criteria implies the need to review also additional circumstances, not expressly contemplated, which might appear, however, likely to negatively affect the independence of directors.

For example, even though the mere remuneration of a (non-executive) director of the issuer, one of its subsidiaries or its holding company, does not negatively affect, per se, the independence requirement, it appears necessary to evaluate on a case by case basis the amount of any additional compensations received in the framework of such tasks. On the other hand, also the ownership of a (direct or indirect) shareholding of such an amount as not to determine the control or dominant influence over the issuer and not subjected to a shareholders' agreement, could be considered

suitable to jeopardize, in particular circumstances, the independence of a director.

Significant representatives of a company controlling the issuer or controlled (at least whether having a strategic relevance) by the issuer or under common control are usually considered not independent irrespective of the amount of the relevant remunerations, by reason of the duties entrusted to them. Also in this event, moreover, the Board of Directors is required to make a substantial evaluation: therefore, by way of example, a director who is vested with the office of non-executive chairman of the controlling company or of a subsidiary, could be considered independent, if he had received such appointment because he is "super partes"; vice-versa, a director could appear to be nonindependent, if he actually plays, also in absence of formal delegations of powers, a guidance role in the definition of strategies of the issuer, of a controlling company or a subsidiary having strategic relevance.

As regards commercial, financial and professional relations directly or indirectly entertained by the director with the issuer or other subjects linked to the issuer, the Committee does not deem it useful to set out precise quantitative criteria, on the basis of which their relevance must be judged.

In any event, the Board of Directors should evaluate such relationships having regard to their materiality, both in absolute terms and in relation to the economic-financial situation of the party concerned. Any agreement in favour of the director (or subjects linked to the directors) containing any financial or contractual conditions not aligned with those of the market, is to be considered material. Moreover, the fact that the relationship is governed at market conditions does not entail, per se, a judgement of independence, since it is, however, necessary, as already mentioned, to evaluate

the relevance of the relationship.

Those relations which, even though they are not significant from an economic standpoint, are particularly material for the reputation of the director concerned or relate to important transactions of the issuer (just think to the case of a company or professional, who takes up an important role in an acquisition or listing transaction) should also be taken into consideration.

From a subjective standpoint, in addition to the relations directly entertained with significant representatives (of the issuer, subsidiaries of the issuer or controlling subjects), also the relations maintained with subjects however traceable to such representatives, such as, by way of example, companies controlled by them, may be taken into consideration.
The Committee also believes that, in certain particular circumstances, also the existence of relations other than economic ones, may be material. For example, in issuers subject to public control, any political activity performed on a continuing basis by a director could be taken into consideration for the purpose of evaluating his/her independence. However, the so-called courtesy relationships are not relevant.
Also for the definition of the relations of a "family" nature, it is appropriate to rely on the prudent evaluation of the Board of Directors, which might consider as not relevant, taking into account the actual circumstances, the existence of a close family or in-law relationship. Parents, children, the spouse who is not legally separated, the companion living together and family members living together with a person, who could not be considered as an independent director, should be judged as being not independent.
The customary structure of Italian administrative bodies entails the possibility that also directors who are members of the executive committee of the issuer are qualified as non-executive and independent, being the executive committee a corporate body that does not grant individual powers to its members.
A different evaluation appears, however, appropriate when a managing director is not appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the current running of the issuer or determines a considerable increase in the relevant remuneration compared to that of the other non-executive directors.
Finally the Committee believes that the presence in the Board of Directors of directors who may be qualified as "independent" is the most suitable solution for guaranteeing the composition of the interests of all the shareholders, both majority and minority ones. In this respect, in the correct exercise of the rights of appointment of directors, it is possible that the "independent" directors are proposed by the same controlling shareholders: independence is an objective element, not liable to being biased by the typology of the shareholders proposing the appointment. Similarly, the circumstance that a director is expressed by one or more minority shareholders does not imply, per se, a judgement of independence of such director:
these characteristics must be verified in concrete, according to the principles and criteria outlined above.

In order to fulfill the requirements in Article 3.P.1. of the Corporate Governance Code, on deliberation of the Ordinary Shareholders' Meeting dated April 28th 2006, two independent Directors were nominated, as previously indicated.
The independent members of the Board of Directors integrate the requirements laid down in article 3 of the Corporate Governance Code. In relation to each of these, there now follows a brief description:

FRANCESCO ROSSI
Personal Details
Born in Giovo (TN) on 26th June 1947.
Graduated in Economy and Commerce at Padua University on 2nd March 1971.

Professional position
Ordinary university professor for the Faculty of Economy at Verona University, in the scientific field SECS-S/06 where he teaches "Mathematical methods of economy and actuarial and financial sciences" and teacher of "Mathematics for the Economic-Financial Decisions", "Portfolio Selection Theory ", "Insurance Techniques against Damages" for degree courses and post-graduate courses at the afore-said faculty. Teacher for specialisation courses, Master degrees and research Phds.

Positions held and duties
Member of the Board of Directors of:
Duomo UniOne Assicurazioni S.p.A. (previously Duomo Assicurazioni e Riassicurazioni);

Aletti Gestielle SGR S.p.A.. (as independent); Aletti Private Equity SGR S.p.A.
Member of the Board of Directors of CUOA Foundation (previously University Consortium of Corporate structure) in Altavilla Vicentina (1998-2004).
Head of the Faculty of Economy at Verona University for three-year periods of 1997-2000 and 2000-2003.
Director of the Institute of Mathematics of the Faculty of Economy at Verona University (1993-1999);
Director of the Centre of Computer science and Automatic Calculation at Verona University (1990-1999);
Contract university professor of Mathematics for Economic and Financial Applications at the Business University Luigi Bocconi in Milan (1994-1999);
University professor of Mathematical Theory of Financial Portfolio at Trieste University (1996);
Extraordinary university professor in General Mathematics at the "Cà Foscari" University in Venice (1990-1993);
- Associate University professor of Research Operations at Verona University (1985-1990); Statistics Assistant at Padua and Verona University (1973-1984, a period when he was also the university professor in charge of teaching Statistics and Operational Research); Consultant and employee at Montefibre in Milan (1971-1972).

LAMBERTO LAMBERTINI
Personal details
Born in Bologna, on 3rd June 1949.

Positions held and duties
Enrolled in the Lawyers' register since 1977; Enrolled in Cassation Counsel Register and qualified for advanced jurisdictions since 1991;
Expert in company and trade law;
Director of the "Italian Lawyers' Journal" from 1991 to 1996;
Vice National Secretary of Federavvocati from 1991 to 1992;
Chairman of the Order of Verona Lawyers from 1996 to 2000;
Member of the Board of Directors of Fondazione Arena di Verona from 1999 on indication of the Banca Popolare di Verona and from 2002 on indication of the Banco Popolare di Verona e Novara;
Guarantor for Verona Council since 2001;
He collaborates in the teaching of business law at the Faculty of Jurisprudence at Verona University;
Coordinator for the teaching of civil law and teacher of business law at the school of specialization for the legal profession instituted by the Verona and Trento University.

The Company Board of directors, in compliance with articles 3.P.2. and 3.C.1. of the Corporate Governance Code, annually evaluates the independence requirements of the two Directors.
The Company Board of Directors and the Company Board of Auditors maintain that the two independent Directors respect the independence requirements.

The independent Directors have reserved the right to establish the date on which they meet in absence of the other Directors, as required by article 3.C.6. of the Corporate Governance Code.

ARTICLE 4 –TREATMENT OF CORPORATE INFORMATION

Principles

4.P.1. Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.

Criteria

4.C.1. The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.

Comment

The issuers, in view of the importance of the disclosure of information, both for investors and for the regular formation of prices in the financial markets on which they are listed, must pay special attention to the internal handling and the disclosure to third parties of information concerning them, especially if it is price sensitive information.

The Committee recommends, also considering the value of a correct disclosure of information to the market, that issuers should adopt internal procedures for the handling of such information in a safe confidential form. Such procedure is also aimed at preventing that its disclosure occurs selectively (i.e. anticipated early only to certain persons, such as shareholders, journalists or analysts) or in an untimely, incomplete or inadequate manner. The managing directors are required to propose the adoption of such procedures to the Board of Directors and to take care of the handling of price-sensitive information and its communication to the public.

The Company Directors and the Auditors endeavour to keep all corporate information confidential, in compliance with article 4.P.1. of the Corporate Governance Code.

With the resolution of May 12th 2006, the Company Board of Directors approved the Procedure for the Management and Treatment of Inside Information, as recommended by article 4.C.1. of the Corporate Governance Code.

This Procedure was drafted with the aim of regulating the management and treatment of Inside Information and its communication to the public, in accordance with Legislative Decree no. 58 of 24th February 1998, with the Issuing Regulations adopted by Consob, with the Regulation of Markets included in and managed by Borsa Italiana S.p.A. and with the Corporate Governance Code for Listed Companies issued by Borsa Italiana S.p.A..

The Procedure concerns the management and treatment of Inside Information of the Company and its subsidiaries.

The Directors, Auditors, Managers and Employees of the Company and of its subsidiaries, who have access to Inside Information, which either directly or indirectly concerns the Company, are listed in a special register in accordance with article 115 bis of the Legislative Decree no. 58 of 24th February 1998.

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With the subsequent resolution on August 11th 2006, the Company Board of Directors approved the Procedure for setting up and updating a register of persons having access to inside information.

This Procedure was drafted with the aim of regulating the setting up and updating of the register of persons having access to Inside Information, which directly concerns the Company, in accordance with article 115-bis of the Legislative Decree no. 58 of 24th February 1998 ("TUF") and with articles 152-bis, 152-ter, 152-quater, 152-quinquies of the Issuing Regulations.

With the same resolution of August 11th 2006, the Company Board of Directors also approved the Procedure regarding Internal Dealing, amending and replacing the previous Code for Internal Dealing Conduct approved on 15th July 2002.
This procedure was drafted with the aim of regulating the disclosure obligations and limitations related to transactions involving Company financial instruments or other associated financial instruments, carried out by "Significant Persons" within the Company and by "Persons Closely Associated with them" in accordance with article 114, subsection 7, of Legislative Decree no. 58 of 24th February 1998 and with articles 152-sexies and subsequent articles of the Regulation adopted by Consob with Resolution no. 11971 of 14th May 1999, its later amendments and Resolution no. 15232 of 29th December 2002.

The Procedure for the management and treatment of Inside Information of the Company and its subsidiaries and the Procedure for setting up and updating a register of persons having access to inside information and the Procedure regarding Internal Dealing are available for viewing on the company website at www.cadit.it.

ARTICLE 5 – INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

Principle

5.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.

Criteria

5.C.1. The establishment and functioning of committees within the Board of Directors shall meet the following criteria:

a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided, however, that they are both independent;

b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;

c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;

d) minutes shall be drafted of the meetings of each committee;

e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers.

The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board;

f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;

g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.

Comment

The Board of Directors shall perform its duties collectively.

An organizational procedure that may increase the efficiency and effectiveness of its works is represented by the establishment among its members of specific committees having consultative and proposing functions; committees which, as it appears from the best Italian and international practices, far from replacing the board in the performance of its duties, may usefully carry out a preliminary role – which is represented by the formulation of proposals, recommendations and opinions – for the purpose of enabling the board to adopt its decisions with a better knowledge of the facts.

Such role may be particularly effective in relation to the handling of matters, which appear to be delicate also because they are a source of potential conflicts of interest.

For this reason, in the articles below the Code recommends the establishment of a committee for the remuneration (Article 7) and an internal control committee (Article 8), also defining their composition and competences; the Code, moreover, recommends to evaluate the advisability to establish a nomination committee (Article 6).

This article contains general indications concerning all three of the above-mentioned committees and additional consultative committees of which the issuer should deem it useful the establishment.

Such indications are inspired by the need of flexibility, which takes into account the features of each issuer, in relation, for example, to the size of its Board of Directors.

With regard, in particular, to the number of committees, it is clarified that, in the presence of organizational requirements, the board may group the functions assigned to the committees provided by the Code in the manner that it deems more appropriate, in compliance with the rules relating to the compositions of each committee. Should this be the case, the board is required to explain in its report on corporate governance, the reasons that led it to choose an alternative approach and how this approach permits to achieve anyway the goals fixed by the Code for each committee.

The powers of individual committees, in particular those having for their object the direct access to the necessary company's information and departments for the performance of their duties, are determined by the board in the framework of the mandate conferred on them.

The Company Board of Directors has provided, with resolution of 12th May 2006, for the constitution of committees with proposal and advisory functions.
In particular, the following committees have been set up:

- Remuneration Committee;
- Internal Control Committee;
- Nominating Committee;

as recommended by article 5 - Comment - of the Corporate Governance Code.

The above mentioned Committees are composed of three members, mostly independent, in line with the recommendations in the Corporate Governance Code.
In particular, the Remuneration Committee is made up of one non-executive Director, Maurizio Rizzoli, and two independent Directors, Francesco Rossi and Lamberto Lambertini. The Internal Control Committee is composed of one non-executive Director, Maurizio Rizzoli, and two independent Directors, Francesco Rossi and Lamberto Lambertini; the Nominating Committee includes one executive Director, Giuseppe Dal Cortivo and two independent Directors, Francesco Rossi and Lamberto Lambertini.

These Committees operate in compliance with the indications in article 5 – Applicative Criteria - of the Corporate Governance Code.

ARTICLE 6 – APPOINTMENT OF DIRECTORS

Principles

6.P.1. The appointment of Directors shall occur according to a transparent procedure.
The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.
6.P.2. The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.

Criteria

6.C.1. The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete of the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.
6.C.2. Where established, the committee to propose candidates for appointment to the position of director, may be vested with one or more of the following functions:
a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director;
b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders;
c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.

Comment

The Committee recommends that for the appointment of directors a procedure be followed, which should ensure transparency and a balanced composition of the board, guaranteeing an adequate number of independent directors.
To such purpose, issuers are required to evaluate whether it is useful to establish, within the Board of Directors, a nomination committee, made up for the majority of independent directors, vested with one or more of the functions listed in the criteria. The Committee acknowledges that such solution is historically born in systems characterized by a high degree of fragmentation of the shareholding structure, for the purpose of ensuring an adequate level of independence of the directors with respect to the management. Above all, the Committee acknowledges that in the presence
of a large shareholder base it performs a function of particular importance in the identification of the candidates for the office of director. In any event, the nomination committee may perform a useful consultative role in the identification of the best composition of the board, possibly indicating the professional figures whose presence may favour a correct and effective functioning.
Also slate voting, now mandatory for the appointment of directors, may appear to be useful for the purpose of ensuring a transparent nomination procedure and a balanced composition of the board, which includes also an adequate number of independent directors. In this regard, the Committee wishes that the issuers should, in including in their by-laws the provisions of law in the matter of election of board members, ensure transparency in the selection and appointment process of directors.
The Committee believes that, while complying with the law with regard to the voting procedure to be adopted for the appointment of directors (secret voting), the chairman of the shareholders' meeting may point out to the shareholders attending the meeting that they have the right to declare their vote for the purpose of making the proceedings of shareholders' meeting more transparent and functional. It is, moreover, desirable that qualified shareholders (which include also controlling shareholders and institutional investors) in shareholders' meetings convened for electing Directors, declare their vote spontaneously.
In any event, it is in the best interest of the generality of shareholders to know the personal traits and professional qualifications of candidates (as well as the offices they hold) sufficiently in advance for them to be able to exercise their votes in an informed manner, especially in the case of institutional investors, which are often represented in shareholders meetings by proxies.

Nomination of the current Directors was carried out in full respect of the norm in force, i.e. by previously filing for candidature with detailed information on each of the names proposed by the shareholders, in accordance with article 14 of the Statute.

The nomination modalities of the Board of directors, stated in the aforementioned article 14 of said Statute, have therefore been modified by the Explanatory Report in order to adapt them to the provisions in Legis. Decree no. 58 of 24th February 1998 as well as to the provisions in the Governance Code.

In particular, in compliance with article 6 of the Governance Code, the Explanatory Report states that acceptance of the position of Director is subject to the person's having the individual requirements established by law and that an adequate number of Directors, in any case not less than the law requires, must have the requirements of independence established by law or by the behaviour codes of the companies that manage the markets where the financial instruments issued by the Company are negotiated.
Moreover, the Explanatory Report states that the Directors should be nominated by the Ordinary Shareholder Meeting on the basis of lists that the shareholders produce in which the candidates are listed in progressive order. Only those shareholders who, either alone or with other shareholders, make up one fortieth of the company capital or whatever the minimum percentage legally is, have the right to present lists. Each shareholder may introduce or partake of the presentation of just one list and each candidate may appear on just one list. Those candidates who do not conform to the requirements laid down by the law or the Statute, cannot be included on lists (barring all other reasons for ineligibility or withdrawal). The number of candidates on each list must not exceed the maximum number set previously by the Directors. A minimum number of candidates, equal to the minimum number set by law, must have the requirements of independence as previously stated. The lists of candidates must be filed at the Company head offices at least fifteen days before the date set for the Shareholders' Meeting and, will then be published immediately on the Company's Internet site. The lists must be accompanied by:
a) a detailed description of the personal and professional characteristics of each candidate, indicating his suitability for the position of independent Director;
b) a declaration with which each candidate accepts the candidature and declares, under his own responsibility, that there are no reasons for his ineligibility and incompatibility and that he has the necessary legal requirements;
c) copy of any certificates from certified brokers and proof of ownership of the number of shares necessary for presenting the lists.
The lists, or single candidatures, that are presented without observing the previous provisions, except for those of the Company, will not be taken into consideration. Moreover, those lists that do not reach the legal minimum number of votes will not be considered. All persons with the right to vote may vote for one list only.
Election of the Directors will proceed as follows:
a) from the list that received the majority of votes at the Meeting, and, on the basis of the progressive order in which the candidates have been listed, the total number necessary of Directors will be elected, except for the minimum number reserved by law to the minorities;
b) from the list that received the second largest number of votes at the Meeting, which is not connected in any way, not even indirectly, with the previous list in letter a), a number of Directors will be taken that is equal to

the minimum number in a), in accordacne with the progressive order of the names on the list.
If the nomination of the number of independent directors is not ensured by the election of candidates in the above-described manner, the last non-independent candidate/s elected on the list, in progressive order, with the greatest number of votes, will be substituted by the first unelected independent candidate/s, according to the respective progressive order, from the list that obtained or, if insufficient, the lists that obtained, the greatest number of votes. If the lists continue to receive the same number of votes, an equal number of Directors will be taken from each one, again according to the progressive order. If only one list has been filed or voted for, all of the Directors will be taken from this list.
The candidate at the top pf the list which received the greatest number of votes will be invested with the position of Chairman of the Board of Directors.

As previously stated, the Company Board of Directors, with deliberation of 12th May 2006, set up a Nominating Committee, having duties in accordance with article 6.C.2. of the Corporate Governance Code.

ARTICLE 7 – REMUNERATION OF DIRECTORS

Principles

7.P.1. The remuneration of directors shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully.

7.P.2. The remuneration of executive directors shall be articulated in such a way as to align their interests with pursuing the priority objective of creating value for the shareholders in a medium-long term timeframe.

7.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of non- executive directors, the majority of which are independent.

Criteria

7.C.1. A significant part of the remuneration of executive directors and executives with strategic responsibilities is linked to the economic results achieved by the issuer and/or the achievement of specific goals indicated in advance by the Board of Directors or, in the event of the above-mentioned executives, by the managing directors.

7.C.2. The remuneration of non-executive directors shall be proportional to the engagement requested from each of them, taking into account their possible participation in one or more committees. Their remuneration shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of stock option or equity based remuneration plans, unless it is so decided by the shareholders' meeting, which shall also give the relevant reasons.

7.C.3. The remuneration committee shall:

– formulate proposals to the board for the remuneration of the managing directors and other directors who cover particular offices, monitoring the application of the decisions adopted by the board;

– periodically evaluate the criteria adopted for the remuneration of executives with strategic responsibilities, control their application on the basis of the information provided by the managing directors and submit to the Board of Directors general recommendations on the subject matter thereof.

7.C.4. No director shall participate in meetings of the remuneration committee in which proposals are submitted to the Board of Directors relating to his/her remuneration.

Comment

The Committee believes that an adequate structuring of the overall remuneration of managing directors represents one of the principal instruments for enabling the alignment of the relevant interests with those of the shareholders and that the use of variable remuneration systems, linked to the results, including stock options, make it easier to motivate the entire top management and promote its loyalty.

The Board of Directors has the duty to decide, upon proposal of the remuneration committee, whether to utilize such remuneration systems in an extensive manner and to define the objectives of the managing directors. As regards, in particular, the compensation plans based on shares, in compliance with the applicable provisions of law, the board has the task to define and submit proposals to the shareholders' meeting, to which Italian regulation ascribes the ultimate decision.

The remuneration committee shall submit to the Board of Directors proposals on the remuneration of managing directors, with regard to the several forms of compensation granted to them.

The remuneration committee also has the duty to propose to the board, on the basis of the indications provided by the managing directors, the adoption of general remuneration criteria of the company's executives with strategic responsibilities.

As far as the part of remuneration linked to the results is concerned, the relevant proposals are accompanied by suggestions on the connected objectives and the evaluation criteria, for the purpose of correctly aligning the remuneration of managing directors and executives with strategic responsibilities with the mediumlong term interests of the shareholders and with the objectives established by the Board of Directors for the issuer. Also the reference to the average market remuneration of similar positions may be useful for the purpose of determining the remuneration level, but this however, cannot leave out of consideration appropriate parameters linked to the performance of the company.

With reference, in particular, to stock-options and other equity based incentive systems, the remuneration committee shall submit its recommendations to the Board of Directors with regard to their use and to all relevant technical aspects linked to their formulation and application. In particular, the remuneration committee shall submit proposals to the Board in relation to the incentive system considered the most appropriate (stock options, other equity based plans) and shall monitor the evolution and application in the course of time of the plans approved by the shareholders' meeting upon proposal of the board.

As previously mentioned, with deliberation on 12th May 2006, the Company Board of Directors nominated the Remuneration Committee.

Except for the those binding duties reserved only to the Company Board of Directors, as outlined in article 2389 of the Civil Code, the Remuneration

Committee, during the above deliberation, was given the task of formulating proposals for the remunerations of the operational Directors', and, if necessary, the managing directors, in accordacne with article 7.C.3. of the Corporate Governance Code.

The remuneration of Company Executive Directors, in accordance with articles 7.P.2. and 7.C.1. of the Corporate Governance Code, calls for one fixed component and a variable component, depending on the achievement of pre-determined objectives.
In particular, the Shareholders' Meeting of 28th April 2006 established that Directors by proxy should receive a fixed annual gross remuneration of Euro 140,000/00 (one hundred and forty thousand/00) and a variable annual gross compensation to a maximum of Euro 20,000/00 (twenty thousand/00) in relation to the attainment of company objectives. The decision was then referred to the Remuneration Committee for settlement.
The Remuneration Committee established that such amounts would be available on achievement of the following company objectives: a 10% increase in the Gross Operational Result and a 2% increase in production volume. In compliance with article 7.C.4. of the Corporate Governance Code, no director took part in any Remuneration Committee meeting where decisions were taken on proposals concerning his own remuneration.
For those Directors by proxy who are also employed by the Company, the afore-mentioned Meeting set a fixed annual gross remuneration of Euro 15,000/00 (fifteen thousand/00) and a gross remuneration, called token of attendance, of Euro 600/00 (six hundred/00) each time the person concerned attends Board Meetings.
The remuneration of non-executive Directors also conforms to the recommendations in article 7.C.2. of the Corporate Governance Code and has a fixed remuneration and a gross remuneration, called token of attendance, each time the person concerned attends a Board Meeting.

In fact, at the above-mentioned deliberation, the Meeting set a fixed annual gross remuneration for non-delegated and/or independent Directors of Euro 10,000/00 (ten thousand/00), and a token of attendance of Euro 600/00 (six hundred/00) each time the person concerned attends a Board Meeting.

ARTICLE 8 – INTERNAL CONTROL SYSTEM

Principles

8.P.1. The internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.

8.P.2. An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the compliance with laws and regulations.

8.P.3. The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.

8.P.4. The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.

Criteria

8.C.1. The Board of Directors, with the assistance of the internal control committee, shall:

a) define the guide-lines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the company;

b) identify an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;

c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;

d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.

Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's Policies.

8.C.2. The Board of Directors shall exercise its functions relating to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organization and management models adopted pursuant to legislative decree no. 231 of 8th June 2001.

8.C.3. In addition to assisting the Board of Directors in the performance of their duties set out in criterion 8.C.1, the internal control committee shall:

a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet;

b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system;

c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;

d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any;

e) supervise the validity of the accounting audit process;

f) perform any additional duties that are assigned to it by the Board of Directors;

g) report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system.

8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.

8.C.5. The executive director responsible for supervising the functionality of the internal control system, shall:

a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;

b) implement the guidelines defined by the Board of Directors, through the design, implementation and

management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;
c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.
8.C.6. Each person in charge of internal control shall:
a) ensure that the internal control system is always adequate, fully operating and effective;
b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions;
c) have direct access to all useful information for the performance of his/her duties;
d) have the availability of adequate means for the performance of the functions assigned to him/her;
e) report about his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system.
In particular, he/she shall report about the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.
8.C.7. The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.
8.C.8. The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.

Comment

The Committee underlines the central position of the Board of Directors in the internal control: the board is responsible for the adoption of a system that is adequate to the characteristics of the company.
The Committee recommends that the Board of Directors organizes itself in such a manner as to be able to handle this issue with due attention and the necessary indepth study. In this regard, a crucial importance is vested by a good organization of the works, so that the matters connected to internal control in general, and risk management, in particular, may be discussed during the board's meetings with the support of adequate research and preparatory work.
The due diligence and preparatory activity is typically carried out by the internal control committee, made up of non-executive directors, the majority of which are independent (or exclusively independent, in the event that the issuer is controlled by another listed company), to which consultative and proposing functions are attributed; the role of such committee remains separate from the role attributed by the law to the Board of Auditors, which performs mainly an ex post control function.
The Committee is aware that, in addition to the different functions performed, the internal control committee carries out activities the objective scope of which coincides in part with the matters submitted to the supervision of the Board of Auditors.
It deems, therefore, appropriate that the Board of Directors benefits from an adequate preparatory support in these matters and that such support may be profitably provided by the internal control committee. In such context, the issuers are recommended to coordinate the activity of this committee with that of the Board of Auditors. In the framework of such coordination, the issuers may cause that certain functions provided by this article – in particular those set out in letters c), d) and e) of criterion 8.C.3. – are carried out by the Board of Auditors, provided, however, that this occurs according to adequate procedures, which should enable the Board of Directors to find in the works of the Board of Auditors, made timely available to them, an exhaustive analysis of the matters forming the object of its responsibilities.
According to the introduction principle, the organizational choices made in this respect and the relevant reasons shall be disclosed to the shareholders and the market in the report on corporate governance.
The prerogatives of the internal control committee set out in the Code represent an open list, to which other functions may be added. An important role may be attributed to this committee in the preparation of measures and systems aimed at ensuring transparency and fairness to the transactions with related parties and in the approval of these transactions, as described in Article 9 below.

The Company has an internal control system made up of a set of rules, procedures and organised structures with the aim of creating, by means of a process of identification, management and monitoring of the main risks, a healthy and correct running of the business, as laid down by article 8.P.1. of the Corporate Governance Code.

The responsibility of the internal control system lies with the Board of Directors, who must evaluate its adequacy in terms of the Company characteristics and define the lines it should take, in accordance with article 8.P.3. and article 8.C.1. a) of the Corporate Governance Code.

In particular, the Company Board of Directors, with deliberation on 18th May 2006, set up, as previously mentioned, the Internal Control Committee in accordance with article 8.P.4. of the Corporate Governance Code.
Said Committee should carry out the functions laid down by the Corporate Governance Code itself, which will be progressively applied, bearing in mind the dimensions and particular characteristics of the Company.
At a later deliberation on 10th November 2006, the Company Board of Directors nominated the person responsible for the function of Internal Audit.
Taking into account the necessary characteristics for carrying out said function, Mr. Michele Miazzi was nominated due to his specific skills in this matter, his autonomy and independence as well as his knowledge of the structure of both the Company and the Group.
The aforesaid Board of Directors approved the Organizational and Managerial Model, which follows the directives of Legis. Decree 231/2001 (including specific procedures for the management of financial resources), and which aims at preventing any illicit acts, as laid down by the Decree itself, and being part of a wider system of Company control and risk management.
On the same date, the Company Code of Ethics, which summarises the standards and values that the Group deems fundamental for the correct and fair running of business and of company policies, was also approved.
The Code of Ethics and the Organizational and Managerial Model are available on the Company's Internet site at www.cadit.it.
At the same time the Supervisory Body, of joint composition, was also nominated in accordance with the provisions laid down by the norms in force.
The Company Supervisory Body is made up of the Internal Control Committee.
In accordance with the recommendation in article 8.C.1 b) of the Corporate Governance Code, the Board of Directors also granted the Executive Director, Giampietro Magnani, with the task of supervising the work of the internal control system.
The aforesaid Executive Director, in accordance with article 8.C.5. of the Corporate Governance Code, is responsible for identifying the main company risks and bringing them before the Board for examination; for putting the Board's policies into effect through the planning, management and monitoring of the Internal Control system and for proposing the nomination of one or more persons to assist in internal control.
In accordance with the recommendations in articles 8.C.6., 8.C.7. and 8.C.8. of the Corporate Governance Code, the Board of Directors has nominated the person responsible for the position of Internal Audit.
The person in charge of internal control will refer to the Executive Director responsible for supervising the internal control work as well as the Internal Control Committee and the Board of Auditors, and will have the means to carry out his duties efficiently.

Lastly, the Explanatory Report states that the Board of Directors, on obligatory agreement of the Board of Auditors, should nominate the manager responsible for drafting the company's financial documents from among its employees or collaborators who have at least two-years' experience in an adequately responsible position in the administrative and/or financial area of the Company, or in other companies. The remuneration for this position should be determined by the Board and the person should be granted the powers and means to carry out his/her work, in accordance with the law.

The manager responsible for the drafting of company's financial documents may be removed from this position on deliberation of the Board of Directors and on obligatory agreement of the Board of Auditors.

Nomination of the manager responsible for drafting the company's financial documents will be carried out, in accordance with the law, by June 30th 2007.

ARTICLE 9 – DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES.

Principles

9.P.1. The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.

Criteria

9.C.1. The Board of Directors shall, after consulting with the internal control committee, establish approval and implementation procedures for the transactions carried outby the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting with the internal control committee and/or with the assistance of independent experts.

9.C.2. The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.

Comment

The new provisions contained in the Italian Civil Code regarding directors' interests and transactions with related parties (Articles 2391 and 2391-second) dictate a precise set of rules governing the matter, for a good part adopting the basic principles introduced by the previous version of the Corporate Governance Code. Therefore, the definition of best practice simply clarifies certain aspects relating to the procedures for handling said transactions.

First of all, the Committee wishes that adequate practices are adopted by the Board of Directors, aimed at pursuing the objective, now expressly provided by the law, of substantial and procedural fairness in the transactions with related parties. The Committee recommends, in this respect, that the Board of Directors shall avail itself of the support of the internal control committee in defining the approval and execution procedures of the above-mentioned transactions. The practice has identified, on this issue, several criteria, which may be adopted, also cumulatively, for ensuring a sub-stantial procedural fairness of such transactions. In this regard, the following criteria are mentioned, by way of example: reserving to the competence of the board the approval of the most important transactions, the provision of a prior opinion of the internal control committee, entrusting negotiations to one or more independent directors (or directors having no ties with the related party), the recourse to independent experts

(possibly selected by independent directors). The concrete implementation of the above or similar measures cannot be left to the self-regulation power of the board – even though in compliance with the general principles indicated by Consob pursuant to Article 2391-bis of the Italian Civil Code – depending on the type and relevance, from an economic and/or strategic standpoints, of the transactions as well as the nature and extent of the existing relations with the counter-parties.

As far as the transactions in which a director has an interest, either directly or on behalf of third parties, are concerned, the Committee recommends that the Board of Directors looks for solutions that adapt the need for transparency and fairness stressed by the provisions of law with the advisability of avoiding an increase in the activity of the Board of Directors with excessively burdensome fulfilments. This refers in particular to those events where the director of the issuer is a representative of the company exercising the management and control activity, taking into account

that in such a circumstance Articles 2497 and following of the Italian Civil Code provide for incisive measures for the protection of shareholders.

In general, in the events in which the director is a bearer of an interest since he/she is member of the board of directors of a company linked to the issuer by a control (or common control) relationship, it seems reasonable that any obligations to provide information and/or reasons relating to the transactions included in the normal activity of the group, should be performed in a general synthetic manner also on a preventive basis, save for the need to provide supplemental information with regard to transactions of particular importance.

With regard to the handling of the transactions governed by Article 2391 of the Italian Civil Code, it is pointed out that in practice it is not seldom that the director concerned – even though there is no obligation provided by the law in this regard – is asked to abstain from voting or to leave the meeting at the time of the discussion and resolution. This solution may contribute to avoiding or reducing the risk of an alteration of the correct formation of the will by the board of directors. However, there are also events in which such risk is not significant and, conversely, the participation in the discussion and vote by the director on an issue would be appropriate, since there are elements of assumption of responsibility with regard to the transactions that the director concerned might know better than the other members of the board. In the light of the above, the practice that contemplates the obligation to abstain from voting could also attribute to the board, in consideration of the specific circumstances of the case, the power to dispose otherwise and in this way permit

the participation in the discussion and vote by the director concerned.

Article 14 of the Company Statute states that examination and approval of transactions with correlated parties is part of the exclusive competence of the Board of Directors. Transactions with correlated parties are registered in the section of the balance management report for 2006. The concept of correlated parties is taken from the international accounting standaards (IAS 24).

In order to conform to article 9 of the Corporate Governance Code, the Explanatory Report states that transactions between the Company and its subsidiaries should be subject to examination and preventive approval of the Board of Directors when such transactions have a meaningful strategic, economic, patrimonial or financial importance for the Company. Attention should be paid to those situations in which one or more Directors have particular interests, either personally or towards third parties, and to correlated party transactions, and the general criteria for identifying transactions of significant importance should be established.

In order that this provision be activated punctually, the Company is setting up a new *ad hoc* procedure for the approval and carrying out of transactions with the correlated parties of the Company and its subsidiaries.

This procedure will be subject to the Board's approval during 2007 on agreement with the Internal Control Committee.

ARTICLE 10 – MEMBERS OF THE BOARD OF AUDITORS

Principles

10.P.1. The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.

10.P.2. The auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.

10.P.3. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors.

Criteria

10.C.1. The lists of candidates to the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists complete of the information on the characteristics of the candidates shall be timely published through the internet site of the issuer.

10.C.2. The auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors.

The Board of Auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.

10.C.3. The auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

10.C.4. An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.

10.C.5. The board of auditors shall monitor the independence of the auditing firm, verifying both the compliance with the provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.

10.C.6. In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.

10.C.7. The board of auditors and the internal control committee shall timely exchange material information for the performance of their respective duties.

Comment

As provided in Article 6 for the appointment of directors, the Committee recommends that the members of the board of auditors should similarly be elected by means of a transparent procedure and that shareholders should receive the information they need to exercise their voting rights in an informed manner.

Also in the event of shareholders' meetings for the appointment of auditors the same observations as set out in the comment to Article 6 on the appointment of directors apply, in particular regarding the need for transparency of the votes expressed by qualified shareholders, also in the presence of a voting system by secret ballot, if it is considered applicable to the matter under review. Therefore, reference is made to such observations.

The Committee believes that in a correct system of Corporate Governance the interests of the generality of shareholders must all be put on the same footing and equally protected and safeguarded.

The Committee is convinced that the interests of the majority and those of the minority shall be both be taken into consideration in the election of the governing bodies; subsequently, the governing bodies, and hence also the members of the board of auditors, must work exclusively in the interest of the company and to create value for the generality of shareholders.

Accordingly, the members of the board of auditors proposed or elected by the majority or the minority are not their "representatives" on the board and even less are they authorised to communicate information to third parties, especially the shareholders who elected them. They shall also comply with the same transparency procedure provided for the directors in the event of transactions in which they are bearers of an interest on their behalf or on behalf of third parties.

Finally, the Committee recommends a regular exchange of information between the board of auditors and the bodies and functions, which perform within the issuer material duties in the subject matter of internal controls.

The Auditors are autonomous and independent, even in regard to the shareholders who elected them, in accordance with 10.P.2. of the Corporate Governance Code.

The Company Board of Auditors, nominated by the Shareholders' Meeting on 28th April 2006, is made up of: Giannicola Cusumano (Chairman); Renato Tengattini (Regular Auditor); Gian Paul Ranocchi (Regular Auditor); Cesare Brena (Alternate Auditor) and Luca Signorini (Alternate Auditor).
The Board of Auditors will remain in office until the Shareholders' Meeting approves the 2008 balance.

The curriculum vitae of the Auditors are briefly summarised below.

GIANNICOLA CUSUMANO
Personal details:
Born inVerona on 31st July 1949.
Graduated in 1975 in Company Economics at the Business University "Luigi Bocconi" in Milan.
Professional positions:
Owner of "FCBF PROFESSIONISTI ASSOCIATI" in Verona.
Regular Auditor of:
Deval S.p.A.;
Deval energie Sr.l.;
S.I.A. Industria Accumulatori S.p.A.;
Santex S.p.A.;
Lavorazione Sociale Vinacce di Modena – Soc. Coop. Agricola;
BH Holding S.p.A.;
Brendolan Service S.r.l.;
Agricola Valle Tagli Sr.l.;
Morteo Container S.p.A.;
Cantina sociale di Soave;
Officina Meccanica f.lli Tabarelli S.p.A.;
Immobiliare BPV S.r.l.;
Cartiere Saci S.p.A.;
Burti f.lli s.r.l.;
Armo S.p.A. in liquidazione;
Mita Oleodinamica S.p.A.;
Cooperativa Tabacchi Verona Sc. Agricola;
Marconcini Impresa Costruzioni Agricole e Stradali S.p.A.;
Retondini S.p.A.;
Eurofin S.r.l.;
CAD S.r.l.;
Bendinelli S.p.A.;
Centro Mostre S.r.l.;
Muraro S.p.A.;
Ferro S.p.A.;
ZIAC S.p.A.;
G.M. S.r.l.;
Autosole S.p.A.;
Gruppo Rossetto S.p.A.;
Col-Agri S.r.l.;
Officine Crestati S.p.A.;
Pakelo Motor Oli S.r.l.;
Zapè S.p.A.;
Styleboiler S.p.A.;
Adriatica immobiliare S.r.l.;
G.C.N. S.p.A.;

Victor S.p.A.;
Idromec S.p.A.;
Istituto Iperbarico S.p.A.;
Immobiliare San Rocco S.p.A.;
Rossetto Group S.p.A.;
Immobiliare Cinquerre S.p.A.;
Rossetto Trade S.p.A.;
Idb S.p.A.;
Mizar Mediaservice S.p.A.;
Parolini Giannantonio S.p.A.;
Piva Group S.p.A.;
Consorzio formazioni Tecnici delle Costruzioni e Territorio;
Ente Scuola Edile Veronese.
Director of:
Novagest Sim S.p.A.;
E.C. Partners S.r..
Managing Director of:
Laguna Bianca S.r.l.;
Il Quadrato S.r.l.;
Adria Investimenti Finanziari S.p.A.

RENATO TENGATTINI
Personal details:
Born in Paratico (BS) on 6th January 1956.
Professional positions:
Member of the Studio Associato Campedelli di Verona.
Regular Auditor for:
G.D.M. S.r.l.;
Zucchelli Forni S.p.A;
Scaligera Autocarri S.p.A;
Ingessil S.r.l.;
Santa Maria S.r.l.;
Hotel Leopardi S.p.A;
Aco Sil S.r.l.;
Corte Giara S.r.l.;
Zanetti S.r.l.;
A.T.E. S.r.l.;
Garonzi nMotors S.r.l.;
I.Var. Industry S.r.l.;
Pan Crystal Riproduzione S.p.A.
Chairman of the Board at:
Paluani S.p.A.
Director at:
Immobiliare Berardi S.p.A.
Managing Director of:
Ypnos Corporation S.r.l.

GIAN PAOLO RANOCCHI
Personal details:
Born in Verona on 7th April 1961
Professional positions:

Partner of "Studio Fermi Commercialisti Associati" in Verona.
Regular Auditor for:
Biondini S.r.l. Pavimenti e Rivestimenti;
Informatica Veneta S.p.A;
Gruppo Napoleon S.p.A.;
Stocchero Attilio & C. S.r.l.;
Gamma Ufficio S.p.A.;
Multiutility S.p.A.;
Premium Wine Selection P.W.S. S.r.l.;
Trevisan Cometal S.p.A.;
Biondani – Saccomani S.r.l.;
Centro San Floriano S.r.l. S.P.D.;
Conceria di Vestina S.r.l.;
Valmen Euroimmobiliare S.p.A.
Director at:
C.M.R. Service s.r.l.;
Studio Administra S.r.l.;
Collegio Ragionieri commercialisti di Verona
Managing Director of:
Fario S.r.l.

CESARE BRENA
Personal details:
Born in Verona on 11th January 1965
Graduated in 1989 in Company Economics at the Business University "Luigi Bocconi" in Milan;
Professional positions:
Owner of "FCBF Professionisti Associati" in Verona.
President of the Board of Auditors or Regular Auditor for:
Burti F.lli S.r.l.;
Cartiere Saci S.p.A.;
Centro mostre s.r.l.;
Cemont S.p.A.;
Deval S.p.A.;
Deval Energie S.r.l.;
Eneco Trade S.r.l. ;
Equilon S.p.A.;
Eurofin S.r.l.;
Fondo Pensioni fondo Complementare a capitalizzazione a Contribuzione Definitiva per i lavoratori di Cariverona S.p.A.;
Fro S.p.A.;
Futuro S.p.A.;
Gecos S.p.A.;
Gruppo PAM S.p.A.;
Gruppo Rossetto S.p.A.;
Idromec S.p.A.;
Immobiliare Cioquerre S.p.A.;
Inerteco S.r.l.;
Inerti San Valentino S.r.l.;
Linea S.p.A.;
MHT S.p.A.;
Muraro S.p.A.;

Officina meccanica f.lli Tabarelli S.p.A.;
Pakelo Motor Oli S.r.l.;
Parolini Giannantonio S.p.A.;
Property Three S.p.A.;
Rossetto Group S.p.A.;
Rossetto Trade S.p.A.;
Veneta Saldatura S.r.l.;
Wind Turbines Engineering 2 S.r.l.;
A.I.L. Verona ONLUS;
Fed. Reg. Agricoltori Veneto.
Incarichi di amministrazione:
Adriatica Immobili S.r.l.;
Pafinco S.A.;
Azienda Agricola Palazzina S.S.

LUCA SIGNORINI
Personal details:
Born in Verona on 12th July 1967
Professional positions:
Partner of "Studio Fermi Commercialisti Associati" in Verona
Regular Auditor for:
Giemmevil S.r.l.;
Premium Win Selection P.W.S.
Valmen Euroimmobiliare S.p.A.;
Odem S.r.l.
Director at:
C.M.R. Service S.r.l.;
L.& t. Service S.r.l.;
Managing Director of:
Van Paoluk S.r.l.;
ASP Holding S.r.l.

In compliane with art. 148 paragraph 2 bis of Legislative Decree no. 58 of 24th February 1998, the Chairman of the Board of Auditors was nominated by the Shareholders' Meeting from among the Auditors elected by minority.
The Board of Auditors met five times in 2006.
To ensure that nomination procedures for the position of Company Auditor fully respect the recommendations in article 10 – Applicative Criteria - of the Corporate Governance Code, the Explanatory Report states that nomination to the Board of Auditors should be based on lists presented by the shareholders bearing the names of candidates in a progressive order.
The list should have two sections: one for candidates for the office of Regular Auditor and the other for candidates for the office of Alternate Auditor.
Only those shareholders who, either alone or with others, are owners of at least 2.5% of the capital, or another percentage that the law may establish, with the right to vote at the Ordinary Meeting, have the right to present a list.

No shareholder, including those in the same group, can, even through a third party or trust company, present more than one list or vote for different lists. Each candidate can be included on just one list. Doing otherwise will lead to ineligibility.
No candidate who holds an auditor position at a further five quoted companies can be placed on lists (this limitation does not include the Company, its controlling company and subsidiaries). Neither can he be listed if he does not have the respectability and professionalism requirements laid down by the applicable norm. Other limitations established by law may apply on the accumulation of positions held. In this case the minimum measure will be taken.
Exiting Auditors may be re-elected. Lists must be sent to the Company head offices at least fifteen days before the date set for the first summons of the Shareholders' Meeting and this will also be mentioned in the summons announcement. The lists will also immediately be published on the Company Internet site.
On filing, a list must be accompanied by:

- detailed information on the candidate's personal and professional characteristics, on his acquired skills and experience gained, with proof of offices of directorship or auditing held in other companies;
- declarations with which each candidate accepts his candidature and which attest, under his own responsibility, the non-existence of reasons for ineligibility or incompatibility as well as his compliance with the legal and statutory requirements in regard to these positions;
- copy of any certificates from certified brokers that demonstrate that the candidate owns the necessary number of shares required to be placed on lists.

Any lists that do not conform to the above conditions will not be taken into consideration.
The lists, together with information on the characteristics of the candidates, will immediately be published on the Company Internet site.
Election of the Auditors proceeds as folows:
- from the list that received the greatest number of votes at the Shareholders' Meeting and on the basis of the progressive order in which the names have been placed in the sections of the list, two regular auditors and one alternate auditor will be taken;
- from the second list that received the highest number of votes at the Shareholders' Meeting and on the basis of the progressive order in which the names have been placed in the sections of the list, the remaining regular auditor, who will also be the Chairman of the Board of Auditors, where the law in force requires it, and another alternate auditor will be taken.
The chairmanship of the Board of Auditors, where not reserved by law to the Auditors expressed by the minority, will be attributed on deliberation of the shareholders' meeting to one of the Regular Auditors. If the norm and statutory requirements are not met, the Auditor will lose his position.
If an Auditor is to be substituted, a substitute on the same list as the exiting one will take his place.
The nomination of the Auditors for integration onto the Board of Auditors, in accordance with article 2401 of the Italian Civil Code, will be carried out by the Shareholders' Meeting with the majorities laid down by the law, and taken from the nominations that the shareholders themselves have listed in the same list as the exiting Auditor. If this is not possible, the Shareholders' Meeting will have to make a substitution with the legal majorities.

The Board of Auditors, moreover, in compliance with the rules of the Corporate Governance Code:

shall monitor the independence of the auditing firm (Article 10.C.5.);

- has the faculty to ask the Internal Audit office for verifications on specific operating areas or company transactions (Article 10.C.6.);
- shall exchange material information with the Internal Control Committee (10.C.7.).

ARTICLE 11 – RELATIONS WITH THE SHAREHOLDERS

Principles

11.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.
11.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.

Criteria

11.C.1 The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer that is material for its shareholders is timely and easy to access, so as to allow the shareholders an informed exercise of their rights.
To such purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures provided for the participation and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.
11.C.2. The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.
11.C.3. The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in the shareholders' meeting and exercise their voting right.
11.C.4. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information.
In particular, the Board of Directors shall report to the shareholders' meeting with regard to the performed and planned activity and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to take in an informed manner the decisions that are the competence of the shareholders' meeting.
11.C.5. The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.
11.C.6. In the event of a significant change in the market capitalization of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by laws as regards the minimum percentage required for exercising actions and rights provided for as a protection of minority interests.

Comment

The Committee believes that it is in the best interests of the issuers to establish a continuing dialogue with the generality of the shareholders, and in particular, with institutional investors, in compliance with rules and procedures governing the disclosure of price-sensitive information.
In such context, the shareholders' meeting remains an important opportunity of confrontation between shareholders and directors.
Accordingly, the Committee recommends that, in choosing the place, date and time for shareholders' meetings, directors should bear in mind the objective of making it as easy as possible for shareholders to attend. Further, since such meetings are an occasion for dialogue between shareholders and directors, the Committee wishes the director be present, especially those who, in consideration of the duties with which they are entrusted in the Board of Directors and/or the committees of the board, can make a useful contribution to the discussion in the meeting. The information to the shareholders' meeting about the most significant transactions shall be sufficiently analytical, so as to enable the understanding of the benefits deriving to the issuer from the transactions, in particular with regard to transactions with related parties and those possibly influenced by the person who exercises management and coordination activity on the issuer.
The Committee also recommends that issuers establish rules for shareholders meetings laying down the procedures to be followed in order to permit an orderly and effective conduct of business, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.
The matters covered in the rules can include, inter alia, the maximum duration of individual interventions, their order, the voting procedures, the interventions by directors and members of the board of auditors, as well as the powers of the chairman, also with regard to settling or preventing conflicts in meetings.
With reference to the legal provisions protecting the rights of minorities that require minimum percentages to be fixed for the exercise of voting rights and the prerogatives of minorities, the Committee recommends that

directors should regularly assess the desirability of adapting such percentages in line with the evolution of the company's size and shareholder structure.
The Committee believes that it is not its responsibility to take into consideration the behaviours of institutional investors. The Committee, however, is of the opinion that the acknowledgement by them of the importance of the corporate governance rules contained in this Code may represent a significant element for the purpose of a more convinced widespread application of the principles of the Code by the issuers.

The Company, in order to promote the greatest possible participation of shareholders at the shareholders' meetings and to make the carrying out of shareholders' rights easier, in accordance with article 11.P.1. and article 11.C.1. of the Corporate Governance Code, shall publish company information, periodical and extraordinary economic-financial information and corporate governance documents on its internet web-site.

With the resolution of 18th april 2006, Mr. Paolo Dal Cortivo became the Company's manager for handling relationships with institutional investors, Company shareholders, Borsa Italiana S.p.A and CONSOB, supplying them with notifications and mandatory information, as laid down by the laws in force and/or the rules concerning the best international practice, in respect of said rules and of the Company's own internal regulations, in accordance with article 11.C.2. - of the Corporate Governance Code.
For the purposes of a more efficient management of assembly business, the Shareholders' Meeting, on 29th June 2000, approved the attached Shareholders' Meeting Regulation (Attachment 1).

Verona, 27 March 2007

For the Board of Directors
The President
Giuseppe Dal Cortivo

SECTION II – TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Internal Control Committee •		Remuneration ♦ Committee		*Eventual* Nominating Committee ◊		*Eventual* Executive Committee	
Office Held	*Members*	*Executive*	*Non - Executive*	*Independent*	*** *	Number of other positions held **	***	****	***	****	***	****	***	****
Chairman and Managing Director	Dal Cortivo Giuseppe	X			100	0					X			
Managing Director	Magnani Giampietro	X			86	0								
Managing Director	Zanella Luigi	X			100	0								
Director	Rizzoli Maurizio		X		100	0	X	100	X	100				
Managing Director	Dal Cortivo Paolo	X			100	0								
Director	Lambertini Lamberto		X	X	86	0	X	86	X	100	X			
Director (*)	Miazzi Alberto		X	X	100	0	X	100						
Director (**)	Margetts Michael		X		100	0								
Director	Rossi Francesco		X	X	100	3	X	100	X	100	X			
• Synthesis of the reasons for any absence of the Committee or any variation in its composition in terms of Code recommendations.														
♦ Synthesis of the reasons for any absence of the Committee or any variation in its composition in terms of Code recommendations.														
◊ Synthesis of the reasons for any variation of composition in terms of Code recommendations: nomination proposals are presented by the shareholders and by the entire Board.														

Number of meetings held during the fiscal year of reference	Board: 7	Internal Control Committee : 7	Remuneration Committee :1	Nominating Committee: 0	Executive Committee:

NOTES

(*)An asterisk between brackets indicates that the director held the position until its mandate matured (on 28.04.2006).
(* *) Two asterisks between brackets indicate that the director assumed the assembly position as a result of its deliberation on 28.04.2006.
* One asterisk indicates that the director has been designated his position through lists introduced by the minority.
** This column indicates the number of director or auditor positions held by the person concerned in other market quoted companies, including foreign ones, in financial, banking or insurance companies or other companies of significant dimensions. The Corporate Governance Report indicates the details of these positions.
*** In this column an "X" indicates that the Board member belongs to a Committee.
**** This column shows the percentage participation of the directors to Board and Committee meetings.

TABLE 2: BOARD OF AUDITORS

Office Held (office expiry 28.04.2006)	Members	Board meeting attendance record, in %	Number of other positions held **
Chairman	Mazzi Sonia	100	
Regular Auditor	Cereghini Giuseppe	50	
Regular Auditor *	Cusumano Giannicola	100	
Alternate Auditor	Ranocchi Gian Paolo	0	1
Alternate Auditor *	Brena Cesare	0	
Number of meetings held during the fiscal year of reference: 2			
The quorum required to file lists of candidates by minority shareholders (ex art. 148 TUF): 5%			

NOTES

* The asterisk indicates that the Auditor has been nominated through lists introduced by the minority.

** This column indicates the number of director or auditor positions held by the person concerned in other market Italian quoted companies. The Corporate Governance Report indicates the details of these positions.

Office Held (office expiry 28.04.2006)	Members	Board meeting attendance record, in %	Number of other positions held**
Chairman *	Cusumano Giannicola	100	
Regular Auditor	Tengattini Renato	100	
Regular Auditor	Ranocchi Gian Paolo	100	1
Alternate Auditor	Signorini Luca	0	
Alternate Auditor *	Brena Cesare	0	
Number of meetings held during the fiscal year of reference : 5			
The quorum required to file lists of candidates by minority shareholders (ex art. 148 TUF): 2.5%			

NOTES

* The asterisk indicates that the Auditor has been nominated through lists introduced by the minority.

** This column indicates the number of director or auditor positions held by the person concerned in other market Italian quoted companies. The Corporate Governance Report indicates the details of these positions.

TABLE 3: OTHER CORPORATE GOVERNANCE CODE REQUIREMENTS

	YES	NO	**Summary explanations of the reasons for deviating from the Code Guidelines**
System for delegating powers and handling transactions with related parties			
Has the Board of Directors delegated powers and defined::			
a) the scope of power	YES		
b) the manner in which the powers may be exercised and	YES		
c) regular reporting intervals?	YES		
Has the Board of Directors reserved the right to approve transactions of significance in the balance sheet, economic and financial figures (including transactions with related parties)?	YES		
Has the Board of Directors provided guidelines and criteria for identifying "significant" transactions?	YES		
Are these guidelines and criteria described in the Report?	YES		
Has the Board of Directors defined special procedures for reviewing and approving transactions with related parties?	YES		
Are the procedures for approving transactions with related parties described in the Report?	YES		
Procedures followed in the most recent appointments of directors and statutory auditors			
Were the names of candidates for the post of statutory auditor filed at least 10 days in advance?	YES		
When the names of candidates for the post of statutory auditor were filed, did the filing contain adequate information?	YES		
When the names of candidates for the post of director were filed, did the filing contain information about the qualifications of the candidates to serve as independent directors?	YES		
Shareholders' Meetings			
Has the company approved a Regulation for Shareholders' Meetings?	YES		
Is the Regulation attached to the Report (or does the Report indicate where the Regulation is available or downloadable)?	YES		
Internal Control			

Has the Company appointed Compliance Officers?	YES		
Are the Compliance Officers hierarchically independent of executives with operational responsibility?	YES		
Department in charge of internal control (as per Article 9.3 Internal of the Code)	The function proposed is Internal auditing		
Investor relations			
Has the company appointed an Investor Relations Officer?	YES		
Name of the Department and contact information of the Investor Relations Officer:	Ufficio Investor relations – Paolo Dal Cortivo – Via Torricelli 44/a 37136 Verona - tel +39 045 82 11 236 – e-mail investor@cadit.it		

ATTACHMENT 1:
SHAREHOLDER MEETING REGULATIONS

CAD IT S.pA.
SHAREHOLDER MEETING REGULATIONS

(approved by the Ordinary Meeting of 29.6.2000)

FIRST ITEM –
PRELIMINARY DISPOSITIONS

ART. 1 This Regulation governs the ordinary and extraordinary meeting of CAD IT S.p.A., with head offices in Verona, Via Torricelli no. 44/a (hereinafter, the "Company"), as of the moment in which the company shares are quoted on one of the markets organised and managed by Borsa Italian S.p.A.
For anything not expressly included in the Regulation, refer to the norms in force regarding Company shareholder meetings and, if they contrast with the contents of this Regulation, the latter prevails.
ART. 2 This Regulation, approved by the ordinary shareholders' meeting on 29th June 2000, is available to shareholders at the company head offices and in all places where shareholder meetings are held.

SECOND ITEM – SHAREHOLDER MEETING CONSTITUTION

ART 3 All those who have the right, either legally or in accordance with the Statute, to participate at meetings, can do so (hereinafter known as "Legal Participants"). It is possible to take part through a delegated representative as stated in art. 9 of the Statute.

1 Compared to the original text, the head offices, previously in Via Torricelli, no. 37, Verona, have changed address.

In any case, the person who takes part in the assembly, either personally or by delegation, must show identification by producing a suitable document also in terms of any possible legal powers that person may have.

ART. 4 Company employees and other persons (hereinafter "Guests"), on previous invitation from the Chairman of the Board, can attend the meetings as plain observers without the right to vote or intervene.
Moreover, office clerks and any non-member scrutineers, without being able to intervene, may attend meetings in order to carry out their functions as laid down in following Regulation articles.
As a rule, the Chief Executive Officer invites financial experts and analysts, representatives from the auditing company, which has been assigned the duties of reviewing the six-monthly and quarterly budget reports, and journalists from daily and periodical newspapers and radio-television networks to the meetings as "Guests" in accordance with the Consob recommendations to this purpose. The relative credits must be sent to the Company head office before the opening of the meeting.

On request of one or more Legal Participants, the chairman of the meeting (as stated in art. 8 – hereinafter "the Chairman") will read out the list of Guests and their qualifications at the beginning of the meeting.

ART 5. The Legal Participants must give all documents that legally prove their right to participate at the meeting to the Company's assistants at the entrance to the premises where the meeting is to be held (hereinafter, the "People in Charge"). They will be given a participation card, which must be safeguarded for the entire duration of the meeting and produced for any possible verification and must, in any case, be handed in if the participant leaves the meeting before its conclusion.
If any objection to the right to participate at the meeting should arise, the Chairman will make the final decision.
The Guests must identify themselves to the People in Charge at the entrance to the premises where the meeting is to be held and, if required, provide proof of identity.

ART 6. The Chairman has the faculty to decide whether the meeting should be video or audio recorded for the sole purpose of making it easier to draft the minutes.
No recording or photographic instruments of any kind or any other type of device may be brought into the meeting rooms by Legal Praticipants or Guests unless otherwise authorised by the Chairman.

ART. 7 All Legal Participants, who, for whatever reason, leave the meeting rooms, must inform the People in Charge. To be readmitted, they must provide the counterstub of their admission ticket.

ART. 8 At the time set in the meeting summons, and with a justified delay of no more than one hour, the Chairman of the Board will take the chair, or, in his absence, in compliance with the Statute, the eldest vice-chairman, if nominated. If unavailable, the eldest executive manager, if nominated, will chair the meeting.
Then the Chairman will inform the meeting of the names of the members of the Board of Directors and the Board of Auditors in attendance.

ART 9. The Chairman is assisted by the meeting secretary (as in accordance with art. 10 - hereinafter, the "Secretary"), by the other directors, the auditors, the notary, in cases laid down by art. 10, first paragraph, as well as by Company employees attending as Guests.
On the basis of the admission tickets handed to the People in Charge at the entrance, the Chairman, with the aid of the Secretary, will inform the meeting of the number of Legal Participants in attendance and the number of votes they have a right to.
The Chairman, with the aid of the People in Charge, will check the validity of delegated persons and the right to take part of all those intervening at the meeting and will inform the meeting of the result of this verification. If the Chairman considers one or more delegated persons to be illicit, he can refuse said person/s participation and the shareholder vote or the representation of those who are not in order.

The lists of the Legal Participants, indicating those effectively present at the moment of voting, are, together with the delegations, an integral part of the meeting report.
Once the quorum laid down in the Statute has been reached, the Chairman declares the meeting valid and ready. If the quorum is not reached, and more than one hour has gone by from the time set for the meeting to start, the Chairman will declare the meeting void and it will be postponed to the next summons. If the meeting is void, a report will be drafted and signed by the Chairman and an auditor, if present.

ART 10. The Chairman, once the meeting has been declared valid and the order of the day has been read out, in accordance with the law, will ask the meeting to appoint a Secretary to draw up the report or, on the Chairman's unquestionable decision, the task will be entrusted to a notary appointed previously by the Chairman himself. If the role of Secretary is not entrusted to a notary, the report will not be drafted as a public act unless the Chairman decides otherwise and he will duly inform the meeting.
The Secretary can be assisted by the People in Charge, Company employees or collaborators, including Guests.

ART 11. The Chairman can arrange for an unofficial, clearly identifiable, member of Public Order to be present .

ART 12. The Chairman, whenever he decides that the voting should be by voting card, will nominate two scrutineers, chosen from the Legal Participants, to perform the count.

ART. 13 The meeting business is usually carried out in one single meeting, during which the Chairman, whenever he deems it necessary and when the meeting (on simple majority) is in agreement, can interrupt the meeting for a period not exceeding two hours (for each break).
In accordance with art. 2374 of the Civil Code, the meeting - with a simple majority decision - can decide to adjourn every time the need arises, setting another date and time for the continuation of its duties. This can be more than three days later but, in any case, must be consistent with the reasons for said adjournment.

THIRD ITEM – DEBATE

ART. 14 The Chairman and, on his invitation, the other directors and auditors, if their duties are required, will illustrate the arguments of the day.
The order in which the arguments are to be dealt with and shown on the summons' agenda, may be changed by the Chairman on the meeting's approval (with simple majority) if one or more Legal Participants are opposed to such changes.
On prior request from the Legal Participants involved, and in accordance with art. 2375 c.c., these interventions will be recorded in the report.

Art. 15 The Chairman will govern the debate giving the word to those Legal Participants who have asked to speak in accordance with art. 16, second paragraph, to the directors, auditors and the Secretary. In his position as Chairman, he will maintain the principle that all Legal Participants, directors,

auditors and the Secretary, have the right to express themselves freely on meeting matters, in accordance with the law, the Statute and this Regulation.

ART 16. The Legal Participants, directors and auditors have the right to speak on all of the arguments up for debate and to make proposals on said arguments.
The Legal Participants who intend to speak must not ask the Chairman for permission to do so until the argument on which they wish to speak has been read out from the arguments of the day and before the debate on said argument has been closed.
The request to speak must be made by raising the hand unless the Chairman has decided that requests should be in writing. If request is by hand raising, the Chairman gives priority to the first person to hold up his hand. Where it is not possible for him to determine exactly which hand was raised first, the Chairman will give the word in an undisputable order that he himself decides to set. If requests to speak are in writing, the Chairman gives the word according to alphabetical order.

ART 17. The Chairman and/or, on his invitation, the directors and auditors, if in line with their duties or considered useful by the Chairman in relation to the matter at hand, will answer the Legal Participants after each intervention or after having heard all of the interventions on each particular argument of the day, as the Chairman decides.

ART 18. The Legal Participants have the right to just one intervention per argument unless the argument is repeated and a vote is declared. Interventions should not be longer than five minutes.

ART 19. The Chairman, bearing in mind the subject and importance of each argument on the agenda, will indicate, in accordance with the law, a time of no less than 5 but no more than 10 minutes for each Legal Participant to say his piece. Once this time has elapsed, the Chairman will invite the Legal Participant to conclude within the next five minutes. After this, if the intervention has still not finished, the Chairman will act in accordance with art. 20, a), second paragraph.

ART. 20 The Chairman has the duty to maintain order during the meeting, to guarantee that the work is done correctly and to avoid any abuse of intervention rights.

To this effect he may take the word:

a) if the Legal Participant speaks without permission or continues to speak after the time limit assigned;

b) on forewarning, when it is perfectly clear and obvious that the intervention does not concern the argument in question;

c) if the Legal Participant uses inappropriate words or phrases or makes any untoward or abusive comments;

d) if the Legal Participant's words incite violence or disorder.

ART. 21 If one or more persons intervening in the meeting hinder the correct progress of the order of the day, the Chairman will remind them of this Regulation.
Where such warnings have no effect, the Chairman will arrange to have the previously reprimanded persons removed from the meeting rooms for the entire duration of the debate.
In this case, the expelled person, if one of the Legal Participants, can appeal to the meeting which will decide, by simple majority, on the outcome.

ART. 22 When all the arguments, answers and replies are finished, the Chairman will conclude by declaring the debate over.
After closing the debate, no Legal Participant can intervene further.

FOURTH ITEM - VOTING

ART. 23 Before proceeding to voting, the Chairman will allow all those who were expelled from the meeting, as described in art. 21, back into the room and will verify the number of Legal Participants and the number of votes to which each one has a right. The provisions laid down by arts. 20 and 21 of this Regulation can be adopted, if the need arises, during the voting stage as well.

ART 24. The Chairman can decide whether voting should be carried out at the end of each single debate on the agenda or after all items have been discussed.

ART.25 Voting is carried out by open ballot. It is up to the President to establish which of the following methods of voting to adopt: (i) by raising the hand on request of either the Chairman himself or the Secretary for all votes in favour, for all votes against and abstentions, subject to identification of each Legal Participant voting; (ii) by roll call and each Legal Participant expressing his vote; (iii) by voting card, in which case the Chairman will set a maximum time within which the Legal Participants can express their vote by filling in and handing over the cards to the scrutineers, who will then put them in an urn in the meeting room.
All those Legal Participants who, although present and invited by the Chairman to raise their hands or reply to a roll call to express their vote or who have not handed over their voting cards, will be considered as abstaining.

ART. 26 Voting cards are a voting instrument and are therefore supplied by the Company in a certain format. The cards are prepared by the People in Charge and indicate the name of the shareholder who has the right to vote and the number of corresponding votes he has the right to. The cards must be numbered in accordance with the arguments for which the meeting has been called to discuss. Alternatively, the cards may be colour coded according to the various arguments concerned, provided that the People in Charge have indicated the number of votes. Any irregular cards will be void.

The cards are handed out by the People in Charge at the entrance to the meeting rooms.

ART. 27 Candidatures for company positions must be made within the terms and with the modalities established by the Statute. Before proceeding to voting on company position nominations, the Chairman: (i) will read out the lists for the nomination of the Board of Auditors and the name of those people who have applied; (ii) will read the whole list of candidates applying for the position of director and the names of those who have applied; (iii) will read out the curriculum vitae received, which must include detailed information on the personal and professional characteristics of each candidate; (iv) will say which lists and/or which candidatures are to be considered as inadequate and give the relative reasons.

ART 28. If voting is carried out by voting card, once the time limit set by the Chairman for their handing in has expired, the scrutineers will count the votes and give the Chairman the results.
The Chairman will then proclaim the result, declaring the proposal which obtained the most votes in favour, in accordance with the quorum set by law or by Statute, as approved In the case of nomination of the Board of auditors, the Chairman will declare those candidates who won on the basis of the mechanisms laid down in art. 23 of the Statute, as elected.

ART. 29 Once the agenda is complete, the Chairman will close the meeting.

FIFTH ITEM - FINAL DISPOSITIONS

ART. 30 This regulation can be modified by the ordinary shareholders' meeting with the majorities established by the laws in force.
The ordinary assembly can also delegate any modification or integration of this Regulation or any single clause within it to the Board of Directors.