

The present is the English translation of the Italian official report approved by the Board of Directors on October 27, 2004. For any difference between the two texts, the Italian text shall prevail.

SAES GETTERS S.p.A.

Extraordinary Shareholders' Meeting of 29 November 2004

Directors' Report on the proposed optional conversion of the savings shares into ordinary shares

Issued pursuant to CONSOB Regulation no. 11971 of 14/5/1999

Shareholders,

The Board of Directors has convened this Extraordinary Shareholders' Meeting to resolve on the proposal to grant the holders of non-convertible savings shares the right to convert such shares into newly issued ordinary shares having the same characteristics as outstanding ordinary shares. The savings shares currently number 9,625,070 (and would have an implied book value of 0.52 euro each in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report).

The exercise of the right would entail receiving 20 ordinary shares in exchange for every 31 savings shares, without payment of any adjustment balance and without reducing the share capital (in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report). For the purposes of participating in company profits, the conversion would take effect from 1 January 2004 (the entire transaction is hereinafter referred to as the "**Conversion**").

1. Reasons for the proposed Conversion.

When becoming the Company's main shareholder, in the Press Release of 28 July 2004 (hereinafter the "**Press Release**"), as in the offer document for the mandatory public tender offer made in September 2004 and in the notification issued on 26 October 2004 pursuant to article 102 of the Consolidated Law on Financial Brokerage and article 37 of the CONSOB Regulation in connection with the partial voluntary public tender offer regarding the savings shares, S.G.G. Holding S.p.A. ("**SGGH**") manifested its intention to implement a plan to simplify and rationalise the Company's share capital structure through reducing listed SAES shares to just one type, i.e. ordinary shares, with the consequent elimination of the savings shares (the "**Plan**"). This step was proposed taking account of the demands of the market, the Company's shareholders and investors in general.

Accordingly, in implementing the Plan and as per the notification issued on 26 October 2004 pursuant to article 102 of the Consolidated Law on Financial Brokerage and article 37 of the CONSOB Regulation, SGGH launched a partial voluntary public tender offer on the savings shares of the Company at a price of 9.2 euro per share, up to a maximum of 1,925,014 savings shares accounting for 20% of that class of share capital ("**Voluntary Public Tender Offer**").

The Board of Directors, endorsing the aims of the Plan and consistent with the terms thereof, now seeks your approval for the Conversion, which has been structured as described hereunder, in order to further the interests of the Company, taking account of the market price of the securities of the Company object of the proposed transaction as at the date of the Press Release as well as their recent performance.

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The proposed Conversion is aimed at simplifying the structure of the share capital of the Company, through reducing it to just one class of shares (ordinary shares). The simplification is considered desirable also because of the ever decreasing interest in and appreciation shown by the market for savings shares in general, due to the fact that the economic benefits afforded to the holders of such shares do not - according to current thinking - offset the corresponding disadvantages, namely, no voting rights and exclusion from public tender offers designed to gain control of a listed company.

The conversion of the savings shares into ordinary shares and hence the hoped-for total elimination of this latter class of shares, by bringing in a consequent increase in the ordinary share float, can create the foundations for a market in the ordinary shares of the Company characterised by greater liquidity stemming from increased trading volumes. This in turn will mean greater regularity and continuity in trading.

In light of the foregoing, it is believed that, in the interests of the Company, the shareholders and the market in general, the conversion of the savings shares and the consequent concentration of trading in just one class of listed shares will lead to such shares being more appreciated by the market and institutional investors.

Overall, the Plan and the proposed Conversion - responding as they do to the need for simplification and rationalisation (by now considered of primary importance by financial analysts and professional investors at national and international level) - should bring about greater efficiency in the ownership structure as well as a general improvement of the Company's image.

2. Description of the rights or privileges attached to the shares to be converted (savings shares).

The rights attached to savings shares are listed in articles 145, 146 and 147 of the Consolidated Law on Financial Brokerage (Legislative Decree no. 58/98), to be read in conjunction with the following articles of the Company's Articles of Association: 6 (bonds and characteristics of savings shares, reduction in share capital), 11 (voting rights), 25 (distribution of profits) and 29 (winding-up).

More specifically, the holders of savings shares enjoy *inter alia*:

- voting rights at the meetings of savings shareholders;
- priority in the return of share capital upon the winding-up of the company for the entire face value or for the implied book value (in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report);
- deferment in the event of losses, i.e. the non-reduction of the face value or the implied book value (in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report) of the shares in the case of losses that entail a reduction of the share capital, or at least to the extent that the amount of the losses exceeds the value of the other shares;
- the right to distribution of a preferred dividend equal to 25% of the face value or the implied book value (in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report), with a right to receive any shortfall in the subsequent financial years;
- the right to distribution of a total dividend that that is higher than that distributed to ordinary shareholders by 3% of the face value or the implied book value (in the event that the face value per share were to be eliminated further to the proposal contained in item 1 of the

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agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report).

3. Critical aspects of the transaction.

Exercising the right to convert the savings shares into ordinary shares will entail for the holders of the shares that opt for the Conversion, the loss of the special economic rights attached to the savings shares, as set out in detail in the Articles of Association and briefly summarized in the preceding section hereof.

Nonetheless, in return for the loss of the special economic rights the savings shareholders who exercise their right of conversion will acquire the rights attached to ordinary shares, not least the right to vote at general meetings (including those reserved solely for the class of ordinary shares) and the right to take part in public tender offers designed to gain control of the Company. Furthermore, the fact that the trading will be concentrated on a single class of listed shares (an effect that could arise depending on the success of the Conversion), shall lead to a greater liquidity of the ordinary shares, which in turn will make it easier for the shareholder to disinvest. This, it is believed, should make the shares more appealing to the market and institutional investors.

It should be noted that following the elimination of the face value (in the event such were to be resolved further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report), the conversion below par would not entail a reduction of the share capital, which would remain unchanged. Without changing the amount of the share capital, the overall number of outstanding shares would diminish as a result of the Conversion itself: exactly how much would depend on the degree of acceptance of the Conversion. This would in turn lead to an increase in the implied book value of all of the shares, to the benefit of all of the shareholders. Therefore, further to articles 25 and 29 of the Articles of Association, as amended following the elimination of the face value, it would mean that the extent of the privileges attached to the remaining savings shares would likewise correspondingly be increased.

The table hereunder illustrates the changes to the book value of the shares and the privileges attached to the savings shares in the event of 0%, 50%, 75% and 100% conversion of the savings shares.

Quantification of post-conversion privileges	% conversion			
	0%	50%	75%	100%
Total no. of shares	23,500,000	21,792,326	20,938,489	20,084,653
Implied book value ⁽¹⁾	0.520	0.561	0.584	0.608
Privilege accorded to savings shareholders (art. 25 of the articles of assoc.):				
- 25% of the face value/ implied book value	0.130	0.140	0.146	0.152
- 3% of the face value/ implied book value	0.016	0.017	0.018	0.018

⁽¹⁾ Maximum value determinable following conversion depending on the degree of acceptance.

It is pointed out that should the Conversion be accepted by a large majority of savings shareholders, such that the remaining savings shares of the Company are too few to guarantee a normal and regular market in such shares, the savings shares in question could be excluded from trading by Borsa Italiana S.p.A.

Finally, it should be borne in mind that SGGH, the main shareholder in the Company, has already publicly manifested (also through the offer document drawn up for the Voluntary Public Tender Offer and forwarded to the Company by way of attachment to the notification issued on 26 October 2004 pursuant to article 102 of the Consolidated Law on Financial Brokerage) its wish to completely eliminate the savings shares as the final result to be reached in order to fully attain the objectives of the Plan. Accordingly, also taking into account the number of acceptances it may receive in relation

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to the partial Voluntary Public Tender Offer on the savings shares and the Conversion illustrated herein, it cannot be ruled out that the controlling shareholder will - insofar as it is possible - take further steps with a view to arriving at a situation whereby the share capital will comprise just one class of shares, including making a proposal for the mandatory conversion of the savings shares.

With reference to the ordinary shareholders, the amount of share capital which is currently accounted for by savings shares (40.96%) implies that the exercise of the right of conversion granted to savings shareholders will inevitably dilute the percentage of the share capital that the current ordinary shareholders hold. However, this effect will be mitigated by the fact that the Conversion will take place below par.

The table hereunder illustrates the dilutive effect that the current ordinary shareholders would suffer in the event of various degrees of conversion acceptance, of the savings shares, and taking as an example a shareholder owning 10% of the share capital.

Pre-conversion		% conversion			
ordinary shareholder	2,350,000				
% of ordinary share capital	16.94%				
% of share capital	10.00%				
Post-conversion	% conversion				
	0%	50%	75%	100%	
Ordinary shareholder	2,350,000	2,350,000	2,350,000	2,350,000	
% of ordinary share capital	16.94%	13.84%	12.68%	11.70%	
% of share capital	10.00%	10.78%	11.22%	11.70%	

However, the Conversion will also entail a reduction of the burden represented by the special economic rights attached to savings shares as well as an increase in the implied book value to the benefit of the ordinary shareholders after the elimination of the face value (in the event such were to be resolved further to the proposal contained in item 1 of the agenda for the Extraordinary Shareholders' Meeting and which is illustrated in a separate special report). Furthermore, as indicated previously, it is envisaged that (depending on the success of the Conversion) the ordinary shares might benefit of an increased appreciation by the market and institutional investors, as well as of an increased liquidity.

Finally, as mentioned above, all the shareholders of the Company and of the Company will benefit from the advantages accruing from the simplification of the structure of the share capital.

4. Savings shares held by the controlling shareholder.

According to the information available, as of today's date, the Company's main shareholder SGGH directly holds 8,620,023 ordinary shares and no savings shares.

To the best of the Board of Directors' knowledge, as of today's date, the shareholders of SGGH hold a total of 1,844,100 savings shares in the Company, equal to 18.82% of that class of shares and 7.71% of the overall share capital of the Company.

Finally, as of today's date the Company holds 191,128 of its own ordinary shares and 173,306 of its own savings shares.

5. Intention of the controlling shareholder to buy and sell savings shares on the market.

To the best of the Board of Directors' knowledge, SGGH has no plans to buy and sell savings shares, at least until the conclusion of the Conversion.

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6. Conversion commitments given by the controlling shareholder.

No commitments to convert have been given since, as of today's date, the controlling shareholder SGGH holds no savings shares.

7. Dividends distributed to shareholders during the past five years.

The table hereunder shows the dividends distributed by the Company (set out according to the cash method) to the savings and ordinary shares in the financial years from 1999 to 2003:

<i>LIRE</i>	1999	2000	2001
ordinary	330	380	
savings	350	400	

<i>EURO</i>	2001	2002	2003
ordinary	0.4132	0.2500	0.1500
savings	0.4288	0.2556	0.1565

<i>EURO</i>	1999	2000	2001	2002	2003
ordinary	0.1704	0.1963	0.4132	0.2500	0.1500
savings	0.1808	0.2066	0.4288	0.2556	0.1565

8. Conversion ratio and the criteria for calculating it and any adjustment balance.

In the Press Release, S.G.G. Holding S.p.A. stated that it would employ its best endeavours to ensure that the conversion ratio would be 20 ordinary shares for every 31 savings shares submitted for conversion, taking account of the stock exchange performance of the two classes of shares in the last month prior to the Press Release and the performance of relative prices in terms of the ordinary shares/savings shares spread as well as the economic and voting rights attached to the shares.

In particular, the premium that the savings shareholders would have enjoyed based on stock exchange prices as at the date of the Press Release was 8.73%, 16.35% if compared to the one-month weighted average of the share price, 12.87% if compared to the six-month average and 12.44% if compared to the one-year average.

After the announcement of the proposed conversion ratio, the stock market performance of the shares was such as to progressively erode the premium for the savings shareholders. Nonetheless, over the last few weeks variations in the stock exchange prices of the savings shares and the ordinary shares has meant that the proposed conversion ratio would still entail a premium over the current market price. In fact, as at 26 October 2004, the implied premium for the savings shareholders was 1.20% over the market price on that date.

The Board of Directors, agreeing with the aims and the reasons given by the principal shareholder has decided to convene the Extraordinary Shareholders' Meeting for the purposes of resolving on the conversion ratio announced by the controlling shareholder in the Press Release.

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The payment of any adjustment balance is not envisaged.

9. Conversion method and conditions precedent.

The right to convert all of the outstanding savings shares into ordinary shares (with the same characteristics as the outstanding ones) shall be granted to savings shareholders in accordance with the following procedures:

- allotment of 20 newly issued ordinary shares in return for 31 converted savings shares which will be cancelled; the payment of any adjustment balance is not envisaged;
- the share capital of the Company will not be reduced as a result of the Conversion: the share capital of 12,220,000 euro will be divided into fewer shares (whose maximum number would be 20,084,652 in the event of the conversion of all of the outstanding 9,625,070 savings shares) each of which will have a higher implied book value;
- the ordinary shares issued further to the Conversion will be entitled to partake in the profits of the Company, to the extent decided at the shareholders' meeting, with effect from 1 January 2004;
- the conversion commencement date and period during which it will be possible for savings shareholders to exercise the right of conversion shall be agreed with Borsa Italiana S.p.A. and in any event after filing of the shareholders' resolution with the Companies Registry. The Company will provide the public with the relevant information in the manner and by the deadlines prescribed by the law in force;
- once the conversion period expires, the savings shares that have not been converted will continue to be non-convertible;
- in the event of conversion of all of the 9,625,070 savings shares, the date from which trading in the savings shares will cease and trading in the newly issued ordinary shares will commence on the Electronic Share Market shall be agreed with Borsa Italiana S.p.A.

Conversion of the savings shares will be carried out through the respective brokers that are members of the Monte Titoli S.p.A. clearing and settlement system.

In order to allow the current savings shareholders to have an entire multiple based on the conversion ratio referred to above, and in order to facilitate the conversion by those that do not hold a block of shares divisible by 31, the Company is willing to transfer to each savings shareholder whatever number of savings shares necessary to ensure that it holds an entire multiple, subject to a maximum of 173,306 savings shares (i.e. the number of own savings shares held by the Company), during the period fixed for the exercise of the right of conversion. No trading commission shall be charged and the Company will appoint Mediobanca - Banca di Credito Finanziario S.p.A. to handle the trading. The minimum price for the savings shares thus transferred shall be equal to the weighted average of the official price of the shares of the relevant class in the 10 days prior to the commencement of the conversion period.

Furthermore, the Company - on a best efforts basis and within the limits fixed by the shareholders' resolution of 27 April 2004 in connection with the purchase of own shares - reserves the right to acquire on the request of each shareholder whatever number of savings shares necessary to ensure that the requesting shareholders holds an entire multiple, subject to the same conditions laid down in the preceding paragraph in relation to transfers.

Moreover, the principal shareholder has also stated its willingness to trade whatever number of savings shares necessary to ensure that the requesting shareholder holds an entire multiple.

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Finally, the right to convert all the outstanding savings shares into ordinary shares and the actual conversion thereof are not subject to any condition precedent regarding their effectiveness and neither do any restrictions exist in the shape of minimum or maximum lots of shares to convert.

10. Number of shares that may be converted and number of shares tendered for conversion.

The proposal envisages a one-off right to convert a maximum of 9,625,070 savings shares (i.e. all the outstanding savings shares) into a maximum of 6,209,722 ordinary shares (based on a conversion ratio of 20 ordinary shares to every 31 savings shares converted), effective from 1 January 2004 as regards the right to partake in company profits. The newly issued shares shall have the same characteristics as the outstanding ordinary shares.

11. Performance of the price of the savings shares in the last six months.

In the Press Release S.G.G. Holding S.p.A. stated that it would employ its best endeavours to ensure that the conversion ratio would be 20 ordinary shares for every 31 savings shares submitted for conversion. Set out hereunder is the weighted arithmetic average of the share in the five days, one month, six months and one year prior to the date of the Press Release as well as the graph showing the performance of the shares.

	price of ordinary shares (€)	average daily volume for ordinary shares	price of savings shares (€)	average daily volume for savings shares	conversion ratio	implied premium/discount
market price 27/07/2004	14.07	20,500.00	8.35	55,600.00	1.69	8.73%
weighted average 5 days	14.16	11,800.00	8.11	36,340.00	1.75	12.63%
weighted average 1 month	14.23	21,536.36	7.89	28,890.91	1.80	16.35%
weighted average 6 months	13.08	25,133.85	7.47	37,096.92	1.75	12.87%
weighted average 12 months	11.35	13,503.56	6.51	21,256.13	1.74	12.44%

Source: Datastream



Source: DATASTREAM

The implied conversion premium for the savings shareholders, taking account of the stock market value of the Saes Getters ordinary share, was 8.73% when compared to the market value

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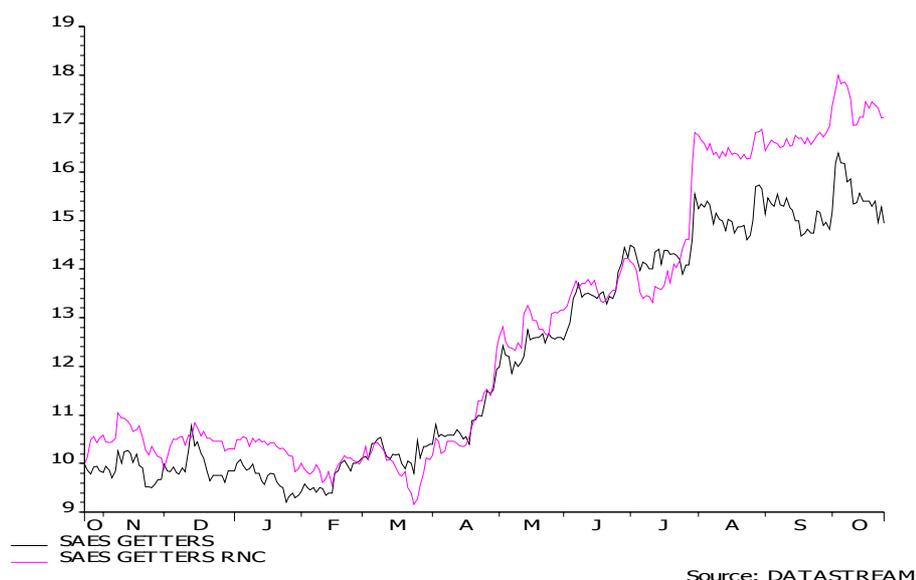
of the savings shares on 27 July 2004, 12.63% when compared to the 5-day average of the share price, 16.35% when compared to the one-month average, 12.87% when compared to the six-month average and 12.44% when compared to the one-year average prior to the date of the Press Release.

After the Press Release the stock market performance of the two classes of shares led to a progressive alignment of their prices with the announced conversion ratio, substantially reducing the implied premium originally foreseen. Nonetheless, over the last few weeks variations in the stock exchange prices of the savings shares and the ordinary shares has meant that the proposed conversion ratio would still entail a premium over the current market price. In fact, as at 26 October 2004, the implied premium/discount for the savings shareholders was 1.20% over the market price on that date, 0.66% when compared to the 5-day average of the share price prior to that date, 0.19% when compared to the one-month average, 2.24% when compared to the six-month average and 2.90% when compared to the one-year average.

Set out hereunder is the table of the weighted arithmetic averages of the official prices of the ordinary and savings shares recorded in the five days, one month, six months and one year prior to 26 October 2004 as well as the graph showing the performance of the official price of the Saes Getters ordinary and savings shares recorded on the electronic share market organised and managed by Borsa Italiana S.p.A. in the last six months.

	price of ordinary shares (€)	average daily volume for ordinary shares	price of savings shares (€)	average daily volume for savings shares	conversion ratio	implied premium/discount
market price 26/10/2004	15.22	1,000.00	9.71	9,800.00	1.57	1.20%
weighted average 5 days	15.17	4,800.00	9.73	20,480.00	1.56	0.66%
weighted average 1 month	15.46	14,454.55	9.96	75,013.64	1.55	0.19%
weighted average 3 months	15.04	22,875.38	9.49	79,444.62	1.58	2.24%
weighted average 6 months	13.99	24,004.62	8.83	58,270.77	1.58	2.23%
weighted average 12 months	12.91	16,975.59	8.10	39,014.17	1.59	2.90%

Source: Datastream



12. Stock Option Plan.

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The savings shares or the ordinary shares are not the subject of any stock option plans.

13. Composition of the share capital before and after the Conversion.

The share capital is equal to 12,220,000 euro, currently divided into 13,874,930 ordinary shares and 9,625,070 non-convertible savings shares.

The share capital, assuming the adoption of the resolution to eliminate the face value as per item 1 on the agenda for the Extraordinary Shareholders' Meeting, will remain unchanged but, in the event that all the savings shareholders were to exercise their rights of conversion the share capital, would be composed of ordinary shares only, up to a maximum of 20,084,652 ordinary shares.

Pre-Conversion situation		
ordinary shares	savings shares	total
13,874,930	9,625,070	23,500,000
Post-Conversion situation (assuming conversion of all savings shares)		
ordinary shares	savings shares	total
20,084,652	0	20,084,652

14. Significant changes in the ownership structure following the Conversion.

In light of the current shareholdings in the Company and assuming (i) the conversion of all the outstanding 9,625,070 savings shares into 6,209,722 ordinary shares and (ii) none of the converted shares are held by SGGH, the latter's stake in the voting capital would decrease from its current level of 62.13% to 42.92%. Therefore, SGGH would go from being the majority shareholder in absolute terms to the majority shareholder in relative terms.

15. Principal uses to which the Company intends to put the net proceeds of the Conversion.

The Conversion does not envisage the payment of any adjustment balance and hence there will be no proceeds for the Company.

16. Amendment of the Articles of Association.

The conversion of the savings shares into ordinary shares will entail the following amendment to article 4 of the Articles of Association, also by virtue of previous resolutions:

Article 4

Current text	Proposed new text
The Company's registered Share Capital is 12,220,000 Euro (twelve million, two hundred and twenty thousand euro), divided into 13,874,930 (thirteen million, eight hundred and	The Company's registered Share Capital is 12,220,000 Euro (twelve million, two hundred and twenty thousand euro), divided into

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<p>seventy four thousand, nine hundred and thirty) ordinary shares and 9,625,070 (nine million six hundred and twenty-five thousand and seventy) savings shares. The Share Capital is subject to provisions regarding representation, legitimation, and circulation of shareholdings for shares traded on regulated markets.</p> <p>The Board of Directors shall have the right, during a period of five years from the Shareholder's resolution dated 27 April 2004 authorizing it to do so, to increase once or more times the Share Capital up to an amount of 15,600,000 Euro (fifteen million six hundred thousand), by issuing shares of any category to be allotted in option to those entitled.</p> <p>Increases in capital deliberated in implementation of the proxy may be reserved within legal limits to employees or even to categories of employees of the Company or of its subsidiaries or controlling companies.</p>	<p>() ordinary shares [and () savings shares]</p> <p><i>Unchanged</i></p>
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NOTE: The composition of the share capital will be adjusted at the outcome of the Conversion. It should be noted that the text proposed above is the result of the amendments proposed also in the report referred to in item 1 of the agenda Extraordinary Shareholders' Meeting.

17. Amendment of the Articles of Association in the event of total conversion

In the event that all the outstanding 9,625,070 savings shares are converted into 6,209,722 ordinary shares, such will entail amendments to the following articles of the Articles of Association in order to take account of the fact that the savings shares will no longer exist and that the Company's share capital will comprise ordinary shares only:

ARTICLE 6

Current text	Proposed new text
<p>The Company may issue bonds by resolution adopted by an extraordinary Shareholders' meeting in the event of bonds convertible into shares or newly-issued financial instruments, or by resolution of the Board of Directors in the event of non-convertible bonds, in the manner and conditions allowed by Law.</p>	<p>The Company may issue bonds by resolution adopted by an extraordinary Shareholders' meeting in the event of bonds convertible into shares or newly-issued financial instruments, or by resolution of the Board of Directors in the event of non-convertible bonds, in the manner and conditions allowed by Law.</p>
<p>Savings shares have the characteristics and rights provided by the Law or by these Articles of Association.</p>	<p>Savings shares have the characteristics and rights provided by the Law or by these Articles of Association.</p>
<p>Reduction in Share Capital due to losses does not have an effect on the savings shares except in the amount of the loss that exceeds the portion of the</p>	<p>Reduction in Share Capital due to losses does not have an effect on the savings shares except in the amount of the loss that exceeds the portion of the</p>

<p>share capital accounted for by the other shares.</p> <p>Should ordinary or savings shares be excluded from negotiations, savings shares will be recognized the same rights at those to which they were previously entitled.</p> <p>In order to ensure that the common representative of the holders of savings shares will receive adequate information concerning operations that might influence the performance of quotations of savings shares, it will be the responsibility of the Chairman of the Board of Directors or of the Managing Directors to send the same any notification concerning the above-mentioned topics at once.</p>	<p>share capital accounted for by the other shares.</p> <p>Should ordinary or savings shares be excluded from negotiations, savings shares will be recognized the same rights at those to which they were previously entitled.</p> <p>In order to ensure that the common representative of the holders of savings shares will receive adequate information concerning operations that might influence the performance of quotations of savings shares, it will be the responsibility of the Chairman of the Board of Directors or of the Managing Directors to send the same any notification concerning the above-mentioned topics at once.</p>
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ARTICLE 11

Current text	Proposed new text
<p>Each share gives the right to one vote. Savings shares do not have the right to a vote nor do they give the right to intervene in the meetings.</p>	<p>Each share gives the right to one vote. Savings shares do not have the right to a vote nor do they give the right to intervene in the meetings.</p>

ARTICLE 25

Current text	Proposed new text
<p>The net profits of each operating year will be allocated as follows:</p> <ul style="list-style-type: none"> - 5% to legal reserves, until one fifth of the Share Capital has been reached; - the remaining amount will be distributed in the following way: <ul style="list-style-type: none"> • a privileged dividend equal to 25% (twenty-five per cent) of the implied book value (understood as the ratio between the total amount of the share capital and the total number of shares issued) will be distributed to savings shares; when a dividend of less than 25% (twenty-five per cent) of the implied book value (understood as the ratio between the total amount of the share capital and the total number of shares issued) has been allocated to savings shares in one operating year, the difference will be made up on the privileged dividend of the 	<p>The net profits of each operating year will be allocated as follows:</p> <ul style="list-style-type: none"> - 5% to legal reserves, until one fifth of the Share Capital has been reached; - the remaining amount to all of the shares, unless the Shareholders' Meeting on a proposal from the Board of Directors resolves on the allocation of special sums to extraordinary reserves or for other uses or orders that all or part of the net profits concerned be brought forward to subsequent operating years.

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<p>next two operating years;</p> <ul style="list-style-type: none"> residual profits, which the Shareholders' Meeting has voted to distribute, will be distributed among all the shares in such a way as to ensure, however, that savings shares will be entitled to a total dividend that will be higher than that of ordinary shares by 3% (three percent) of the implied book value (understood as the ratio between the total amount of the share capital and the total number of shares issued). <p>If reserves are distributed, shares have the same rights irrespective of the category to which they belong.</p>	
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ARTICLE 29

Current text	Proposed new text
<p>If the Company should be wound up for any reason, the Shareholders' Meeting will appoint one or more Official Receivers, establishing their powers in compliance with the Law and fixing their remuneration.</p> <p>Savings shares have priority in the reimbursement of capital for their implied book value (understood as the ratio between the total amount of the share capital and the number of shares issued).</p> <p>Savings shares have priority in the reimbursement of capital for their entire face value.</p>	<p>If the Company should be wound up for any reason, the Shareholders' Meeting will appoint one or more Official Receivers, establishing their powers in compliance with the Law and fixing their remuneration.</p> <p>Savings shares have priority in the reimbursement of capital for their implied book value (understood as the ratio between the total amount of the share capital and the number of shares issued).</p> <p>Savings shares have priority in the reimbursement of capital for their entire face value.</p>

This report, together with the additional information required to make the conversion, shall be made available to the public in the manner specified in the CONSOB Regulation at least one stock exchange business day prior to the commencement of the conversion period.

Lainate, 27 October 2004

for the Board of Directors
Paolo della Porta
Chairman