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COMMERCIAL COMPANIES LAW

Law N° 1/04
of February 13, 2004

SUMMARY

National Assembly

Law Nº 1/04:

on Commercial Companies – Repeals all legislation contrary to that stipulated in this law, and, namely articles 104 to 206 of the Commercial Code, law of April 11, 1901, Private Limited Companies Law, Decree-Law Nº 598/73, of November 8, on the Merger and Demerger of Commercial Companies, Decree-Law Nº 49381, of November 15, on the Auditing of Public Limited Companies, article 6 of Law Nº 9/91, of April 20, article 3 of Decree Nº 38/00, of October 6.

NATIONAL ASSEMBLY

Law Nº 1/04

of February 13, 2004

The approval of a new law to regulate the matter of commercial companies responds to an imperative need, determined by the profound evolution wrought in the economy throughout the past years, not just nationally, but internationally as well.

In actual fact, the reduced importance of national economic activity and the reduced impact of the private business sector, in the years following national independence, as well as the reduced capacity of the public administration to make profound amendments to legislation in force at the time of that independence, made any immediate revision of Angolan commercial legislation superfluous. Aside from which, in essence, it is still underpinned by the Commercial Code of June 28, 1888 and the Private Limited Companies Law of April 11, 1901.

However, with the privatization of the State business sector, accompanied by the attraction that entrepreneurship has increasingly begun to hold for national citizens, and into which they have been gradually channeling their savings, along with sectors and areas that were paralyzed for several years being revitalized, especially in the areas of trade and industry, the private sector of the economy has, in synthesis, because of all these transformations, become a privileged partner of the State. That is particularly so in relation to job creation, the local production of essential goods, and the manufacture and circulation of goods.

During the course of this process, national entrepreneurs have frequently felt a need to associate or establish contacts with entrepreneurs originating from other countries, whose legal systems are more developed and up-to-date. This means, from the outset, that they are placed in a situation where they enjoy lesser protection in relation to those systems.

In light of these circumstances, outdated commercial legislation, dating from the last century, was becoming increasingly obsolete and incapable of addressing the challenges of modern life.

Therefore, with the approval of this Commercial Companies Law, a dual objective is achieved. On the one hand, it updates the regime regulating the principal private economic agents, the commercial companies and, on the other hand, in doing so it recognizes the important role reserved for private enterprise in the development of the national economy, within the context of economic liberalization and fair market competition.

To that end, the Commercial Companies Law modernizes the regulation of a series of principles previously regulated by the Commercial Code. At the same time, it also regularizes situations that, of interest in regulating the commercial activities of those economic agents, were not even provided for in that law. Now encompassing a vast range of innovations, either with regard to aspects relating to all types of companies, on a general level, or relating to them individually, by considering their particularities, it contains rules

and regulations that are specifically applicable to them.

In these terms, within the framework of paragraph b) of article 88 of the Constitutional Law, the National Assembly approves the following:

COMMERCIAL COMPANIES LAW

HEADING I

General Part

CHAPTER I

General Provisions

ARTICLE 1

(Scope of application & subsidiary law)

1. This law applies to commercial companies.

2. Commercial companies are those whose corporate purpose is to engage in commercial activities and which are incorporated under the terms of this law.

3. This law is also applicable to those companies, whose corporate purpose is to engage in activities which are not commercial, but which adopt to one of the types referred to in the following article.

4. Those cases that could not be resolved, either by the letter or the spirit of this law, or by similar cases provided for in it, are regulated by the Commercial Code's rules and regulations and, failing that, by the rules and regulations of the Civil Code insofar as and that they are in accordance with the general principles of this law and with the informative principles of the type adopted.

ARTICLE 2

(Types of companies)

1. Commercial companies must adopt one of the following types:

a) unlimited companies;

b) private limited companies;

c) public limited companies;

d) general partnerships;

e) limited partnerships.

2. Cooperative companies, provided for in and regulated by article 207 and subsequent articles of the Commercial Code, continue to be governed by that stipulated in that law.

ARTICLE 3

(Individual law)

1. The individual law of commercial companies is that of the law of the State where their effective principal registered office is located.

2. A company with registered offices in Angola cannot, however, litigate against third parties by invoking its right to be subject to a law other than Angolan law.

3. A company transferring its effective registered office to Angola retains the legal status recognized for it according to the law by which it is governed, but the respective articles of incorporation must conform to Angolan law.

4. For the purposes of the provision in the previous number, a representative of the company must sign a public deed in Angola, which, aside from the transfer of the registered office, contains the terms of the corporate bylaws by which the company will be governed.

5. The act provided for in the previous number is governed by the applicable Angolan legislation, namely in relation to the necessary authorizations, registration and mandatory publications.

6. A company having its effective registered office in Angola can relocate it to another country, retaining its legal personality, if the law of that country so permits.

7. The resolution approving the relocation of the registered office, provided for in the previous number, must comply with the requirements demanded by the amendments to the articles of incorporation, which cannot, in any case whatsoever, be passed by less than 75% of the votes corresponding to the share capital.

8. Shareholders not voting in favor of the resolution can withdraw from the company, with their having to notify their decision within a period of 60 days subsequent to approval of the said resolution.

ARTICLE 4

(Operation of profitmaking companies with registered office outside Angola)

1. Except in the case of a legal provision stipulating otherwise, a company not possessing an effective registered office in Angola, but wishing to operate in this country for more than one year, must establish a fixed representation and comply with that provided for under Angolan law.

2. A company that does not comply with the provision in the previous number is obligated by any acts performed in its name in Angola and its managers or directors and any other persons representing it, who have performed those acts, are likewise jointly liable with it.

3. Notwithstanding the provision in the previous number, a court can, at the formal

request of any interested party or of the Public Prosecution Service, order that a company not complying with the provision in Nº 1 shall cease its activity in the country and decree the liquidation of assets located in Angola.

CHAPTER II

Legal Personality & Capacity

ARTICLE 5

(Legal personality)

A company's legal personality is recognized as of the date of the registration of the articles whereby it has been incorporated, without prejudice to the provisions in this law for the merger, demerger or transformation of companies.

ARTICLE 6

(Legal capacity)

1. The legal capacity of a company includes those rights and obligations necessary or appropriate to the pursuit of its corporate purpose, with the exception of those forbidden to it by law or that are inseparable from the individual personality.

2. The usual freedoms, according to circumstances at the time at which they are established and the conditions of the company, are not deemed as contrary to its purpose.

3. The provision of any third-party debt guarantees is deemed as contrary to a company's corporate purpose, except when justified by the guarantor company's own interest or when involving guarantees provided to another company in a parent/subsidiary or group relationship.

4. Contractual clauses and company resolutions that establish a determined purpose for the company or that prohibit the performance of certain acts do not limit its legal capacity, but obligate its corporate bodies to neither exceed that purpose nor to engage in these acts.

ARTICLE 7

(Civil liability)

1. A company is civilly liable for the acts or omissions of its legal representatives, in the same terms in which those committing them are liable for the acts or omissions of their commissioners.

2. The members of a company's corporate bodies and representatives are liable toward it and toward any interested third parties for the consequences of the violation of the duty imposed in Nº 4 of the previous article, without prejudice to the consequences of the validity of the acts provided for in articles 194, 283, 427 and 428.

CHAPTER III

Articles of Incorporation

SECTION I

Signing & Registration

ARTICLE 8

(Form & parties to articles)

1. Articles of incorporation must be signed by public deed.

2. Except in the case of a legal provision stipulating otherwise, the minimum number of parties to articles of incorporation is two.

3. For the purposes of the provision in the previous number, counted as only one party are those persons who have acquired a shareholding in the company under the co-ownership regime.

ARTICLE 9

(Shareholdings of spouses in companies)

1. The forming of a company is permitted between spouses, as well as their having a shareholding in the same company, provided that only one of them is an unlimited liability shareholder.

2. When, owing to the regime regulating property, a shareholding is common to both spouses, the one considered as the shareholder, in relationships with the company, is the one who has signed the articles of incorporation or, in the case of an acquisition made subsequent to the articles, the one who has acquired the shareholding.

3. The provision in the previous number does not impede the exercise of the management powers attributed by civil law to a shareholder's spouse who, for any motive, is unable to exercise them nor does it prejudice the rights that a spouse has to a holding, in the event of the decease of the one who appears as the shareholder.

ARTICLE 1O

(Contents of articles)

1. It is mandatory that the articles of any type of company must contain:

    a) names or business names of all shareholders and other identification information regarding the latter;

    b) type of company;

c) company's business name;

d) corporate purpose;

e) company's registered office;

f) share capital, except for unlimited companies in which all the shareholders merely contribute with their professional services;

g) share in capital and nature of the subscription of each shareholder, as well as payments made on account of each share;

h) description and value of non-cash assets, with which the subscription has been paid-up.

2. The articles of incorporation must also show any special rights that may be conferred on some shareholders, under the terms of articles 18 and 26 of this law.

3. Stipulations in the articles of incorporation concerning subscriptions in cash that do not satisfy the requirements demanded in paragraphs g) and h) of Nº 1 of this article are ineffective.

4. The precepts stipulated in this law can only be derogated by the articles of incorporation, unless this expressly allows their derogation by shareholder resolutions.

ARTICLE 11

(Contractual freedom)

1. Without prejudice to that stipulated in mandatory legal regulations, the parties can freely establish the contents of a company's articles of incorporation.

2. The regulatory provisions in this law can only be set aside by the articles of incorporation, excepting when the law expressly allows that they can be set aside by simple shareholder resolutions.

ARTICLE 12

(Business name requirements)

1. The names or denominations included in the business names of companies must be correctly written in the Portuguese language.

2. The provision in the previous number excepts the usage of words or part of words in national languages, as well as of words in foreign languages or a foreign style when such:

a) arise out of the correct usage of terms in national languages;

b) are part of a composition of business names or denominations already registered;

c) correspond to common words without any adequate translation in the Portuguese language or of widespread usage;

d) correspond, totally or partially, to the names, business names or denominations of associates;

e) constitute a trademark or legitimate commercial or industrial usage, under the terms of the respective law;

f) arise out of the merging of Portuguese, Angolan or foreign words or parts of such words admissible under the terms of this number and are directly related to the specific corporate purpose or taken from other elements of the business name or names of associates;

g) are aimed at facilitating a greater penetration of the market where business constituting the corporate purpose is conducted.

3. The characteristic elements constituted by assumed names, acronyms or other compositions, when admissible, must convey the business activity that constitutes the corporate purpose.

4. When the business name of a company is constituted exclusively of the names or business names of all, one or some shareholders, it must not be liable to be confused with any that have already been registered.

5. The business name of a company constituted by its denomination, by denomination and business name or by the business name of a shareholder, cannot be identical to the registered business name of another company or be so similar as to be misleading. Therefore, as much as possible, the corporate purpose must be made known.

6. The following cannot form part of companies' business names:

a) common words of general usage or place names, representing the improper appropriation of a place name, region or country;

b) expressions that can be misleading as to the legal characterization of the company, namely expressions routinely used to designate non-profitmaking organizations or corporate entities;

c) expressions that suggest, in a misleading manner, a technical or financial capacity or scope of operation manifestly disproportionate in relation to available resources or that suggest any other non-existent capabilities;

d) expressions forbidden by law, contrary to public order or offending public morals.

ARTICLE 13

(Corporate purpose)

1. A company must indicate in its articles, those activities in which the company will be engaged in pursuit of its corporate purpose.

2. Excepting a contractual provision stating otherwise, shareholders must determine, from among the activities included in the corporate purpose, those that the company must effectively perform, as well as deciding on the suspension or cessation of activities eventually being performed by the company.

3. Excepting a contractual provision stating otherwise, the acquisition by a company of holdings in limited liability companies with the same corporate purpose, does not depend on an authorization or resolution by the shareholders.

4. The articles can also authorize the acquisition by the company of holdings in companies of unlimited liability, in companies with a different corporate purpose and in companies regulated by special laws, as well as authorizing participation of the company in joint ventures/consortia.

ARTICLE 14

(Registered office)

1. The registered office of a company must be established in a definitely defined place, which constitutes its domicile.

2. The articles of incorporation can authorize the management or board to relocate the registered office to another place within national territory.

ARTICLE 15

(Local forms of representation)

1. Excepting a contractual provision stating otherwise, a company can set up branches, affiliates, offices or other forms of representation in national territory or abroad.

2. The creation of branches, affiliates, offices or other forms of representation is contingent on a resolution by the shareholders, when the articles so demand.

ARTICLE 16

(Denomination of capital)

The amount of the share capital must be stated in national currency, with, however, it being permitted, for the purposes of protecting its value, to be indexed to another or other currencies quoted by the National Bank of Angola.

ARTICLE 17

(Duration)

1. A company exists for an indeterminate length of time, when no other duration has been stipulated in the articles of incorporation.

2. The duration of a company that has been laid down in the articles can only be extended by a resolution passed by the shareholders before the end of the set period, but after that time limit, the extension of the dissolved company can only be determined under the terms of article 161.

ARTICLE 18

(Rights, indemnities & recompense)

1. Articles of incorporation must specify any special rights granted to founding shareholders or others, as well as the overall amount owed by the company to shareholders or third parties, as an indemnity or recompense for services provided during the incorporation phase.

2. Failing to comply with the provision in the previous number renders those rights vis-à-vis the company ineffective.

ARTICLE 19

(Shareholder agreements)

1. Shareholder agreements signed between all or between some shareholders, whereby they, in that capacity, obligate themselves to behave in a manner not forbidden by law, are merely effective between the parties, with acts, based on them, of the company or of the shareholders not being impugnable with respect to the company.

2. The agreements referred to in the previous number can involve the exercise of a voting right, but not the exercise of management or auditing functions.

3. Agreements whereby a shareholder assumes an obligation to vote, in a certain way are null and void, if:

a) always following the instructions of the company or one of its corporate bodies;

b) always approving proposals made by those bodies;

c) exercising voting right or refraining to exercise it as a quid pro quo for special advantages.

ARTICLE 20

(Registration)

After having signed the public deed, the articles of incorporation must be entered up on the commercial register, under the terms of the respective law.

ARTICLE 2I

(Undertaking of transactions by company prior to registration)

1. With the registration of its articles, a company fully undertakes the:

a) rights and obligations arising out of the legal transactions referred to in Nº 1 of article 18;

b) rights and obligations arising out of the regular operation of an establishment that constitutes the object of a subscription in kind or that has been acquired by the company, in compliance with stipulations in the articles of incorporation;

c) rights and obligations arising out of legal transactions that have been signed prior to the signing of the incorporation deed and which are specified and expressly ratified in same;

d) rights and obligations arising out of legal transactions that have been signed by managers, directors or executives within the framework of an authorization granted by all the shareholders in the incorporation deed.

2. The rights and obligations arising out of other legal transactions carried out on behalf of a company, prior to registering its articles, can be undertaken by it in light of a decision made by the management or board that must be communicated to the counterparty, in writing, in the 90 days subsequent to the registration of the articles.

3. The undertaking by a company of the transactions indicated in Nºs 1 and 2 are retroactive in their effects to the date of the respective signing and it releases the persons indicated in article 42 from the liability provided for therein, unless, by law, they continue to be liable.

4. A company cannot undertake obligations arising out of any legal transaction not mentioned in the articles of incorporation that address advantages or special rights, subscriptions in kind or acquisitions of assets.

SECTION II

Shareholder Obligations & Rights

SUBSECTION I

Shareholder Obligations & Rights in General

ARTICLE 22

(Shareholder obligations)

All shareholders are obligated to:

a) subscribe to the company with assets that are pledgable and adequate to the realization of the corporate purpose and goals or in those types of company in which such is permitted, with professional services;

b) participate in losses, except for the provision concerning working shareholders;

c) make additional loans to the company, whenever so demanded;

d) contribute to the company's development;

e) not prejudice the company, by any act or omission.

ARTICLE 23

(Shareholder rights)

1. All shareholders are entitled to:

a) a share in profits;

b) participate in shareholder resolutions, without prejudice to restrictions provided for in the law;

c) obtain information about the life of the company, under the terms of the law and articles and, namely, to examine the respective accounting records;

d) be nominated by the company's management and auditing bodies, under the terms of the law and articles.

2. All stipulations whereby any shareholder must receive interest or any other determined amount in recompense for their capital or professional services are prohibited.

ARTICLE 24

(Participation in profits & losses)

1. Excepting a legal or contractual provision stating otherwise, shareholders participate in the profits and losses of a company in proportion to the nominal values of the respective holdings in its capital.

2. If the articles only determine each shareholder's part in the profits, their part in the losses is presumed to be the same.

3. A provision that excludes a shareholder from a share in the profits or that exempts them from participating in the company's losses is considered null and void, except for the provision on working shareholders.

4. A provision whereby the share in profits or losses is left to the criterion of third parties is considered null and void.

ARTICLE 25

(Usufruct & pledge of holdings)

1. The constitution of usufruct on shareholdings, subsequent to the signing of the articles of incorporation, is subject to the form demanded and limitations established for the transfer of same.

2. The rights of a usufructuary are those indicated in articles 1466 and 1467 of the Civil Code, with the amendments provided for in this law and other rights therein attributed to same.

3. The pledge of shareholdings is subject to the form demanded and limitations established for the transfer of those holdings between living persons.

4. The rights inherent to a shareholding, especially a right to profits, can only be exercised by a lien-creditor when such is so agreed by the parties.

ARTICLE 26

(Special rights)

1. Special rights can only be constituted in favor of any shareholder by a stipulation in the articles of incorporation.

2. Excepting a stipulation stating otherwise, special rights constituted in favor of the shareholders of an unlimited company are non-transferable.

3. In private limited companies, special rights of an asset-related nature are transferable with the respective share, unless another regime has been agreed, with other rights being non-transferable in all cases.

4. In public limited companies, special rights can only be attributed to classes of shares and are transferred with them.

5. Excepting a legal or contractual provision expressly stating otherwise, special rights cannot be restrained or limited without the respective titleholder's consent.

6. In public limited companies, the consent referred to in the previous number is granted by means of a resolution passed at a special meeting of those shareholders holding the respective class of shares.

SUBSECTION II

Subscription Obligation

ARTICLE 27

(Value of subscriptions & stakes)

1. The nominal value of the part, stake or shares attributed to a shareholder in the articles of incorporation, cannot exceed the value of their subscription as such, when considering the respective amount in cash or value attributed to assets, in the report of the accountant or auditor, as demanded by article 30 or also to the sum of both, should this be the case.

2. If an error is ascertained in the evaluation made by an accountant or auditor, the shareholder is responsible for the difference that may possibly exist up to the nominal value of their stake.

3. If, through a legitimate act of third parties, the company is deprived of an asset provided by a shareholder or if it is impossible to provide it, as well as if the stipulation relating to a subscription in kind is ineffective, under the terms provided for in Nº 3 of article 10, the shareholder must realize the shareholding in cash, without prejudice to the eventual dissolution of the company, by a shareholder resolution or should the eventuality provided for in paragraph b) of Nº l of article 142 be verified.

ARTICLE 28

(Timing of subscriptions)

Shareholder subscriptions must be made at the time of the signing of the public deed of the articles of incorporation, without prejudice to a contractual provision that provides for the deferment of the paying-up of subscriptions in cash, in those cases and terms which the law so permits.

ARTICLE 29

(Compliance with subscription obligation)

1. Acts of the management or board and a shareholder resolution releasing shareholders, totally or partially, from the obligation to make the stipulated subscriptions are considered null and void, except in the case of a reduction of capital.

2. A donation made in compliance releasing a shareholder from the obligation of having to

pay-up a subscription in cash is permitted, but any resolution approving it, constitutes, to all intents and purposes, an amendment to the articles of incorporation, which must specifically observe that stipulated regarding subscriptions in kind.

3. Articles of incorporation can establish penalty clauses for a lack of compliance with the subscription obligation.

4. Profits corresponding to unpaid-up parts, stakes or shares cannot be paid to shareholders in arrears, but they must be credited to them as recompense for the subscription debt, without prejudice to legal proceedings, in general or special terms, regarding the company's debt.

5. Aside from the case provided for in the previous number, a subscription obligation cannot be canceled out by compensation.

6. Failing to make timely payment of an installment relating to a subscription means that all other payments owed by the same shareholder immediately fall due, even if they concern other parts, stakes or shares.

ARTICLE 30

(Verification of subscriptions)

1. Subscriptions made in cash must be proven by exhibition before a notary public of a document issued by a banking institution proving that the deposit has been made to the order of the company.

2. Subscriptions made in non-cash assets must be the subject of a report prepared by an accountant or auditor, without any interests in the company, designated by a shareholder resolution, with these having to be nominated only by those subscribers not having made those subscriptions.

3. An accountant or auditor who has prepared the report demanded by Nº 2, cannot, for two years counting from the date of the signing of the public deed in which the subscriptions are provided for in kind, perform any offices or professional functions in the same company or in companies in a parent/subsidiary or group relationship with it.

4. The report of the accountant or auditors must, at the very least:

a) describe assets and evaluate them, indicating criteria used in the evaluation;

b) identify the holders and the legal status of assets;

c) declare whether or not the values of assets reach the nominal value of the part, stake or shares allotted to shareholders making subscriptions in kind, plus share premiums, if such be the case, or compensation to be paid by the company.

5. A notary public can only take into consideration the report referred to in Nº 2, if this has been prepared in the 90 days prior to the signing of the articles of incorporation, with, in

all cases, its author having to inform the company's founders as to significant changes in values occurring during that period, of which the former is aware.

6. A shareholder who has paid-up subscriptions in cash must place the report prepared by an accountant or auditor at the disposal of other shareholders, as well as the information referred to in Nº 5, at least 15 days in advance in relation to the date of the signing of the articles of incorporation.

7. The report of the accountant or auditor, as well as the information referred to in Nº 5, are subject to the publishing formalities established in this law.

ARTICLE 31

(Creditor rights regarding subscriptions)

1. The creditors of any company can:

a) subrogate the company in the exercise of those rights to which the latter is entitled in relation to unpaid-up subscriptions, as of the time at which they become exigible;

b) legally file for the paying-up of subscriptions before these, under the terms of the articles, become exigible, provided that such is necessary to safeguard or discharge debts owed to them.

2. The company can contest the request formulated by creditors, under the terms of paragraph b) of the previous number, by discharging their debts with interest on arrears, when past due date or by the discount corresponding to advance payment, when not overdue and plus expenses.

SUBSECTION III

Safeguard of Capital

ARTICLE 32

(Resolutions on distribution of assets & its compliance)

1. Except in those cases expressly provided for in the law, no distribution of corporate assets, even as an advance distribution of profits, distribution of financial year profits or of reserves, can be made to shareholders without having been the subject of a resolution by them.

2. The shareholder resolution referred to in the previous number must not be executed by members of the management or board if these have grounds for believing that:

a) changes occurring in the company's assets in the interim would render the resolution unlawful, under the terms of article 33;

b) shareholder resolution violates that stipulated in articles 33 and 34;

c) resolution for the distribution of financial year profits or of reserves, if such was based on the company's accounts approved by the shareholders, but containing mistakes whose correction would mean altering the accounts, thus making it unlawful to decide on the distribution, under the terms of articles 33 and 34.

3. Members of the management or board who, owing to the provision in the previous number, have decided not to implement distributions decided upon at Shareholder Meetings must, in the eight days subsequent to the decision being made, request, on behalf of the company, a legal inquiry into verification of the facts provided for in some of the paragraphs of the previous number, excepting if, however, the company has been cited for an action to invalidate the resolution due to motives coinciding with that of the said decision.

4. Without prejudice to provisions in the Civil Procedure Code on issuing injunctions to suspend company resolutions, arising out of proceedings against a company invoking the invalidity of a resolution to approve the balance sheet or the distribution of reserves or financial year profits, members of the management cannot implement the distribution based on the grounds of that resolution.

5. In the case of the proceedings provided for in the previous number being inactionable, its plaintiffs, in the event of having litigated in bad faith, are jointly liable for the losses that the delay in making that distribution has caused to other shareholders.

ARTICLE 33

(Limits on distribution of assets to shareholders)

Without prejudice to that stipulated with regard to the reduction of share capital, corporate assets cannot be distributed to shareholders when the equity of same, such as results from the accounts prepared and approved in legal terms, is less than the sum of the capital and reserves not permitted to be allocated, in the law or articles, to shareholders or to fall to less than that sum as a consequence of such distribution.

ARTICLE 34

(Non-distributable profits & reserves)

1. Financial year profits needed to cover retained losses, or to form or replenish reserves, compelled by law or the articles of incorporation, cannot be distributed to shareholders.

2. Financial year profits cannot be distributed to shareholders, while the incorporation, research and development expenses are not completely amortized, except if the amount of the free reserves and the retained results are at least equal to those expenses not amortized.

3. Reserves whose existence and whose amount do not expressly appear on the balance sheet cannot be distributed to shareholders.

4. The resolution must expressly mention the nature and amount of the reserves distributed, either separately or together with the financial year profits.

ARTICLE 35

(Restitution of assets wrongfully received)

1. Shareholders must return to the company any assets that they have received from it in violation of that stipulated in the law, but those who have received, as profits or reserves, amounts whose distribution was not permitted by law, are only obligated to return them if they knew of the irregularity of the distribution or, taking into account circumstances, one they should not have ignored.

2. The provision in the previous number is applicable to the transferee of a shareholder's right, when it is they who receive the said amounts.

3. The company's creditors can legally apply for restitution to the company of the amounts referred to in the previous numbers under the same terms in which they can sue members of the management or board of directors.

4. It is incumbent on the company or the company's creditors to prove knowledge or cognoscibility of the irregularity.

5. Receiving the assets provided for in Nº 1 is equivalent to any fact that benefits the assets of the said persons with wrongfully attributed amounts.

ARTICLE 36

(Acquisition of assets from shareholders)

1. Acquisition by a company of shareholders' assets must previously be approved by a resolution passed at a Shareholder Meeting whenever the following requirements are cumulatively verified:

a) acquisition is to be made, directly or through an intermediary, by a founder of the company or person who becomes a shareholder of it within the period referred to in paragraph c);

b) exceeds equivalent value of assets acquired from the same persons, during the period referred to in paragraph c), by 10% of the share capital, at the time of the completion of the agreement whereby that acquisition has been made;

c) with this agreement having been completed prior to the signing of the articles of incorporation, simultaneously with it or in the two years subsequent to the signing of the public deed of the articles of incorporation or of a capital increase.

2. The provision in the previous number does not apply to acquisitions made in judicial

enforcement proceedings or included in the corporate purpose.

3. The Shareholder Meeting resolution referred to in Nº 1 must be preceded by a verification of the value of the assets acquired under the terms of article 30, with the shareholder from whom the assets are acquired not being permitted to take part in the voting.

4. Agreements whereby the acquisitions provided for in Nº 1 take place must be written ones, failing which they can be declared null and void.

5. The acquisitions of assets provided for in Nº l are ineffective when the terms of the respective agreements have not been approved at a Shareholder Meeting.

ARTICLE 37

(Loss of half of capital)

1. Members of the management or board who ascertain, through the financial year's accounts, that half the company's capital has been lost, must propose to the shareholders that the company be dissolved or the capital be reduced, unless the shareholders commit to make, and do in fact make, within the 60 days subsequent to the resolution passed as a result of the proposal, subscriptions that maintain, at least, 2/3 of the capital's cover.

2. The proposal referred to in the previous number must be tabled at the meeting appraising the accounts or at a meeting convened for 60 days subsequent to that or to judicial approval, in those cases provided for by article 73.

3. When members of the management or board have not complied with the provisions in the previous numbers or the resolutions provided for therein have not been approved, any shareholder or creditor can petition a court, while that situation prevails, to dissolve the company, without prejudice to shareholders being permitted to make the subscriptions referred to in Nº 1 until the final sentence has been handed down.

SECTION III

Company Regime Prior to Registration

ARTICLE 38

(Relationships preceding the public deed)

1. If two or more individuals, either by the utilization of a common business name, or by any other means, create the misleading impression that articles of incorporation exist between them, they are jointly liable for obligations undertaken by any of them.

2. If the incorporation of a commercial company has been agreed, but, prior to the signing of the public deed, the shareholders start to engage in company activities, the stipulations on civil companies are applicable to the relations established between them and with third parties.

ARTICLE 39

(Relationships between shareholders prior to registration)

1. During the period between the signing of the public deed and the registration of the articles of incorporation, the stipulations established in the articles and in this law are applicable to relationships between shareholders, with the necessary adaptations, except those presupposing that the articles have been duly registered.

2. Whatever the type of company envisaged by the contracting parties, the transfer by an act between living persons of shareholdings and amendments to articles of incorporation always require the unanimous consent of the shareholders.

ARTICLE 40

(Relationships with third parties of unregistered unlimited companies)

1. For transactions carried out on behalf of an unlimited company, with the express or tacit consent of all the shareholders, during the period between the signing of the public deed and the registration of the articles of incorporation, all shareholders are held jointly liable, with the said consent being presumed.

2. If the transactions carried out have not been duly authorized by all the shareholders, under the terms of Nº 1, those who carried out or authorized them are held jointly liable for obligations arising out of those transactions.

3. Clauses in the articles attributing representation to only some of the shareholders or that limit respective powers of attorney cannot be litigated against third parties, except when proven that the latter were aware of them at the time of the signing of their contracts.

ARTICLE 41

(Relationships with third parties of unregistered general partnerships)

1. For transactions carried out on behalf of a general partnership, with the full, express or tacit, consent of all the partners, during the period between the signing of the public deed and the permanent registration of the articles of incorporation, all general partners are held jointly and unlimitedly liable, with their consent being presumed.

2. A limited partner who has consented to the start up of company activities is subject to the same liability, except when it is proven that a creditor was aware of the former's legal capacity.

3. If the transactions carried out have not been authorized by the partners, under the terms of Nº 1, those who carried out or authorized them are held liable, personally, jointly and unlimitedly, for obligations arising out of those transactions.

4. Clauses in the articles attributing representation to only some of the general partners or that limit the respective powers of attorney cannot be invoked in litigation with third parties except when proven that these were aware of them when signing their contracts.

ARTICLE 42

(Relationships with third parties of unregistered private limited companies, public limited companies & limited partnerships)

1. For transactions carried out on behalf of a private limited company, public limited company or limited partnership, during the period between the signing of the public deed and the permanent registration of the articles of incorporation, all those who act in representation of same in the transaction, as well as those shareholders who authorize such transactions, are held liable, jointly and unlimitedly, with the other shareholders merely being liable up to the amounts of the subscriptions to which they have committed, plus the amounts that they have received from profits or the distribution of reserves.

2. The provision in the previous number is suspended if the transactions were expressly conditioned to the registration of the articles of incorporation and to recognition by same of the respective consequences.

SECTION IV

Invalidity of Articles

ARTICLE 43

(Invalidity of articles prior to registration)

1. Until such time as the articles of incorporation are registered, the invalidity of same, or of one of the negotiated declarations which are part of these, are governed by the provisions applicable to legal transactions that are void or annullable, without prejudice to that stipulated in article 55.

2. Without prejudice to that stipulated in article 125 and subsequent ones in the Civil Code, an invalidity arising out of a lack of legal capacity to act, can be litigated, by the legally incapacitated contracting party or their legal representative, not only against the other contracting parties but also third parties. However, an invalidity, arising out of deliberate mistakes or usury can only be litigated against the other shareholders.

ARTICLE 44

(Nullity of articles of incorporation of private limited companies, public limited companies or limited partnerships after registration)

1. After the permanent registration of the articles of incorporation of private limited companies, public limited companies or limited partnership has been completed, such articles can only be declared null and void when based on some of the following irregularities:

a) lacking the minimum number of founding shareholders demanded by law;

b) lacking mention of the business name, registered office, corporate purpose or share capital of the company, as well as of the value of the subscription of any shareholder or of amounts paid-up by same;

c) lacking any of the requirements of a corporate purpose under the terms of article 280 of the Civil Code;

d) lacking compliance with legal precepts demanding the minimum for the paying-up of share capital;

e) articles of incorporation were not drawn up by public deed;

f) all the founding shareholders lack legal capacity;

g) mention of an unlawful corporate purpose or one contrary to public order.

2. A shareholder resolution can, when passed under the terms established for resolutions on the amendment of articles of incorporation, rectify irregularities arising out of the lack of a business name or nullity of the constituent act of same, or lack of the mention of the company's registered office, as well as there being no indication of the value of the subscription of any shareholder and amounts paid-up by same, provided that, within a period of the 30 days subsequent to that resolution, those details, with the necessary amendments, are included in the articles of incorporation.

ARTICLE 45

(Invalidity of articles of incorporation of unlimited companies & general partnerships after permanent registration)

1. In unlimited companies and general partnerships, aside from irregularities in the articles of incorporation, the general causes for the invalidity of legal transactions, under the terms of civil law, are grounds for their invalidity.

2. For the purposes of the provision in the previous number, also considered as irregularities in the articles mentioned in Nº 1 of the previous article, are the omission of the name or business name of any of the shareholders with unlimited liability.

3. A shareholder resolution can, when passed under the terms established for resolutions on the amendment of articles of incorporation, rectify irregularities arising out of the lack of the business name or the nullity of the constituent act of same, and of there being no indication of the company's registered office, corporate purpose and share capital, as well as a lack of the mention of the value of the subscription of any shareholder and amounts paid-up by same, with the provision in the final part of Nº 2 of the previous article being applicable in this case.

ARTICLE 46

(Action declaring nullity & notification to regularize)

1. An action to declare nullity can be filed, at any time, by the Public Prosecution Service, as well as by any shareholder, any member of the company's management or board of directors or Audit Committee, and by any third parties having a major and serious interest in the action being heard.

2. In the case of a rectifiable irregularity, an action can only be filed after 90 days have elapsed counting from the date on which the company has been asked to rectify the situation.

3. Within a period of three days counting from a summons to appear, members of the management or board must communicate details of the lawsuit filed, in writing, to shareholders of unlimited liability, as well as to shareholders of private limited companies, with, in the case of public limited companies, the communication having to be addressed to the Audit Committee.

4. Non-compliance with the provision in the previous number shall give rise to the persons who are responsible for the duty to communicate being incurred in civil liability.

ARTICLE 47

(Deliberate faults & lack of legal capacity in private limited companies, public limited companies & limited partnerships)

1. In private limited companies, public limited companies and limited partnerships, errors, fraud, coercion and usury can be invoked as just cause for dismissal by an injured shareholder whose will has been distorted, provided that the requirements, on which the annulment of a legal transaction is contingent in civil law, have been verified.

2. In the companies referred to in the previous number, a lack of legal capacity of one of the contracting parties means that a legal transaction can be annulled in relation to the person lacking legal capacity.

ARTICLE 48

(Deliberate faults & lack of legal capacity in unlimited companies & general partnerships)

In unlimited companies and general partnership, errors, fraud, coercion, usury and lack of legal capacity determine whether the articles of incorporation can be voided in relation to the contracting party lacking legal capacity, injured contracting party and the contracting party whose will has been distorted. However, a transaction can be annulled as regards all the shareholders, if, taking into account the criterion formulated in article 292 of the Civil Code, it is not possible to relegate it to the holdings of the others.

ARTICLE 49

(Effects of annulment of articles)

Once an annulment of the articles is declared, in those cases provided for in Nº 2 of article 47 and in article 48, the shareholder who has invoked it is entitled to recover that which they have paid in and cannot be compelled to complete the subscription, but, if the annulment is founded on a deliberate mistake or usury, same is liable, toward third parties, for the company's obligations made prior to registration of the action.

ARTICLE 50

(Shareholders admitted to company after incorporation)

That provided for in articles 47 and 49 is also applicable, with the necessary adaptations, in the case of a shareholder whose will has been distorted or of a shareholder lacking legal capacity having joined the company by way of a legal transaction with this having been signed after its incorporation.

ARTICLE 51

(Shareholder's notification to annul or confirm transaction)

1. If any of the shareholders holds the annulment or dismissal right as provided for in articles 47, 48 and 50, any interested party can notify same so that they can exercise their right, under penalty of an irregularity being rectified, and apprising the company of this.

2. An irregularity is considered as having been rectified if the person notified does not file a lawsuit within a period of 180 days counting from the day on which the notification is received.

ARTICLE 52

(Satisfaction of plaintiff's interest by other means)

1. When an action has been filed to enforce the rights conferred by article Nºs 47, 48 and 50, the company or any of its shareholders can request legal ratification to be made by the court of measures adequate to satisfying the interest of the plaintiff, in order to avoid the legal consequences being sought by the lawsuit.

2. Without prejudice to the provisions in the following article, the proposed measures must be approved in advance by the shareholders, by a resolution that complies with the requirements demanded by the nature of those measures, with the plaintiff being excluded from participating in that resolution.

3. The court must ratify the solution proposed as an alternative, if it is convinced that, given the circumstances, it redresses the conflicts of interest fairly.

ARTICLE 53

(Acquisition of plaintiff's shareholding)

1. If the measure proposed consists in the acquisition of the plaintiff's shareholding by one of the shareholders or by third parties indicated by any of the shareholders, these need only justify that the company per se does not intend to present other solutions and that, aside from this, the requirements demanded by the law or articles of incorporation, on which the transfer of shareholdings between shareholders or to third parties, respectively, is contingent, are satisfied.

2. If, in the case referred to in the previous number, the parties have not agreed as to a price, an evaluation of the shareholding is made under the terms provided for in article 1021 of the Civil Code.

3. In those cases provided for in Nº 2 of article 47 and in article 48, the price indicated by professional experts is not ratified should it be less than the nominal value of the plaintiff's shareholding.

4. Once the price to be paid is determined by the court, acquisition of the shareholding must be ratified as soon as payment is made or the respective amount deposited to the order of the court or as soon as the acquirer provides sufficient guarantees that they will make the payment within the period that, at its prudent discretion, the judge sets, with the ratifying verdict serving as title to acquisition of the shareholding.

ARTICLE 54

(Relegation of transaction)

That stipulated in article 292 of the Civil Code applies to the partial invalidity of articles of incorporation.

ARTICLE 55

(Effects of invalidity)

1. A declaration of nullity and the annulment of the articles of incorporation determine that a company goes into liquidation, under the terms of article 165, with this effect having to be mentioned in the decision.

2. The effectiveness of legal transactions, previously completed on behalf of the company, is not affected by a declaration of nullity or the annulment of the articles of incorporation.

3. Should the nullity affect simulation, illegality of the corporate purpose or violation of public order or the offending of public morals, the provision in the previous number only benefits third parties acting in good faith.

4. The invalidity of articles of incorporation does not exonerate shareholders from realizing or completing their subscriptions or their personal and joint liability in relation to third parties which, according to law, are eventually incumbent on them.

5. The provision in the previous number is not applicable to a shareholder whose lack of legal capacity was the cause for the annulment of the articles or who eventually disputes it, by way of a peremptory plea, against the company, other shareholders or third parties.

CHAPTER IV

Shareholder Resolutions

ARTICLE 56

(Forms of resolution)

1. Shareholder resolutions can be approved in the following forms:

a) resolutions at regularly-convened Shareholder Meetings;

b) resolutions at universal meetings;

c) unanimous resolutions in writing;

d) resolutions passed by written vote.

2. Except when their interpretation imposes a different solution, the provisions of the law or articles of incorporation relating to resolutions approved at a Shareholder Meeting comprise any of the forms of resolution passed by shareholders as provided for in the law for this type of company.

ARTICLE 57

(Universal meetings)

1. A universal meeting is a Shareholder Meeting which is convened regularly and at which all shareholders are present and all manifest their will that the meeting be constituted and shall decide on certain matters.

2. In any type of company, shareholders can assemble at a Shareholder Meeting, without complying with prior formalities. In such a case, all the relative legal and contractual precepts apply to the holding of the meeting, which, however, can only deliberate on any matters with the consent of all the shareholders.

3. Shareholders can only be represented at a universal meeting provided that the proxy instrument expressly contains those powers necessary for the purpose.

ARTICLE 58

(Unanimous resolutions in writing)

1. In any type of company, shareholders can approve unanimous resolutions in writing, with or without a meeting being held.

2. As regards representation, the provision in Nº 3 of the previous article is applicable.

ARTICLE 59

(Resolutions by written vote)

1. Resolutions by written vote can take place when the shareholders decide to waive the holding of a Shareholder Meeting and:

a) agree, in writing, on passing the resolution in this form;

b) approve the resolution in writing.

2. Resolutions by written vote in unlimited companies and private limited companies, are only allowed under the terms regulated therein.

ARTICLE 60

(Lack of shareholders' consent)

Except in the case of a legal provision stipulating otherwise, resolutions approved on matters for which the law demands the consent of a certain shareholder are ineffective, while the interested party does not give their express or tacit agreement.

ARTICLE 61

(Null & void resolutions)

1. A resolution passed by shareholders is rendered null and void, when:

a) approved at a Shareholder Meeting which has not been convened, except if all the shareholders have been present or represented, under the terms provided for in articles 57 and 58;

b) approved by a written vote, when admissible, under the terms of article 59, without all the shareholders with voting rights having been invited to exercise that right, unless all of them have given their vote in writing;

c) whose contents are not, by nature, subject to a shareholder resolution;

d) whose contents, directly or indirectly, are offensive to public morals or legal provisions of a mandatory nature.

2. Meetings are considered as not having been convened when:

a) convened by someone who is not empowered for that purpose;

b) convened by a notice which does not contain the day, time and place of the meeting;

c) meeting is held on a day, time or place differing from that shown on the convening notice.

3. The nullity provided for in paragraphs a) and b) of Nº 1 cannot be invoked by those shareholders absent and not represented or by those shareholders not participating in the resolution in writing, when these have, later and in writing, given their acquiescence to the resolution.

ARTICLE 62

(Declaration of nullity)

1. A company's auditing body must apprise the shareholders of the nullity of any previous resolution, at a Shareholder Meeting, so that it can be renewed, if possible or file the respective legal action, if preferred.

2. If shareholders do not renew the resolution or if the company is not cited for a nullity action within a period of 60 days counting from the date of the termination of the Shareholder Meeting referred to in the previous number, the auditing body must file a legal action with a view to a declaration of nullity on the resolution.

3. The auditing body filing a nullity action must immediately apply to the court to nominate a shareholder to represent the company.

4. In companies in which an auditing body does not exist, the powers recognized by this article are retained by any manager.

ARTICLE 63

(Annullable resolutions)

1. Annullable resolutions are those that:

a) violate provisions of the law or the articles of incorporation, when a case for nullity is not appropriate under the terms of article 61;

b) can lead to any of the shareholders obtaining, through the exercise of voting rights, special advantages for themselves or third parties, in detriment to the company or other shareholders or simply prejudice the former or the latter, unless it is proven that the resolutions would have been approved even without the abusive use of votes;

c) have not been preceded by providing shareholders with the minimum elements of information.

2. For the purposes of this article and article 61, when contractual provisions are limited to

replicating legal precepts, these are considered as directly violated.

3. Shareholders voting favorably on the resolution, covered by paragraph b) of Nº 1, are jointly liable toward the company or other shareholders for any losses sustained.

4. For the purposes of this article, considered as minimum elements of information are the:

a) indications demanded by Nº 7 of article 397;

b) documents placed, for examination by shareholders, at the place and during the time established by the law or articles of incorporation.

ARTICLE 64

(Annulment)

1. A company's auditing body must apprise the shareholders of the annullability of any previous resolution, at a Shareholder Meeting, so that they can renew it, if possible or file the respective legal action, if preferred.

2. Annullability can be invoked by the auditing body or any shareholder not voting in agreement with that which passed it or that have not later, expressly or tacitly, approved the resolution.

3. The deadline period for the proposal of the annulment action is 30 days, counting from the date on which:

a) the Shareholder Meeting was closed at which the annullable resolution has been approved;

b) resolution is considered as passed, when it has not been made at a Shareholder Meeting;

c) shareholder was aware of the resolution, if it pertains to a matter that did not appear on the convening notice.

4. Should a Shareholder Meeting be interrupted for more than 15 days, any resolutions passed prior to the interruption can be annulled in the 30 days subsequent to that on which a resolution was passed, without prejudice to the provision in Nº 3.

5. The filing of an annulment action does not depend on the presentation of the minutes of the meeting at which the annullable resolution has been approved. Nevertheless, if a shareholder invokes the impossibility of obtaining them, the judge orders those persons who, under the terms of the law, must sign the minutes, to be notified to present them to the court, within a period of 60 days counting from notification, with the case being suspended until their presentation.

6. Although the law demands the minutes to be signed by all the shareholders, it suffices, for the purpose of the previous number, that they be signed by all the shareholders who voted in agreement with it.

7. If the voting is secret, only those shareholders declaring at the meeting itself, or before a notary public, within a period of five days counting from the date of the voting, that they voted against the resolution, are considered as not having voted in agreement with it.

8. In companies in which an auditing body does not exist, the powers recognized by this article are retained by any manager.

ARTICLE 65

(Provisions common to nullity & annulment actions)

1. A nullity action as well as an annulment action must be filed against the company.

2. When several actions for declarations of invalidity of the same resolution exist, they must be appended, complying with the stipulation in Nº 2 of article 275 of the Civil Procedure Code.

3. The company merely bears the charges of the actions filed by the auditing body or, failing that, by any manager, director or executive, when judged actionable.

ARTICLE 66

(Effectiveness of court verdict)

1. A verdict declaring a resolution null and void, or annulling it, generates effects in relation to all the shareholders and corporate bodies of the company, even if they have not been party to or have not intervened in the litigation.

2. A declaration of nullity or an annulment does not prejudice rights acquired in good faith by third parties, based on acts performed in the execution of the resolution.

3. For the purposes of the provision in the previous number, considered as acting in good faith are acquiring third parties that, at the time of the acquisition, were not culpably aware of the irregularity in the null or annullable resolution.

ARTICLE 67

(Renewal of resolution)

1. A resolution made null and void due to paragraphs a) and b) of Nº 1 of article 61 can be renewed by other resolutions and this retroactive effectiveness can be attributed, without prejudice to the rights acquired by third parties.

2. Annullability ceases when shareholders renew the annullable resolution by means of another resolution, provided that this does not contain any irregularity, with, however, a shareholder who has an addressable interest in it being permitted to petition for the annulment of the flawed resolution, in relation to the period prior to the renewed resolution.

3. When a resolution is legally challenged, the court competent to address it must notify the company to renew the resolution that has been impugned, in those cases where such a

renewal is admissible.

4. Once the notification referred to in the previous number is received, the company has at its disposal a period of 30 days, to request the renewal of the resolution being challenged.

ARTICLE 68

(Minutes)

1. Shareholder resolutions can only be approved by the minutes of meetings or when resolutions in writing are allowed, by the documents containing those resolutions.

2. The minutes must, at the very least, contain:

a) indication of place, day and time of meeting;

b) name of the chairman of the meeting board and, if such exist, of the secretaries;

c) names of shareholders present or represented and the nominal value of company parts, stakes or shares of each one, except in those cases in which the law demands that a list of presences be organized, which must be attached to the minutes;

d) agenda contained in the convening notice, except when this is appended to the minutes;

e) documents and reports submitted for appraisal by the meeting;

f) result of resolutions approved;

g) voting results;

h) declarations on way shareholders have voted, if requested by them.

3. When the minutes must be signed by all the shareholders who participated in the meeting and some do not, when able to do so, the company must notify them to sign them in a period of not less than eight days. Once this period has elapsed, the minutes have the probative force referred to in Nº 1, provided that they are signed by the majority of the shareholders who took part in the meeting, without prejudice to the right of those who do not sign them, invoking the fraudulence of the minutes in court.

4. The minutes must be drawn up in the respective book, which must also contain, according to the form established in the law, other resolutions approved without a Shareholder Meeting being held.

5. When, in the cases as referred to in the final part of the previous number, those resolutions consist of a public deed or an instrument aside from the notes, the management or the Board of Directors must mention their existence in the minutes' book.

6. The minutes are drawn up by a notary public in a separate instrument when the law so

determines, when the assembly, at the beginning of the meeting, so decides, or when any shareholder so demands, with the latter in this case bearing the respective expenses.

7. In those cases in which the law permits opting between the notary form of minutes and the subsequent drawing up of the resolution by public deed, the option falls to whoever presides over the meeting, but the meeting can always decide on the notary form of minutes being used.

8. Minutes that merely consist of individual detached documents constitute the principle of proof, provided that they are signed by all the shareholders who participated in the meeting.

9. No shareholder is obligated to sign minutes not contained in the respective book.

CHAPTER V

Management

ARTICLE 69

(Due diligence)

The directors of a company must act in its interest with the due diligence of a prudent manager and without prejudicing the interests of shareholders and employees.

CHAPTER VI

Annual Appraisal of Company's Situation

ARTICLE 70

(Duty to report on management & present accounts)

1. The company's managers or directors must prepare and submit the management report, yearend accounts and other financial statements provided for in the law, in relation to each calendar year, to the company's competent bodies.

2. The preparation of the management report, yearend accounts and other financial statements must mandatorily comply with legal demands, as well as with any other demands formulated in the articles of incorporation.

3. The annual management report and accounts must be signed by all members of the company's management or board of directors.

4. Managers or directors refusing to sign the annual management report and accounts, must, even if they have already ceased their functions, justify their refusal in these documents and provide an explanation to the body competent to approve them.

5. The annual management report and accounts are prepared and signed by the managers and directors of the company performing functions at the time of the presentation, but

former members of those bodies must provide all information, relating to the period during which they performed their functions, solicited from them for that purpose.

6. Except in the case of a legal provision stipulating otherwise, the management report, yearend accounts and other financial statements must be presented and appraised during the first three months of each calendar year.

ARTICLE 71

(Management reports)

1. A management report must contain, at the very least, a true and clear presentation of the company's business performance and situation.

2. The report must, in particular, indicate:

a) performance of management in the different sectors in which the company operated, namely, regarding investments, costs, income and, research and development activities;

b) relevant facts occurring after the end of the previous financial year;

c) company's anticipated performance;

d) acquisitions and divestments of assets, their motives and conditions;

e) authorizations granted for the signing of transactions between the company and its directors, under the terms of article 418;

f) duly justified proposal for the distribution of results;

g) existence and performance of any of the company's representations.

ARTICLE 72

(First financial year)

Without prejudice to tax obligations to which it is subject, a company's first business year cannot last less than 6 months or go beyond 18 months.

ARTICLE 73

(Lack of presentation of accounts & resolutions on them)

1. If the management report, yearend accounts and other financial statements have not been presented within the two months subsequent to the end of the deadline set in Nº 5 of article 70, any shareholder can apply to a court to proceed with an inquiry.

2. If, having heard the managers or directors of the company, the judge considers that the reasons invoked by them for the lack of the presentation of accounts are acceptable, same must order the presentation of these within a period of 60 days subsequent to the hearing.

3. If, under the terms referred to in the previous number, the managers or directors do not present the accounts by the deadline set, the judge shall appoint a manager or director exclusively entrusted to prepare, within a period of 30 days after notification of the appointment, the management report, financial year's accounts and other financial statements provided for in the law and to submit them to the competent body of the company, which, if this is the Shareholder Meeting, can be judicially convened by the person appointed.

4. If the yearend accounts and other documents prepared by the manager or director of the company appointed by the court are not approved by the company's competent body, they can, in the official inquiry papers, submit the divergence to the judge for a final decision.

5. When, through no fault of the managers or directors, nothing has been determined, during the period referred to in Nº 2, on the accounts and other documents presented by them, one of them or any shareholder can apply to the court to convene a Shareholder Meeting for that purpose, even though, normally, another corporate body is competent to approve the accounts.

6. In the event that, at the meeting convened judicially, the accounts are not approved or are rejected by the shareholders, any interested party can request that they be examined by an independent accountant or auditor, in which case, if no motives exist for rejecting the petition, the judge appoints that accountant or auditor and, in light of their report, recorded in the official court proceedings and inquiries ordered, approves the accounts or rejects their approval.

ARTICLE 74

(Refusal to approve accounts)

1. Should the proposal of the members of the company's management or board of directors relating to the approval of the accounts not be approved, the Shareholder Meeting must determine, fundamentally, whether to proceed with the preparation of new accounts or to revise the accounts presented, on specific points.

2. During the eight days subsequent to the approval of the resolution that ordered the preparation of new accounts or the revision of those already presented, members of the company's management or board of directors can request a judicial inquiry to decide on the revision of the accounts presented, unless these are based on opinions for which the law does not impose any criteria.

ARTICLE 75

(Special regime for invalidity of resolutions)

1. The violation of legal precepts relating to the preparation of the management report,

yearend accounts and other financial statements renders resolutions annullable that, based on those documents, are approved by shareholders.

2. Likewise, a resolution approving irregular accounts is also annullable.

3. In those cases in which there has been a miscalculation or accounting error, the judge notifies the manager or director of the company that within a period of 15 days subsequent to notification, it must be corrected. However, if it is not rectified at the end of that period the resolution shall be declared as annulled.

4. Resolutions that violate legal precepts relating to the setting up, replenishment or use of the statutory reserve, or that violate legal stipulations whose purpose, exclusively or principally, is to protect third parties, are null and void.

CHAPTER VII

(Civil Liability for Incorporation, Management & Oversight of Companies)

ARTICLE 76

(Liability regarding incorporation of companies)

1. Founders, managers or directors are jointly liable toward the company for the inaccuracy and deficiency of any declarations that they have provided for its incorporation.

2. Excluded from the liability provided for in the previous number, are those founders, managers or directors who are ignorant, through no fault of their own, of the facts that gave rise to them.

3. Founders who have acted fraudulently are jointly liable for the damages that they cause to the company pertaining to the paying-up of subscriptions, acquisition of assets made prior to the registration of the company, acquisition of assets from shareholders or incorporation expenses.

ARTICLE 77

(Liability for damages caused to companies)

1. Excepting if they can prove that they proceeded through no fault of their own, managers or directors are accountable to the company for the damages that they cause to it by acts or omissions performed in violation of legal or contractual duties.

2. Managers or directors who have not voted or who have been outvoted are not liable for damages arising out of a collegial decision, with their being permitted, in this case, within a period of five days counting from the date on which the resolution has been approved, to have their declaration of vote drawn up, either in the respective book of minutes, or in a written document addressed to the auditing body, if such exists, or before a notary public.

3. Managers or directors of a company who have not exercised their right to oppose as conferred on them by the law, when they were in a position to do so, are jointly liable for

the acts which they could have opposed.

4. Managers or directors are not accountable to the company when an act or omission is underpinned by a shareholder resolution, even if it is annullable.

5. A favorable opinion or consent does not exempt managers or directors from liability.

ARTICLE 78

(Joint liability)

1. If, under the terms of articles 76 and 77, various founders, managers or directors were responsible, their liability is a joint one.

2. The right to obtain redress from those responsible exists insofar as the respective culpability and consequences can be attributed to them, with the culpability of the persons responsible presumed to be equal.

ARTICLE 79

(Null clauses, accord & renunciation)

1. Any clause that excludes or limits the liability of founders, managers or directors, that subordinates the filing of an indemnity action, when filed under the terms of article 82, to a prior opinion or resolution of the shareholders, or that subjects the filing of an indemnity action to a prior a court decision, is null and void.

2. A company can only settle its right to an indemnity or renounce it by means of a resolution passed by those shareholders whose votes correspond to at least 3/4 of the company's capital, with those persons possibly responsible not being permitted to vote on this resolution.

3. A resolution that, at a Shareholder Meeting, approves the accounts, or the management executed by managers or directors, does not imply renunciation of the company's right to be indemnified by them, unless the facts constituting liability have been expressly made known to shareholders prior to approval of the management and accounts, and that this has complied with the voting requirements demanded in the previous number.

ARTICLE 80

(Indemnity action)

1. The company can only file an indemnity action after a shareholder resolution is passed on it and it must be filed within a period of six months counting from the date of the approval of the said resolution, with the shareholders being permitted to nominate special representatives for that purpose.

2. During the meeting at which the yearend accounts are appraised, resolutions can be approved on an indemnity action and the dismissal of managers or directors whom the meeting considers responsible, even though these matters do not appear on the convening

notice, with the managers or directors whom the meeting considers responsible being prevented from voting on those resolutions.

3. The approval of the resolution referred to in the previous number prevents those managers or directors from being elected again while the indemnity action is pending.

ARTICLE 81

(Special representatives)

1. If the shareholders decide to file an indemnity action, the court, at the formal request of one or more shareholders, whose holdings correspond to at least 10% of the share capital, appoints a person or persons, differing from those who usually act in its representation, to represent the company in the respective proceedings, when the shareholders have not proceeded with this appointment or if substitution of the representative appointed by the shareholders is justified.

2. Representatives appointed under the terms of the previous number can, in the same proceedings, demand reimbursement by the company, for expenses they have expended and a remuneration set by the court.

3. Should the case against the company be dismissed, the minority requesting the appointment of representatives is obligated to reimburse the company for legal costs and other expenses arising out of the said appointment.

ARTICLE 82

(Indemnity action filed by shareholders)

1. Independent of a petition for an indemnity for damages which have been sustained by them, shareholders, whose holdings correspond to at least 10% of the company's capital, can file an indemnity action against managers or directors, with a view to being compensated for damages sustained by the company, when the latter has not petitioned it.

2. Shareholders can be represented by one or some of them in the proceedings as referred to in the previous number, with their having to bear the expenses arising out of representation.

3. If, during the course of the court hearing, one or some of the shareholders no longer retain this capacity or refrain from continuing with the petition, the case continues with the remaining ones.

4. When an indemnity action is filed by one or several shareholders, under the terms of the previous numbers, the company must be called to authorship.

5. If the defendant alleges that the indemnity action was filed to prosecute interests different from those protected by law, same can petition that, a prior decision falls on the issue thus raised, or that the plaintiff provides a guarantee.

ARTICLE 83

(Liability toward company's creditors)

1. Managers or directors are accountable to the company's creditors when, due to culpable non-compliance with legal provisions or contractual provisions destined to protect same, the company's assets are revealed to be insufficient to meet its respective debts.

2. Whenever the company or shareholders do not do so, the company's creditors are entitled, under the terms of articles 606 to 609 of the Civil Code, to exercise the right to the indemnity retained by the company.

3. The indemnity obligation which, under the terms of the previous numbers, falls to the managers or directors is not eliminated, in relation to creditors, by the renunciation or accord of the company or by the fact of an act or omission being based on a Shareholder Meeting resolution.

4. In the event of a company going bankrupt, the rights of the company's creditors can be exercised, during the bankruptcy proceedings, by the official receiver.

5. That stipulated in Nºs 2 to 5 of article 77, in article 78 and in Nº 1 of article 79 is applicable to the liability provided for in this article.

ARTICLE 84

(Liability toward shareholders & third parties)

1. Managers or directors are, in addition, accountable in general terms, to shareholders and third parties for damages that, in the exercise of their functions, they have caused to them.

2. That stipulated in Nºs 2 to 5 of article 77, in article 78 and in Nº 1 of article 79 is applicable to the liability provided for in this article.

ARTICLE 85

(Liability of other persons with management functions)

The provisions regarding the liability of managers and directors apply to other persons who are entrusted with management functions.

ARTICLE 86

(Liability of members of auditing bodies)

1. Members of the auditing bodies are accountable under the terms provided for in the previous provisions.

2. Members of auditing bodies are jointly accountable together with the managers or directors of the company for the acts or omissions of same in the exercise of their functions, except if they prove that the damages would have occurred even had they executed their auditing obligations.

ARTICLE 87

(Liability of auditors & accountants)

1. Auditors and accountants are accountable to the company and shareholders for damages that they cause to them by their culpable conduct, with article 77 being applicable to them.

2. Auditors and accountants are accountable to the company's creditors under the terms provided for in article 83.

ARTICLE 88

(Joint shareholder liability)

1. A shareholder who can, by virtue of provisions in the articles of incorporation, solely or together with others with whom they have signed shareholder agreements, nominate managers or directors or members of the auditing body, without other shareholders participating in that appointment, is jointly accountable together with the person they have nominated, to the company and those shareholders who did not participate in the appointment, provided that there is culpability in the choice of the person nominated and the indemnity obligation is also borne by same.

2. The provision in the previous number is also applicable to corporate entities elected or appointed to company positions, in relation to the persons they nominate or who represent them.

3. A shareholder who can, owing to the votes they hold, or because of these votes together with the votes of shareholders with whom they have signed shareholder agreements, elect managers or directors or members of the auditing body, is jointly accountable together with the elected person, to the company and those shareholders who were outvoted on the resolution, provided there is culpability in the choice of the person appointed and the indemnity obligation is also borne by same, in those cases in which the resolution has been approved with that shareholder's votes, with the votes of the shareholders with whom this shareholder has signed the said agreements and at least half of the votes of the other shareholders present or represented at the meeting.

4. A shareholder who can, owing to contractual provisions or by the number of votes they hold, solely or jointly with the votes of shareholders with whom they have signed shareholder agreements, dismiss or demand the dismissal of managers or directors or members of the auditing bodies, and who uses this faculty to compel those persons to perform or omit any act, is accountable, jointly with them, for any damages caused to the company or shareholders by the act or omission.

ARTICLE 89

(Other cases of shareholder liability)

1. Without prejudice to the application of the provisions in the previous article, and also of provisions regarding affiliated companies, when a company, the number of whose

shareholders is less than that established in the law, is declared bankrupt, the latter are accountable, unlimitedly, for commitments undertaken by the company during the period subsequent to the merging of stakes or shares, should it be proven that, during this period, legal precepts that establish the control of corporate assets were not observed in compliance with the respective commitments.

2. The provision in the previous number is also applicable to the duration of the said merger, even if bankruptcy occurs after the plurality of shareholders has been reconstituted as demanded by law.

CHAPTER VIII

Amendments to Articles of Incorporation

SECTION I

Amendments in General

ARTICLE 90

(Resolutions on amendments)

1. Amendments to articles of incorporation can only be determined by shareholders or when the law permits same, by shareholders and the body empowered to do so for that purpose, with their having in all cases to respect that stipulated for each type of company.

2. Amendments to articles of incorporation determined under the terms of the previous number, must be drawn up as a public deed, except in those cases in which the resolution consists of the minutes drawn up by a notary public and not involving a capital increase.

3. Any manager or director is bound to sign, with the utmost brevity, the deed demanded by the previous number, without depending on a special designation by shareholders.

ARTICLE 91

(Protection of shareholders & third parties)

1. The retroactive effectiveness of amendments made to articles of incorporation is contingent on a unanimous resolution by shareholders and is limited to the relationships between them.

2. If the amendments, referred to in the previous number, involve an increase in the loans imposed on shareholders by the company's articles, that increase is ineffective with regard to those shareholders who have not consented to it.

SECTION II

Increases in Share Capital

ARTICLE 92

(Forms of increase)

An increase in share capital can stem from new subscriptions or an incorporation of reserves.

ARTICLE 93

(Resolution requirements)

1. A resolution on an increase in share capital must expressly mention:

a) type of capital increase;

b) amount of capital increase;

c) nominal value of new holdings;

d) nature of new subscriptions;

e) premium, if there is one;

f) deadlines within which subscriptions must be paid-up, without prejudice to that stipulated in article 95;

g) persons participating in that increase.

2. In order to comply with the provisions in paragraphs c) and g) of the previous number, it suffices, in conformity with the case, to mention that shareholders exercising their preemptive rights participated in the increase, or that all the shareholders participated, although not holding that right or that a public subscription took place.

3. New subscriptions cannot be determined as an increase in share capital while a previous increase has not been duly registered or all initial capital payments are outstanding or those stemming from a previous increase have not been paid.

ARTICLE 94

(Internal effectiveness of capital increase)

For internal purposes, the capital is considered increased and shareholdings are considered constituted as of the time of the signing of the respective deed.

ARTICLE 95

(Subscriptions & acquisition of assets)

1. Except for the provisions in the following numbers, as regards subscriptions of the same kind, that stipulated when the company was incorporated, applies to the paying-up of subscriptions for capital increases.

2. Subscriptions in kind must be fully paid-up prior to the signing of the public deed or at that time if that form is necessary for the transfer of assets, with, in this case, the transferor also signing the deed.

3. If a resolution is lacking as regards the exigibility of subscriptions in cash that the law allows to be deferred, such become exigible as of the effective registration of the capital increase.

4. The resolution approving the capital increase expires at the end of one year if the deed cannot be signed during that time due to subscriptions not being paid-up, without prejudice to the indemnity eventually owed by defaulting subscribers.

ARTICLE 96

(Monitoring increase by new subscriptions)

1. The notary public drawing up the public deed must verify, by means of the minutes on the resolution and other documents, if the capital increase was determined judicially and regularly executed.

2. The member of the management or board of directors representing the company in the deed must indicate, on their own liability, which subscriptions have already been paid-up and declare that the paying-up of the other subscriptions is not yet demanded by the law, the articles or the resolution.

ARTICLE 97

(Capital increase by incorporation of reserves)

1. A company can increase its share capital by incorporating available reserves for that purpose.

2. The capital increase referred to in the previous number can only be carried out after the yearend accounts have been approved prior to the resolution, but, if six months have already elapsed since that approval, the existence of reserves to be incorporated can only be approved by the shareholders in light of the presentation of a special balance sheet, prepared and approved under the terms established for the annual balance sheet.

3. A company's capital cannot be increased by the incorporation of reserves while payments for the initial or increased capital have not been paid-up.

4. The resolution on an increase in share capital must expressly mention:

a) type of capital increase;

b) amount of capital increase;

c) reserves incorporated into the capital.

ARTICLE 98

(Increase in shareholdings)

1. An increase in share capital made by the incorporation of reserves correspondingly increases the holding of each shareholder, proportionally to its nominal value, unless, with a different criterion for the allocation of profits having been agreed, the articles demand it be applied to the incorporation of reserves or stipulate some special criterion.

2. Excepting a shareholder resolution to the contrary, the company participates by means of its own stakes or shares, in this type of capital increase.

3. The capital increase resolution indicates if new stakes or shares are created or if the nominal value of existing ones is increased, and failing such an indication, the nominal value of existing shares is increased.

4. When shareholdings are subject to usufruct, this affects, in the same terms, new holdings or existing ones with the nominal value increased.

ARTICLE 99

(Monitoring capital increase by incorporation of reserves)

1. The public deed of an increase in share capital must be firmly underpinned by the balance sheet that served as a basis for the resolution, and with a declaration in which the company's management or board of directors and auditing body, when such exists, state that to their knowledge no decreases in assets have occurred that would impede the capital increase, since the date to which the balance sheet refers, which was taken as the basis for the resolution, up until the date of the deed.

2. With a new balance sheet having been duly approved prior to the signing of the public deed or application to register the capital increase, that balance sheet must also be presented.

3. The application to register the capital increase must also be underpinned by a declaration similar to that referred to in Nº 1, with an indication of the date of the presentation of the application.

SECTION III

Reductions of Share Capital

ARTICLE 100

(Convening of Meeting)

1. The notice calling a Shareholder Meeting for the approval of a reduction of the share capital must mention:

a) purpose of reduction, namely if this is earmarked to cover losses, release capital surplus or its special purpose;

b) form of reduction, namely if it is to reduce the nominal value of holdings or if there is a reshuffle or extinction of holdings.

2. Those company's holdings which the reduction will affect must also be specified, when all are not affected equally.

ARTICLE 101

(Judicial authorization)

1. The signing of the public deed for a reduction of capital and its registration on the commercial register are contingent on obtaining prior judicial authorization, under the terms of the Civil Procedure Code.

2. Judicial authorization must not be granted if the company's equity does not exceed the new capital by at least 20%.

3. Judicial authorization is, however, waived if the reduction is merely destined to cover losses.

4. In the case, as referred to in the previous number:

a) the resolution approving the reduction must be registered and published;

b) shareholders continue to be obligated to their commitments to pay-up the capital;

c) any of the company's creditors can, during the 30 days subsequent to the publication of the resolution approving a reduction of capital, apply to a court for the distribution of available reserves or that the financial year's profits be prohibited or limited within a period to be defined, unless the debt owed to the claimant is settled, if it is already exigible or properly guaranteed;

d) before the period granted to the company's creditors in the previous paragraph has elapsed, the company cannot effect the distributions mentioned therein, with that prohibition coming into force as of the date of the company having knowledge of the claim of any creditor.

CHAPTER IX

Company Mergers

ARTICLE 102

(Concept & types)

1. A merger is the uniting into one company, of two or more companies, even when of different types.

2. Dissolved companies can merge with other companies, dissolved or not, although the liquidation must be done judicially, if they meet with the requirements on which a return to the exercise of the company's business activity is contingent.

3. A company is not permitted to merge after submitting a declaration for bankruptcy and a formal request calling for a meeting of creditors, as provided for in Nº 1 of article 1140 of the Civil Procedure Code, or after applying for or submitting a declaration of bankruptcy, as provided for in article 1177 of the same Code.

4. A merger can take place by means of:

a) incorporation, through the overall transfer of the assets of one or more companies to another company and the transfer to shareholders of those parts, stakes or shares of same:

b) a simple merger, by incorporating a new company to which the overall assets of the merged companies are transferred, with the shareholders of the latter being allotted parts, stakes or shares in the new company.

ARTICLE 103

(Merger project)

1. The managements or boards of directors of all the companies which intend to merge must jointly prepare a merger project which shall, aside from other elements necessary for the due legal and economic characterization of the merger, consist of the following:

a) type, motives, conditions and objectives of the merger, in relation to all the companies participating in it;

b) business name, registered office, amount of share capital and number and dates of registration on the commercial register of each of the participating companies;

c) holdings that some of the companies have in the capital of another;

d) balance sheets of companies involved, especially prepared up to 90 days prior to the resolution referred to in article 107, which contain, namely, the value of items of assets and liabilities to be transferred to the incorporating company or new company;

e) parts, stakes or shares to be allotted to shareholders of the company to be incorporated under the terms of paragraph a) of Nº 4 of the previous article or of companies to be merged under the terms of paragraph b) of that number, with the shareholding swap ratio being specified;

f) draft of amendments to be introduced into the articles of incorporation of the incorporating company or the draft articles of the new company;

g) measures safeguarding the rights of third parties to participate in company profits;

h) measures safeguarding the rights of the company's creditors;

i) date as of which the operations of the company or companies incorporated or of companies to be merged are considered, from the accounting standpoint, as carried out on behalf of the incorporating company or new company;

j) rights assured by incorporating company or new company to shareholders of the incorporated company or companies or of companies to be merged, holding special rights;

k) remuneration to be allocated to professionals involved in merger, as well as any special advantages attributed to members of the management or auditing bodies of the companies participating in the merger;

l) in mergers in which the incorporating company or new company is a public limited one, the ways of consigning the shares of those companies and the date as of which those shares confer the right to profits, as well as the class of those rights;

m) transfer of contractual position that, for the participating company or companies, arises out of employment contracts signed with their employees, contracts that do not terminate due to demerger;

n) transfer of contractual position that, for the participating company or companies, arises out of rental agreements signed by them, agreements that do not terminate due to demerger.

2. The merger project or an attachment to same indicates the evaluation criteria adopted, as well as the bases of the swap ratio referred to in paragraph e) of the previous number.

ARTICLE 104

(Monitoring of merger project)

1. The management or board of directors of each of the companies participating in the merger must communicate the project of same and its attachments to the respective auditing body, if such exists, so that an opinion can be issued on same.

2. Aside from the communication referred to in the previous number, or in its substitution, in cases where the company has no auditing body, the managements or boards of each company participating in the merger must submit the merger project for the examination and opinion of an accountant or auditor independent of all the participating companies.

3. Companies participating in the merger can submit the examination and opinion, referred to in the previous number, to the same accountant or auditor, as regards all of them or those which have agreed to it, who shall, in this case, be appointed jointly by the companies concerned.

4. The opinion of the auditing body or of the accountant or auditor, in line with the case, must show grounds for and address the adequacy and reasonability of the swap ratio of the shareholdings, indicating, namely:

a) methods followed in defining the proposed swap ratio;

b) justification for the application, in the specific case, of methods used either by the management of the companies or by members of the auditing body, accountants or auditors, the values calculated by using each of the methods, the relative importance conferred on them in determining the values proposed and special difficulties encountered in the evaluations performed.

5. The auditing body or the accountant or auditor can demand, any data or documents from the participating companies, which they deem necessary, and proceed with examinations indispensable to complying with their functions.

ARTICLE 105

(Approval of merge project)

1. The merger project must be approved by a resolution passed by the shareholders of each of the participating companies, at a Shareholder Meeting, which must be convened according to the legal or contractual provisions applicable.

2. Simultaneously to the publication or notice being sent out, advising shareholders of the Shareholder Meetings, a notice advising that the purpose of the merger and accompanying documentation can be inspected, at the registered office of each company, by the company's respective shareholders and creditors, must be published, in one of the most widely-read newspapers in the area where the company's registered office is located.

3. As of the publication of the notice, the shareholders and creditors of any of the companies participating in the merger have the right to consult, at the registered office of each of them, and to obtain, without charge, a full copy of the following documents:

a) merger project;

b) report and opinions on the project, prepared by the corporate bodies and auditors;

c) accounts, management and board reports, reports and opinions of auditing bodies, accountants and auditors, and resolutions passed by Shareholder Meetings on those accounts, in relation to the last three financial years.

ARTICLE 106

(Shareholder Meetings)

1. With the shareholders gathered together at a Shareholder Meeting, the management or board of directors must begin by declaring whether, since the preparation of the merger project, there was any major change in the circumstances on which it was based and, if that be the case, propose any modification to the project deemed necessary.

2. When there has been a major change in those circumstances, the Shareholder Meeting must determine whether the merger process shall continue with or without a modification to the project or whether it shall put an end to that process.

3. The proposal to be presented to the different Shareholder Meetings must be strictly the same, with it being considered, without prejudice to a subsequent renewal of the proposal, that any modification introduced therein shall be tantamount to its rejection.

4. During the Shareholder Meeting, shareholders can request any information on the participating companies that are revealed to be indispensable to appraising the merger proposal.

ARTICLE 107

(Resolutions)

1. In the absence of a special provision, resolutions on a merger are approved under the terms established for amending articles of incorporation.

2. Consent is demanded by all the shareholders affected by the execution of resolutions approving a merger, when this:

a) increases the obligations of all or some shareholders;

b) affects the special rights retained by some shareholders;

c) alters the proportion of shareholdings of one shareholder as against other shareholders of the same company, except insofar as the alteration arises out of payments that are demanded of same in order to respect legal provisions that impose a minimum value or a certain value on each shareholding unit.

3. If some of the participating companies have various classes of shares, the respective Shareholder Meeting resolution approving the merger is only effective after having been approved by a special meeting of each class.

ARTICLE 108

(Participation of one company in capital of another)

1. If any of the participating companies holds parts, stakes or shares in another company, they cannot, at the meeting held to decide on the merger, hold a number of votes greater than the sum of those held by all the other shareholders.

2. For the purposes of the previous number, added to that company's votes are the votes of other companies in a parent/subsidiary or group relationship with it, as well as the votes of persons acting on their own account, but on behalf of any of those companies.

3. When merged by incorporation, the incorporating company does not receive parts, stakes or shares from itself in the exchange of parts, stakes or shares in the incorporated company of which the former or latter company are titleholders, which also includes persons acting on their own account, but on behalf of one or other of those companies.

ARTICLE 109

(Withdrawal of shareholders)

1. If the law or articles of incorporation give the shareholder voting against the merger project the right to withdraw, the shareholder can demand, within the 30 days subsequent to the date of the publication provided for in Nº 1 of article 110, that the company acquires that shareholding or arranges for it to be acquired.

2. In the absence of a stipulation in the articles of incorporation or with the parties not having expressed agreement, the value of the shareholding must be set under the terms of article 1021 of the Civil Code, based on the situation of the company at the time of the resolution that approved the merger, by an accountant or auditor appointed by mutual agreement or failing this, by a court.

3. Any of the parties can request a second evaluation, under the terms of the Civil Procedure Code.

4. The provision in the final part of Nº 2 is also applicable when the company has not

offered compensation, or it has not been offered regularly, counting from the beginning of the period set in Nº l, in those eventualities, after 20 days have elapsed from the date on which the shareholder demands that the company acquire the shareholding.

5. The shareholder's right to divest the shareholding, by another method, is not affected by the provisions in the previous numbers nor can that divestment, when made within the set period, obstruct limitations imposed by the articles of incorporation.

ARTICLE 110

(Publication & creditors' opposition)

1. The managements or boards of each of the participating companies must, under the terms of Nº 2 of article 167, publish the resolution approving the merger, within a period of 15 days, counting from the termination of the respective Shareholder Meeting.

2. Within the 30 days subsequent to the publication demanded by the previous number, creditors of the participating companies, who are owed debts prior to that publication can, under the general terms of the civil procedure law, contest the merger on the grounds of the prejudice to their rights arising out of same.

3. Creditors are advised of their right to contest, in the publication of the resolution approving the merger, with those creditors, whose credits are entered up on the company's books or documents or that by any other means are known to the company, having to be advised in writing.

ARTICLE 111

(Effects of opposition)

1. A legal objection filed by any creditor impedes the signing of the merger deed and its registration, until some of the following facts are verified:

a) the objection raised was judged as unfounded, by the final ruling handed down or, in the case of acquittal by the court, the plaintiff has not instigated a new action within 30 days;

b) plaintiff has dropped the case;

c) company has satisfied the right of the plaintiff or provided the guarantee set by an agreement or judicial ruling;

d) plaintiffs have consented to the signing of the merger deed and its respective registration;

e) amounts due to plaintiffs have been deposited.

2. If it considers the objection actionable, the court can determine the settlement of the debt owed to the plaintiff or, if it cannot demand this, the provision of a guarantee.

3. The provisions in the previous article and in Nº 1 and 2 of this article, do not impede the application of contractual clauses affording the creditor the right to immediate settlement of the debt if the debtor company merges with another or others.

ARTICLE 112

(Bondholder creditors)

1. The provisions in articles 110 and 111 are applicable to bondholder creditors, with the adaptations established in the following numbers.

2. Meetings of bondholder creditors must be held by each of the participating companies, so that they can discuss the merger and possible detriment that this could cause to creditors, with those resolutions having to be approved by an absolute majority of the bondholder creditors present or represented.

3. If the meeting does not approve the merger, the right to oppose it must be exercised collectively, by electing a representative for the meeting.

4. Bearers of bonds or other securities convertible into shares enjoy, in relation to the merger, the rights which have been attributed to them for that eventuality, but if no specific right has been attributed to them, they enjoy the right to oppose it, under the terms of this article.

ARTICLE 113

(Bearers of other securities)

1. Bearers of securities other than shares, but which have special inherent rights, continue to enjoy, in the incorporating company or new company, at least equivalent rights, except if:

a) it is determined, at a special meeting of the bearers of securities and by an absolute majority, the number of securities of each type on which the said rights can be changed;

b) all the bearers of each type of security consent individually to the modification of their rights, in cases where the existence of a special meeting is not provided for, in the law or articles of incorporation.

c) the merger project provides for the acquisition of these securities by the incorporating company or new company and the conditions of this acquisition were approved, at a special meeting, by the majority of the bearers of the securities present and represented.

ARTICLE 114

(Deed & registration of merger)

1. Once the period provided for in Nº 2 of article 110 has elapsed without any opposition having been filed or if in spite of the objection, some of the facts referred to in Nº 1 of article 111 are verified, the management or board of the participating companies must sign the merger deed and proceed with its registration on the commercial register.

2. With the registration of the merger on the commercial register:

a) the incorporated companies or, in the case of the incorporation of a new company, the merged companies, are made extinct, with their rights and obligations being transferred to the incorporating company or new company;

b) the shareholders of the extinct companies become shareholders of the incorporating company or new company.

ARTICLE 115

(Waiting condition or period)

Should the effectiveness of a merger be subject to a waiting condition or period, and should a major change occur in its circumstances prior to verification of the condition or period on which resolutions were based, a meeting of any of the participating companies can decide to request a judicial resolution or modification to the merger agreement in accordance with the principles of equity, with its effectiveness being deferred until the final decision to be pronounced on the legal proceedings.

ARTICLE 116

(Liabilities arising out of mergers)

1. Members of the managements or boards and members of the auditing body of each of the participating companies are jointly liable for damages caused by the merger to the company as well as to its shareholders and creditors, provided that, when verifying the company's equity and in completing the merger, they have not exercised the due diligence of a prudent manager.

2. The extinction of companies caused by a merger does not impede the exercise of the indemnity rights provided for in the previous number and of those rights that arise out of the merger in favor of or against them, with it being considered that these companies still exist for this purpose.

3. The rights provided for in the previous number, when relating to companies, are exercised by any shareholder or creditor of a company made extinct owing to a merger.

4. A shareholder or creditor of an extinct company filing an action claiming the exercise of the rights provided for in Nºs 1 and 2, must convene the company's shareholders and

creditors, by way of a notice published in the form established for corporate notifications, so that they can claim their indemnity rights, within the period set to do so, which cannot be of less than 30 days.

5. The indemnity awarded to a company is paid to those creditors whose debts have not been paid or guaranteed by an assurance provided by the incorporating company or new company, with any eventual surplus being distributed between the shareholders, in accordance with the stipulations applicable to the division of the liquidation of assets.

6. Those shareholders and creditors not claiming their debts on time are not covered by the division ordered in the previous number.

7. A shareholder or creditor filing the action referred to in Nº 4, is entitled to reimbursement of expenses which they have reasonably incurred and to remuneration for their professional services, with the court having, at its judicious discretion, to set the respective amount that must be borne by each of the shareholders and creditors concerned.

ARTICLE 117

(Nullity of merger agreements)

1. The nullity of a merger agreement can only be declared by a court decision, based on the grounds of the lack of a public deed or on the prior declaration of nullity or annulment of one of the resolutions passed at Shareholder Meetings of the participating companies.

2. A nullity action brought against a merger agreement can only be filed while existing irregularities have not been rectified, but never after six months have elapsed counting from the date of the publication of the permanent registration of the merger deed or publication of the final decision handed down by the court, by which any of the resolutions passed at the participating companies' Shareholder Meetings have been declared void or annulled.

3. The court cannot declare the nullity of the merger agreement if the irregularity giving rise to same is rectified in the period set.

4. A judicial declaration of nullity is subject to the same publicity demanded for the merger.

5. The effects of the acts performed by the incorporating company subsequent to registration of the merger on the commercial register and prior to the declaration of nullity are not affected by this, but the incorporated company is jointly liable for obligations undertaken by the incorporating company during this period, with companies merged by the obligations undertaken by the new company being subject to the same liability, if the merger agreement is declared null and void.

CHAPTER X

Demerger of Companies

SECTION I

General Provisions

ARTICLE 118

(Concept & types)

1. A company is permitted to carry out a:

a) simple demerger, whereby it spins-off a part of its assets to incorporate another company;

b) demerger-dissolution, whereby it is dissolved and divides its assets, with each of the resulting parts being earmarked to incorporate a new company;

c) demerger-merger, whereby it spins-off parts of its assets or it is dissolved, dividing its assets into two or more parts, to merge with already existing companies or with parts of the assets of other companies, separated by identical processes and with an identical purpose.

2. Companies resulting from a merger can be of a different type from the company spun-off.

ARTICLE 119

(Demerger project)

1. The management or board of directors of a company to be spun-off or, in the case of a demerger-merger, of the participating companies, must jointly draw up a demerger project, which, aside from other elements necessary or appropriate to the perfect legal and economic characterization of the demerger, consists of the following:

a) type, motives, conditions and objectives of demerger in relation to all the participating companies;

b) business name, registered office, amount of share capital and number and date of registration on the commercial register of each of the participating companies;

c) holdings that some of the companies have in the capital of another;

d) complete inventory of assets to be transferred to the already existing company or new company and values attributed to same;

e) in the case of a demerger-merger, the balance sheet of each of the participating companies, prepared under the terms of paragraph d) of Nº 1 of article 103;

f) parts, stakes or shares of the already existing company or new company and, if such be the case, amounts in cash that are to be allotted to the shareholders of the company to be spun-off, with the shareholding swap ratio being specified, as well as the bases of this ratio;

g) consignment methods for shares representing the capital of companies resulting from the demerger;

h) date as of which new holdings confer right to a share in profits, as well as conditions whereby that right can be exercised;

i) date as of which the spun-off company's operations are considered, from the accounting standpoint, as carried out on behalf of the company or companies participating in the demerger;

j) rights ensured by companies resulting from the demerger for the spun-off company's shareholders, holding special rights;

k) remuneration to be attributed to auditors involved in the demerger, as well as any special advantages attributed to the managements, boards or auditing bodies of companies participating in the demerger;

l) draft of amendments to be introduced into already existing articles of incorporation or draft articles of the new company;

m) measures safeguarding creditors' rights;

n) measures safeguarding the rights of third parties to participate in the company's profits;

o) transfer of contractual position that, for the participating company or companies, arises out of employment contracts signed with their employees, contracts that do not terminate due to demerger;

p) transfer of contractual position that, for the participating company or companies, arises out of rental agreements signed by them, agreements that do not terminate due to demerger.

ARTICLE 120

(Applicable provisions)

The provisions regarding a merger are applicable to the demerger of companies, with the necessary adaptations.

ARTICLE 121

(Renewal exclusion)

The transfer of the debts of a spun-off company to an already existing company or a new company does not imply renewal.

ARTICLE 122

(Liability for debts)

1. A spun-off company is jointly liable for debts that, owing to the demerger, have already been transferred to the existing company or new company.

2. Companies benefiting from subscriptions resulting from a merger are jointly accountable, to the value of those subscriptions, for the debts of the spun-off company prior to the registration of the demerger on the commercial register, with their being permitted, however, to stipulate that the liability is joint.

3. A company that, owing to the joint liability provided for in the previous numbers, pays debts that have not been transferred to it, is entitled to obtain redress from the principal debtor.

SECTION II

Simple Demerger

ARTICLE 123

(Requirements for simple demerger)

1. The simple demerger provided for in paragraph a) of Nº 1 of article 118 is not possible if:

a) value of the spun-off company's assets fall to less than the sum of the amounts of the share capital and statutory reserve and if it does not proceed, prior to the demerger or simultaneously with it, to a corresponding reduction of capital;

b) capital of company to be spun-off is not fully paid-up.

2. For the purposes of paragraph a) of the previous number, as far as private limited companies are concerned, the amount of supplementary loans eventually made by

shareholders not yet repaid, are added.

3. Verification of the conditions demanded in the preceding numbers consists expressly of the opinions and reports of the management, board or auditing body of the companies involved, as well as those of the accountant or auditor.

ARTICLE 124

(Disposable assets & liabilities)

1. In a simple demerger, the only elements that can be spun-off for the incorporation of the new company are the following:

a) holdings in other companies, whether they constitute the totality or whether they form part of those possessed by the company to be spun-off, for the formation of a new company whose exclusive corporate purpose consists in the management of shareholdings;

b) assets that, in the corporate assets to be spun-off, per se or in a group, form an economic unit.

2. In the case of paragraph b) of the previous number, debts economically related to the incorporation or operation of the unit referred to therein, can be allocated to the new company.

ARTICLE 125

(Reduction of capital in company to be spun-off)

The reduction of capital in a company to be spun-off is only subject to the general regime insofar as it is not included in the overall amount of the capital of the new companies.

SECTION III

Demerger-Dissolution

ARTICLE 126

(Scope)

1. The demerger-dissolution provided for in paragraph b) of Nº 1 of article 118, must cover all the assets of the company to be spun-off.

2. If the resolution approving a demerger has not established a criterion for the transfer of assets or debts which are not part of the final demerger project, those debts and assets are shared by the new companies in proportion to that resulting from the demerger project, without prejudice to that stipulated in article 124.

ARTICLE 127

(Participation in new company)

In the absence of an agreement between the interested parties, the shareholders of the company dissolved by a demerger-dissolution retain holdings in each of the new companies in proportion to that which they had in the first one.

SECTION IV

Demerger-Merger

ARTICLE 128

(Special demerger-merger requirements)

The requirements to which, in the law or articles, the transfer of certain assets or rights is subject are also demanded in the case of a demerger-merger.

ARTICLE 129

(Incorporation of new companies)

1. When incorporating new companies, by the simultaneous demergers-mergers of two or more companies, only these can intervene.

2. The holdings of the shareholders of the company spun-off in the formation of the share capital of the new company cannot amount to more than the value of the assets spun-off, net of the debts conventionally accompanying them.

CHAPTER XI

Transformation of Companies

ARTICLE 130

(Concept & types)

1. Commercial companies that have adopted one of the types detailed in Nº 1 of article 2 can later adopt, by transformation, another of those types, except when prohibited by the law or articles of incorporation.

2. Civil associations incorporated under the terms of article 980 and subsequent ones of the Civil Code can later transform, adopting one of the types enumerated in article 2 of this law.

3. The transformation of a company under the terms of the previous numbers does not imply its dissolution, except if that is determined by the shareholders.

4. In the case of a dissolution having been determined, the legal or contractual precepts regulating it apply, if they are more demanding than the precepts relating to the transformation.

5. In any of the cases provided for in this article, a new company incorporated by transformation automatically and wholly succeeds the previous company.

ARTICLE 131

(Impediments to transformation)

1. A company cannot transform itself if:

a) capital is not fully paid-up or if the subscriptions stipulated in the articles of incorporation have not been fully paid-up;

b) balance sheet of the company to be transformed shows that the value of its assets is less than the sum of the share capital and statutory reserve;

c) shareholders, whose special rights cannot be maintained subsequent to transformation, contest this;

d) in the case of a public limited company, this has also issued bonds convertible into shares not yet fully repaid or converted.

2. Shareholders holding special rights can declare, in writing, within the period set in Nº 1 of article 136, the objection referred to in paragraph c) of the previous number. However, if special rights correspond to certain classes of shares, that period is extended twice over.

ARTICLE 132

(Report & convening of Shareholder Meeting)

1. The company's management or board of directors must prepare a report justifying the transformation, which must be accompanied by:

a) balance sheet for the last financial year of the company to be transformed, duly approved, if closed less than six months prior to the resolution approving the transformation or a balance sheet especially prepared for that purpose;

b) draft articles of incorporation by which the company shall be governed.

2. If the balance sheet for the last financial year is presented, the management or board of directors must give an assurance, by an express declaration in the report, that the company's equity did not undergo significant changes or must indicate those which have occurred in the interim.

3. That stipulated in article 104 and in Nº 3 of article 105 applies, with the necessary adaptations, to the auditing of the project and to the Shareholder Meeting, with the documents having to be at the disposal of shareholders as of the date of the calling of the said Shareholder Meeting.

ARTICLE 133

(Resolution)

1. The transformation of a company must be approved by a resolution passed by the shareholders, with the provisions in this law or in article 982 of the Civil Code being applied, according to the type of company.

2. Aside from the requirements demanded in the previous number, the resolution that, approving the transformation, entails all or some shareholders having to assume unlimited liability, is only valid if it is approved by those shareholders who must undertake that liability.

3. The following must be the subject of separate resolutions:

a) approval of the balance sheet or corporate assets situation, under the terms of Nº 1 and 2 of article 132;

b) approval of transformation;

c) approval of articles by which the company shall be governed.

ARTICLE 134

(Public deed of transformation)

1. The transformation of a company must be drawn up as a public deed, signed by the company's management or board of directors.

2. The public deed must consist of:

a) reference to the resolution approving the transformation;

b) names or business names of shareholders who have withdrawn and the amount of the liquidation of the respective parts or stakes;

c) value attributed to each share and overall amount paid to shareholders who withdrew;

d) copy of the new articles of incorporation;

e) names or business names of shareholders who remain in the company and the holding of each of them in the capital, according to that which is determined by the rules applicable to the type of company adopted.

3. Those signing the public deed must declare, on their own liability, that:

a) the rights of shareholders who have withdrawn can be addressed without affecting the capital, under the terms of article 33;

b) no objection was raised within the deadlines established in Nº 2 of article 131.

4. A public deed cannot be signed if, in the interim, the company's corporate assets have fallen to less than the capital.

ARTICLE 135

(Shareholdings)

1. Excepting an agreement by all the shareholders concerned, the nominal amount of each shareholder's holding in the capital and the proportion of each holding in relation to the share capital cannot be altered by a transformation.

2. Working shareholders, should they exist, are attributed a holding in the share capital as has been agreed, with the holdings of the others being reduced proportionally.

3. The provisions in the previous numbers do not prejudice the application of legal precepts that compel a minimum amount for shareholdings.

ARTICLE 136

(Protection of dissenting shareholders)

1. Shareholders who have been outvoted on the resolution that approved the transformation of a company can withdraw, declaring same, in writing, within the 30 days subsequent to publication of that resolution.

2. Shareholders withdrawing from the company, under the terms of Nº 1, receive the value of their stake calculated under the terms of article 109.

3. When the period ends for shareholders to exercise their right to withdraw, the company's management or board of directors must verify whether it is possible to comply with the provision in the previous number without affecting the share capital, under the terms of article 33. However, with that not being possible, they must once again call a Shareholder Meeting for this to decide on the reduction of capital or to revoke the resolution approving the transformation.

4. A dissenting shareholder is only considered as having withdrawn on the date of the public transformation deed.

ARTICLE 137

(Bondholder creditors)

Whatever type is adopted by the transformed company, the prior existing rights of

bondholder creditors are maintained and they continue to be regulated by the rules and regulations applicable to those kinds of creditors.

ARTICLE 138

(Unlimited liability)

1. A transformation does not affect the unlimited personal liability previously undertaken by shareholders for debts.

2. The unlimited personal liability of shareholders, existing as of the transformation of the company, does not cover the company's previously-contracted debts.

ARTICLE 139

(Shareholding rights)

Real rights of enjoyment or guarantee inherent on shareholdings, at the date of the transformation, are still maintained on the new types of holdings, with the public transformation deed sufficing to make the necessary addenda and registrations.

CHAPTER XII

Dissolution of Companies

ARTICLE 140

(Dissolution as determined by law or articles of incorporation)

1. A company is dissolved in those cases provided for in the articles of incorporation and also owing to:

a) deadline set in the articles of incorporation having expired;

b) complete realization of corporate purpose;

c) supervenient illegality of corporate purpose;

d) declaration of bankruptcy by the company.

2. In those cases of the dissolution provided for in the previous number, the shareholders can determine, by a majority of the votes cast at a Shareholder Meeting, to recognize the dissolution, with any shareholder, shareholder's heir or any creditor of the company or shareholder with unlimited liability being permitted to sponsor the notarized justification of the dissolution.

ARTICLE 141

(Dissolution by shareholder resolution)

A company is dissolved by a shareholder resolution, which must comply with the stipulations for the dissolution applicable to each type of company.

ARTICLE 142

(Dissolution owing to certain facts occurring)

1. A company can be dissolved or a judicial dissolution be requested based on the factual grounds provided for in the law or articles of incorporation and also when:

a) for a period of more than one year, the number of shareholders is less than the minimum number demanded by law, except if one of the other shareholders is the State or is one considered equivalent by law for that purpose;

b) activity constituting its corporate purpose becomes, de facto, impossible;

c) company has not performed any activity for 5 consecutive years;

d) company engages, de facto, in an activity not contained in the articles' corporate purpose.

2. If the law does not pronounce on the effect of a case provided for as a justified dissolution or if the meaning in the articles of incorporation is dubious, it is understood that the dissolution is not immediate.

3. In those cases provided for in Nº 1, the shareholders can, by an absolute majority of votes cast at a Shareholder Meeting, dissolve the company based on the fact which has occurred.

4. The resolution provided for in the previous number can be approved in the six months following the occurrence motivating the dissolution and the company is considered dissolved, as of the resolution or of the public deed demanded by Nº 1 of article 145, but if the resolution is impugned, the company is considered dissolved on the date of the handing down of the final sentence decreeing the dissolution.

ARTICLE 143

(Number of shareholders less than legal minimum)

1. In the case provided for in paragraph a) of Nº 1 of the previous article, a shareholder or any of the other shareholders can apply to the court for a reasonable period to be granted in order to regularize the situation, with the dissolution of the company being suspended in

the interim.

2. The judge, having heard the company's creditors and having considered the reasons alleged by the shareholder, hands down a ruling, while being permitted to order adequate precautions to be taken for the safeguard of the company's assets during that period.

ARTICLE 144

(Judicial dissolution regime)

1. A dissolution action against a company must be filed by a shareholder, creditor of the company, unlimited liability shareholder's creditor or, in the case of paragraph d) of Nº 1 of article 142, and in others in which the law attributes legitimacy to it for that purpose, by the Public Prosecution Service.

2. In the case provided for in paragraph d) of Nº 1 of article 142, dissolution is not decreed if, while the action is pending, the said situation is resolved.

3. A dissolution action must be filed within a period of six months counting from the date on which the plaintiff knew about the occurrence of the fact provided for in the articles as a motive for dissolution, but never after 2 years having elapsed on verification of the said fact.

ARTICLE 145

(Deed & registration of dissolution)

1. The dissolution of a company does not need to be drawn up as a public deed, except in those cases in which it has been determined by the shareholders at a Shareholder Meeting and the minutes of the resolution have not been drawn up by a notary.

2. The dissolution must be published, under the terms of article 167.

3. The company's management or board, or the liquidators must formally request the dissolution to be filed on the commercial register, with any shareholder also being permitted to request this act and the company having to bear the respective expenses.

4. If the judicial dissolution of a company has been formally requested by any creditor of the company or unlimited liability shareholder's creditor, the filing of the dissolution on the commercial register can be formally requested, with the company having to bear the respective expenses.

CHAPTER XIII

Liquidation of Companies

ARTICLE 146

(General stipulations)

1. Except in the case of a legal provision stipulating otherwise, and without prejudice to the procedural stipulations applicable to cases of bankruptcy and judicial liquidation, a dissolved company immediately goes into liquidation under the terms of the following numbers and articles.

2. A company in liquidation maintains its legal personality and, excepting when some other aspect arises out of the subsequent stipulations or type of liquidation, the stipulations governing companies not dissolved continue to be applicable, with the necessary adaptations.

3. Once a dissolution commences, the mention «*socidedade em liquidação*» [company in liquidation] or «*em liquidação*» [in liquidation] must be added to the company's name.

4. The liquidation must be carried out judicially if that type of liquidation is provided for in the law, stipulated in the articles of incorporation or determined by the shareholders with the majority demanded for any amendment to the articles of incorporation.

5. The articles of incorporation and a shareholder resolution can regulate the liquidation, without prejudice to the provisions in the following articles.

ARTICLE 147

(Immediate division)

1. Without prejudice to the provisions in the following article, if at the date of dissolution, the company does not have debts, the shareholders can immediately proceed with dividing up the corporate assets in the form established in article 156.

2. Debts of a tax nature not yet due at the date of dissolution do not impede such a division under the terms of the previous number, but, all shareholders are jointly liable for those debts.

ARTICLE 148

(Liquidation by complete transfer)

1. The articles of incorporation or a shareholder resolution can stipulate that the total assets of a dissolved company, its assets and liabilities, be transferred to one or some shareholders, with the other shareholders receiving the amount due to them in cash.

2. The transfer referred to in the previous number must be preceded by a written agreement from all the company's creditors.

3. That stipulated in Nº 2 of the previous article is applicable to a liquidation by a complete transfer.

ARTICLE 149

(Pre-liquidation acts)

1. Before liquidation is initiated, the documents forming the presentation of the company's accounts reporting to the date of the dissolution must be prepared and approved, under the terms of this law.

2. Managers or directors must comply with the provision in the previous number within the 60 days subsequent to the dissolution of a company, with that duty falling to the liquidators if the former have not complied with it.

3. A refusal to hand over all the company's books, documents and assets to the liquidators constitutes an impediment to the exercise of their function, for the purposes of articles 1500 and 1501 of the Civil Procedure Code.

ARTICLE 150

(Duration of liquidation)

1. A liquidation must be completed and the division approved within a period of 3 years counting from the date on which a company is considered dissolved, but a lesser period can be set by the articles of incorporation or a shareholder resolution.

2. The period set in the previous number can only be extended by a shareholder resolution and for a period of no more than 2 years.

3. If the liquidation is not completed and the division approved within the deadlines mentioned in the previous numbers, that must be carried out judicially.

ARTICLE 151

(Liquidators)

1. Excepting a clause in the articles of incorporation or a shareholder resolution to the contrary, the managers or directors of the company become liquidators as of the time at which it is considered dissolved.

2. At any time, and irrespective of just cause, the shareholders can decide to dismiss the liquidators, as well as to nominate new liquidators in addition to or in substitution of the existing ones.

3. The auditing body, any shareholder or creditor of the company can request the dismissal of the liquidator judicially, on the grounds of just cause.

4. The auditing body, any shareholder or creditor of the company can request the appointment of the liquidator judicially, when one does not exist.

5. Corporate entities cannot be nominated as liquidators, except in the case of firms of accountants or auditors.

6. Excepting a clause in the articles of incorporation or a shareholder resolution to the contrary, if there are several liquidators, each has the same and independent powers for liquidation acts, but for acts concerning the divestment or pledge of corporate assets the involvement of at least two liquidators is demanded.

7. Resolutions approving the appointment or dismissal of liquidators and resolutions, whereby some of the powers referred to in Nº 2 of the following article are granted, must be filed on the commercial register.

8. Without prejudice to that stipulated in articles 162 to 164, the liquidators' functions cease with the extinction of the company.

9. The remuneration of liquidators is set by a shareholder resolution or by a court decision and constitutes a liquidation cost.

ARTICLE 152

(Duties, powers & liability of liquidators)

1. Excepting legal provisions especially applicable to them and limitations arising out of the nature of their functions, liquidators, in general, retain the duties, powers and liabilities of the company's managers or directors.

2. A liquidator can be authorized by a shareholder resolution to:

a) temporarily continue the company's previous business activity;

b) obtain loans necessary to concluding liquidation;

c) proceed with the total divestment of corporate assets;

d) lease the company's facilities.

3. A liquidator must:

a) complete pending transactions;

b) meet the company's obligations;

c) collect the company's debts;

d) sell residual assets, except for the provision in Nº1 of article 156;

e) propose the division of corporate assets.

ARTICLE 153

(Exigibility of payment & collection of company debts)

1. Even if deadlines have been established to a creditor's benefit, the dissolution of a company does not render its debts exigible, except in the case of bankruptcy or of a different agreement between the company and any creditor, without prejudice to the liquidators always being permitted to advance their payment.

2. Even if periods have been established to the company's benefit, debts owed to it by third parties and shareholders in relation to debts not included in the following number must be claimed by the liquidators.

3. Clauses deferring the paying-up of subscriptions expire on the date of the company's dissolution, but liquidators can only demand, from these shareholder debts, the amounts needed to meet the company's liabilities and liquidation expenses, after corporate assets have been exhausted, in which litigious debts are included or considered as written off.

ARTICLE 154

(Liquidation of company liabilities)

1. Once corporate assets have been liquidated on which any real guarantee falls, payment is immediately made to creditors with real guarantees, which, not being fully paid, are then included in the balance among common creditors, which are paid proportionately.

2. In the case of the circumstances provided for in article 841 of the Civil Code being verified, the liquidators must proceed with consigning the item due by deposit, with the company not being permitted to revoke consignment, except if it is proven that the debt was eliminated by another means.

3. With regard to litigious debts, the liquidators must guarantee the creditor's eventual rights by means of a guarantee, provided under the terms of the Civil Procedure Code.

ARTICLE 155

(Annual liquidation accounts)

1. In the first three months of each calendar year, the liquidators must present liquidation accounts, which must be accompanied by a detailed status report on them.

2. The annual liquidation report and accounts must be prepared, appraised and approved under the terms established for the presentation of accounts documents by managers and directors, with the necessary adaptations.

ARTICLE 156

(Division of residual assets)

1. After having satisfied or guaranteed the rights of the company's creditors, under the

terms of article 154, the residual assets can be shared out in kind, if that division has been provided for in the articles of incorporation or a unanimous shareholder resolution has been approved.

2. The residual assets are earmarked, in the first place, to reimburse the nominal value of subscriptions duly paid-up, without prejudice to that stipulated in the articles of incorporation in the case of assets that a shareholder provided, to pay-up a subscription, being worth more than the nominal value of same.

3. If a full reimbursement cannot be made, the residual assets are divided between the shareholders in proportion to the nominal value of subscriptions duly paid-up, except if another criterion has been established in the articles of incorporation.

4. The balance existing after full reimbursement, is divided between the shareholders in the proportion applicable to the distribution of profits.

5. The liquidators can extract estimated amounts from the residual assets to meet the obligations of the liquidation up until the company's extinction.

ARTICLE 157

(Report, final accounts & shareholder resolution)

1. The final liquidation accounts must be accompanied by a complete report of the liquidation and a draft of the division of the residual assets.

2. The report must expressly mention that creditors' rights have been satisfied or guaranteed, whose probative receipts and documents can be examined by the shareholders.

3. The final liquidation accounts must detail the results of the liquidation acts performed by the liquidators and a spreadsheet showing the division.

4. The shareholders must come to a decision on the report and final liquidation accounts and must also designate the depositary for the books, documents and other items of the company's accounting records, which have to be preserved for a period of 5 years.

ARTICLE 158

(Liability of liquidators toward company's creditors)

1. The liquidators are personally accountable in relation to the company's creditors whose rights have not been satisfied or guaranteed by the division, when they misleadingly indicate, in the documents presented to the meeting held for the purposes of the previous article, that all the rights of the company's creditors' have been satisfied or guaranteed.

2. Liquidators liable under the terms of the previous number who have not acted fraudulently, are entitled to obtain redress from the former shareholders.

ARTICLE 159

(Consignment of divided assets)

1. Having decided on their division, the liquidators must hand over the assets allocated to each shareholder and, if a public deed or other formality is demanded for the transfer of any of those assets, they must also sign that deed or comply with that formality.

2. Consignment by deposit is allowed in general terms.

ARTICLE 160

(Registration)

1. The liquidators must formally request registration of the completion of the liquidation.

2. Without prejudice to that stipulated in articles 162 to 164, a company is considered extinct as of the registration of the liquidation's completion.

ARTICLE 161

(Return to business activity)

1. When complying with the provisions in this article, the shareholders can decide to interrupt the liquidation of the company and it returns to its business activity.

2. The resolution must be passed by the number of votes that the law or articles of incorporation demand for a dissolution resolution, unless a greater majority or other requirements are stipulated, for that purpose.

3. The resolution cannot be approved:

a) before liabilities have been liquidated, under the terms of article 154, except for debts whose repayment, in the liquidation, is expressly waived by the respective titleholders;

b) while some cause for dissolution remains;

c) if the balance of the liquidation does not cover the share capital, unless there is a reduction in same.

4. For the purposes of the provision in paragraph b) of the previous number:

a) the same resolution can approve the precautions needed to terminate a cause for dissolution;

b) in those cases provided for in paragraph a) of Nº 1 of article 142 and in Nº 3 of article 462, the resolution only becomes effective when the number of shareholders equals that demanded by law;

c) in the case of a dissolution caused by reason of a shareholder's decease, a vote by the heirs agreeing to approval of the resolution, referred to in Nº 1, is demanded.

5. If the resolution is approved after embarking on the division, those shareholders whose holding is reduced by more than half in relation to that which they previously held, can withdraw from the company, receiving that part which they would acquire through the division.

ARTICLE 162

(Pending litigation)

1. The extinction of a company does not impede the prosecution of legal actions of which it is a part, but the company is substituted by the majority of shareholders, represented by the liquidators, under the terms of Nºs 2, 4 and 5 of article 163 and Nºs 2 and 5 of article 164.

2. The proceedings are not suspended nor are legal formalities necessary.

ARTICLE 163

(Supervenient liabilities)

1. Once the liquidation and extinction of a company is completed, the former shareholders are accountable for those company liabilities which have not been discharged or guaranteed up to the amount that they received in the division, without prejudice to that stipulated for unlimited liability shareholders.

2. Legal proceedings instigated to achieve the purposes referred to in the previous number can be filed against the majority of shareholders, who are represented by the liquidators, although any of the shareholders can intervene as an individual.

3. Without prejudice to the exceptions provided for in article 341 of the Civil Procedure Code, a decision pronounced in relation to the majority of shareholders constitutes a case tried in relation to each of them.

4. If some debt included in the company liabilities under the terms of Nº 1 is paid by a former shareholder, the latter has the right to obtain redress from the others, provided that the proportion of each of them in the profits and losses is respected.

5. Within a period of five days counting from a writ being issued for the action, the liquidators must, in the form as demanded by law for calling a Shareholder Meeting, make the filing of the action known to all former shareholders, for the purposes of that stipulated in article 335 and following ones of the Civil Procedure Code, with the former being permitted to demand of the latter adequate funds for legal costs.

6. Liquidators cannot refuse to perform the functions referred to in this article, with those functions having, if they have died, to be performed by the last managers or directors or, in the case of the decease of these, by the shareholders, decreasing in the order of their

holding in the company's capital.

ARTICLE 164

(Supervenient assets)

1. If, after liquidation is completed and the company extinct, it is verified that assets exist which have not been divided, it is incumbent on the liquidators to propose an additional division to the former shareholders and, if the former shareholders do not agree unanimously to a division in kind, the liquidators must perform those acts necessary to make the division in cash.

2. Legal actions for the collection of the company's debts can be filed by the liquidators, which, for that purpose, are considered as the legal representatives of the majority of shareholders, with, however, any shareholder being permitted to file an action limited to their own interests.

3. Any decision pronounced in relation to the majority of shareholders constitutes a case tried in relation to each of them and can be executed individually, to the extent of the respective interests.

4. The provision in Nº 5 of article 163, with the necessary adaptations, is applicable.

5. In the case of the decease of the liquidator, the provision in Nº 6 of article 163 is applicable, with the necessary adaptations.

ARTICLE 165

(Liquidation in case of invalidity of articles of incorporation)

1. If the articles of incorporation are declared void or annulled, the shareholders must proceed with liquidation, under the terms of the previous articles, with the following being observed:

a) liquidators must be nominated, except if the company has not initiated its business activity;

b) the period for extrajudicial liquidation is of two years counting from the declaration of the nullity or the annulment of the articles of incorporation and can only be extended by the court;

c) shareholder resolutions must be approved in the form established for unlimited companies;

d) the division must be made in accordance with the rules stipulated in the articles of incorporation, except if those rules were, per se, invalid;

e) only if the company's incorporation is registered, can any act be registered.

2. In those cases provided for in the previous number, any shareholder, creditor of the company or unlimited liability shareholder's creditor can request a judicial liquidation, before the liquidation by the shareholders has been initiated or the continuation of a judicial liquidation already initiated, if the legal deadline for same has not terminated.

CHAPTER XIV

Publicizing Company Acts

ARTICLE 166

(Acts subject to registration & publication)

Acts relating to a company are subject to registration and publication under the terms of the respective law.

ARTICLE 167

(Mandatory publications)

1. The mandatory publications of those acts subject to registration, under the terms of the applicable law, must be made in the *Diário da República* [official gazette], with the company bearing the respective cost.

2. Notices, announcements and convening notices addressed to shareholders or creditors, when the law or articles demand that they be published, but which are not provided for in the previous number, must be published in a newspaper in the area where the company's registered office is located or, failing that, in one of the most widely-read newspapers.

3. In the case of public limited companies with public subscription, publications are also made in a daily Luanda newspaper.

ARTICLE 168

(Formally requesting registration & publications)

1. Managers or directors must formally request the registration and publication of those acts which are subject to same, except for the registration of shares, which must be requested by the respective possessor.

2. If registrations or publications have not been made, within the legal deadline, by the persons assigned to so, any shareholder or party interested in those acts is also legally empowered to proceed with them, with the company being obligated to reimburse the expenses borne by the person proceeding with same.

ARTICLE 169

(Lack of registration or publication)

1. Acts subject to registration and publication which have not been registered or published are ineffective in relation to third parties, except when the law provides a different solution.

2. The provision in the previous number does not apply if the company proves that the act is registered and that the third party is aware of same.

3. The company cannot litigate against third parties in relation to acts performed in the 30 days subsequent to publication if they prove to have been, during that whole period, unable to acquire knowledge of the publication.

4. The company cannot litigate against third parties in relation to acts merely subject to registration while the registration has not been filed.

ARTICLE 170

(Liability for discrepancies between registrations & publications)

1. A company is liable for any losses caused to third parties due to any discrepancy between the contents of a registration and the contents of a publication, when such can be put down to the culpability of managers, directors, liquidators or other representatives.

2. The person requesting the registration and proceeding with publications must take the necessary precautions to resolve this, within a period of five days counting from the date on which same knew about the discrepancy.

3. In the case of there being any discrepancy between the contents of a publication and the contents of a registration, the company cannot litigate against third parties in relation to the contents of the publication, but the latter may avail themselves of it, unless the company proves that the third party was aware of the contents of the registration.

ARTICLE 171

(Effectiveness of acts in relation to company)

Effectiveness in relation to company acts that, under the terms of the law, must be notified or communicated to it is neither contingent on registration nor on publication.

ARTICLE 172

(References in external acts)

1. Without prejudice to other references demanded by special laws, especially in all agreements, correspondence, publications, announcements and in general in all its external activity, companies must clearly indicate, aside from the business name, type, registered office, commercial registration number, corporate ID number and, when such is the case,

an indication that the company is in liquidation.

2. Aside from the indications demanded in the previous number, private limited companies, public limited companies and limited partnerships, must also indicate the share capital and, when differing from that, the amount of paid-up capital.

CHAPTER XV

Oversight by Public Prosecution Service

ARTICLE 173

(Petition for judicial liquidation)

If the articles of incorporation have not been signed in the legal form or if the corporate purpose is or becomes unlawful or contrary to public order, the Public Prosecution Service must petition for the judicial liquidation of the company, if liquidation has not been initiated by the shareholders or if it has not been completed within the legal deadline.

ARTICLE 174

(Regularization of company)

1. Prior to taking the precautions determined in the previous article, the Public Prosecution Service must, through an official letter, warn the company or the shareholders to regularize the situation, within a reasonable period, of never less than six months counting from the date on which the notification has been made.

2. The situation of a company can also be regularized up to the handing down of the final decision pronounced on an action filed by the Public Prosecution Service.

3. The provisions in the previous numbers do not apply when the nullity of the articles of incorporation arises out of the fact of the corporate purpose being unlawful or contrary to public order.

CHAPTER XVI

Statute of Limitations

ARTICLE 175

(Statute of limitations)

1. The rights of the company against the founders, shareholders, managers or directors, members of auditing bodies, accountants or auditors and liquidators, as well as the rights of these persons against the company, expire within a period of five years, counting from verification of the following facts:

a) commencement of arrears, relating to the subscription obligation respecting capital or supplementary loans;

b) finding of fraudulent or negligent conduct against founder, manager, director, member of the auditing body, accountant or auditor or liquidator or its revelation, if that has been hidden;

c) damage arising, in relation to obligation to indemnify the company, even if this has not been fully verified;

d) date on which transfer of stakes or shares becomes effective in relation to the company as to the liability of the transferors;

e) any other obligation becomes outstanding;

f) practice of act on behalf of an irregular company due to irregularity in the form of articles of incorporation or lack of registration.

2. The rights of shareholders and third parties arising out of the liability undertaken toward them by founders, managers or directors, members of the company's auditing bodies, liquidators, accountants or auditors, as well as the rights of shareholders in those cases provided for in articles 87 and 88, expire within 5 years, counting from the time referred to in paragraph b) of Nº 1.

3. The rights of third parties against the company, which can be exercised against former shareholders and those exigible by the latter against third parties, expire within 5 years, counting from the extinction of the company's registration, under the terms of articles 163 and 164, if, owing to other precepts, such rights do not expire before the end of that period.

4. The indemnity rights referred to in article 116, expire within 5 years counting from the effective date of the registration of a merger.

5. If the indemnity obligation is caused by an unlawful fact constituting a crime, for which the law establishes a longer limitation period, this shall be the period applicable.

HEADING II

Unlimited Companies

CHAPTER I

Characteristics of Articles of Incorporation

ARTICLE 176

(Characteristics)

1. With regard to an unlimited company, a shareholder, aside from being accountable for

their own subscription, is accountable, unlimitedly, for the company's obligations, subsidiarily in relation to the company and jointly with the other shareholders.

2. Shareholders are not accountable for obligations undertaken by the company beyond the date on which they have withdrawn, but they are accountable for obligations undertaken prior to their joining it.

3. Shareholders who, owing to the provisions in the previous numbers, discharge the company's obligations, aside from the part that is incumbent on them, are entitled to obtain redress from other shareholders, insofar as the payment made exceeds the amount that they would be required to bear, according to the rules applicable to their participation in the company's losses.

4. The provision in the previous number is also applied in a case where a shareholder has discharged the company's obligations in order to avoid the enforcement of proceedings against it.

ARTICLE 177

(Contents of articles of incorporation)

1. The articles of an unlimited company must, in particular, consist of:

a) type and characterization of each shareholder's subscription, in professional services or assets, as well as the value attributed to assets;

b) value attributed to professional services that shareholders contribute, for the purposes of a share in profits and participation in losses;

c) part of the share capital corresponding to each shareholder's subscription in assets.

2. Securities representing stakes in the company cannot be issued.

ARTICLE 178

(Business name)

1. The business name of an unlimited company, when it does not individualize the name of all the shareholders, must at least consist of the name or business name of one of them, with the addition of, abbreviated or in full, «*e Companhia*» [and Company] or any other that indicates the existence of other shareholders.

2. If a person who is not a shareholder of the company includes their name or business name in the company's business name, that person is subject to the liability imposed on shareholders in article 176.

ARTICLE 179

(Working shareholders)

1. The value of a shareholder's subscription in professional services is not included in the calculation of the share capital.

2. Excepting a clause in the articles of incorporation stating otherwise, working shareholders are not accountable, in internal relations, for company losses.

3. When, under the terms of the initial part of the previous number, a working shareholder is accountable for company losses and for that reason contributes with capital, a part corresponding to that subscription is attributed to same, by proportionally reducing the other company stakes.

4. In the case provided for in the previous number, one of the managers must sign the respective public deed of amendment to the articles of incorporation.

ARTICLE 180

(Liability for value of subscriptions in kind)

The verification of subscriptions in kind, determined in article 30, can be substituted by a declaration, in the articles of incorporation, whereby the shareholders expressly undertake joint liability for the value attributed to assets.

ARTICLE 181

(Withdrawals for personal expenses)

None of the shareholders of an unlimited company can withdraw an amount from it higher than that which has been earmarked for their personal expenses, under penalty of their having, as if they had not completed their subscription to the company, to return the excess withdrawn and be accountable for losses and damages.

ARTICLE 182

(Prohibition of competition & participation in other companies)

1. No shareholder can, either on their own or a third party's behalf, engage in any activity competing with that of the company or be an unlimited liability shareholder in another company, except in the case of having express and written consent from all the other shareholders.

2. A shareholder violating the provision in the previous number is accountable for damages sustained by the company, but instead of the corresponding indemnity, the company can demand that transactions which have been signed by the shareholder, on their own account, be considered as having been signed on behalf of the company or that the shareholder hands over the revenue resulting from transactions signed by them on

behalf of a third party or cede their rights to such revenue to the company.

3. A competing activity is understood as being any that is included in the company's corporate purpose, although it is not in fact being performed by it.

4. Included in operating on one's own account is a holding of at least 20% in a company's share capital or profits for which the shareholder undertakes limited liability.

5. The company's consent is presumed in cases in which performing an activity or holding a stake in another company dates prior to the shareholder's subscription or in cases in which all the other shareholders are aware of that activity or stake.

ARTICLE 183

(Right of shareholders to information)

1. Managers must provide any shareholder requesting same with factual, complete and clarifying information on the company's management and must also permit consultation, at the registered office, of the respective accounting records, books or documents, with the information being provided in writing if such is requested.

2. Information can also be solicited on acts performed or to be performed, when these are likely, under the terms of the law, to incur liability for the person responsible.

3. The consultation of accounting records, books or documents must be done personally by the shareholder, who can be accompanied by an accountant or auditor or other professional, with their also being permitted to use the faculty recognized by article 576 of the Civil Code.

4. A shareholder can inspect corporate assets under the conditions referred to in the previous numbers.

5. Any shareholder using the information obtained in order to damage the company or other shareholders is liable, under general terms, for losses caused to them and is subject to expulsion.

6. Should the exercise of the rights provided for in the previous numbers be refused, the shareholder can request a judicial inquiry under the terms provided for in article 450.

ARTICLE 184

(Transfer of company stake by an act between living persons)

1. A shareholder's stake can only be transferred, by an act between living persons, with the other shareholders' express consent.

2. The transfer of a stake in a company is effected by public deed.

3. The provisions in the previous numbers apply to the establishment of real rights of enjoyment or guarantee on the company stake.

4. The transfer of a stake in a company is effective in relation to the company as soon as it is communicated to it in writing.

ARTICLE 185

(Enforcing claims on company stakes)

1. The creditor of a shareholder cannot lay claim to the stake of the latter in the company, but merely sue for their right to profits and a share in liquidation.

2. Once the rights referred to in the previous number have been duly secured, within 15 days subsequent to notification of this, the creditor must request that the company be notified within a period of 180 days subsequent to the notification, to proceed with the liquidation of the stake.

3. Should the company prove that the shareholder being sued possesses other and sufficient assets to meet the debt claimed, enforcement continues on those assets.

4. Should the company prove that the part belonging to the shareholder being sued cannot be liquidated, owing to that stipulated in article 190, the claim proceeds, on the said shareholder's right to profits and a share in liquidation, but the creditor can formally request that the company be dissolved.

5. In the event of the sale or award of the rights referred to in the previous number, the other shareholders enjoy a preemptive right and, when several wish to exercise it, such right is attributed to them in proportion to the value of their respective stakes in the company.

ARTICLE 186

(Decease of a shareholder)

1. If one of the shareholders dies and the articles of incorporation do not stipulate anything to the contrary, the other shareholders or the company, within a period of 180 days counting from the date on which they knew about the said death, must pay the value corresponding to the deceased shareholder's rights to the heirs entitled to such rights, unless they opt to dissolve the company and communicate this fact to the heirs, within a period of 90 days counting from the date on which they knew about that fact.

2. Provided that the articles of incorporation authorize it, the surviving shareholders can also carry on with the business with the deceased shareholder's heir, if the latter grants express consent for that purpose.

3. When there are several heirs to the deceased shareholder's stake, they can divide it among themselves or agree to its allocation to one or some of them.

4. If one of the heirs to the deceased shareholder's stake is not eligible to undertake the capacity of a shareholder, then the other shareholders can determine, in the subsequent 90 days counting from knowledge of the fact, to transform the company, in order to make the person lacking legal capacity a limited liability shareholder.

5. In the absence of the resolution provided for in the previous number being passed, the other shareholders must approve a new resolution in the subsequent 90 days, opting between dissolution of the company and liquidation of the deceased shareholder's stake.

6. If the shareholders do not approve any of the resolutions provided for in the previous number, the representative of the person lacking legal capacity must formally request the withdrawal of the person represented to be conducted judicially or, if this is not legally possible, dissolution of the company.

7. With the company having been dissolved or with the stake of the deceased shareholder having to be liquidated, it is understood that, as of the date of the shareholder's decease, all rights and obligations inherent to the stake in the company are eliminated, with the heirs merely being entitled to the proceeds from the liquidation of the said stake, reporting back to that date and determined under the terms provided for in article 1021 of the Civil Code.

8. The provisions in this article are applicable to the case of the stake of a deceased shareholder to be integrated into the spouse's legal half.

ARTICLE 187

(Withdrawal)

1. Every shareholder is entitled to withdraw from a company in those cases provided for in the law or articles and also:

a) if its duration has not been established, in the articles of incorporation, or if the company has been incorporated for the lifetime of a shareholder or for a period of more than 30 years, provided that the person wanting to withdraw has been a shareholder for at least 10 years;

b) when there is just cause.

2. It is understood that there is just cause for a shareholder's withdrawal when, counter to their express vote the:

a) company does not decide to dismiss a manager, when having just cause for such;

b) company does not decide to expel a shareholder, when having just cause for expulsion;

c) said shareholder is dismissed, without just cause, from the management of the company.

3. When any shareholder intends to withdraw on the grounds of just cause, they must exercise their right within a period of 90 days counting from the date on which same knew about the fact permitting the withdrawal.

4. A withdrawal only becomes effective at the end of the financial year in which the respective communication is made, but never before three months have elapsed since that communication.

5. A withdrawing shareholder is entitled to the value of their stake in the company, with the calculations being made under the terms provided for in article 109, dating back to the

time at which the withdrawal becomes effective.

ARTICLE 188

(Expulsion)

1. A company can expel a shareholder in those cases provided for in the law and articles and also:

a) when same is accused of a serious violation of their obligations to the company, namely the prohibition on competition established in article 182 or when dismissed from the management on the grounds of just cause constituting culpable facts liable to be injurious to the company;

b) in cases of interdiction, disqualification, declaration of bankruptcy or insolvency;

c) when, being a working shareholder, same cannot provide company with the services to which they were obligated.

2. If the articles do not demand a greater majority, an expulsion must be approved by a resolution with 3/4 of the other shareholders' votes, in the 90 days subsequent to when some of the managers knew about the fact permitting the expulsion.

3. If a company has only two shareholders, the expulsion of any one of them, based on the grounds of some of the facts provided for in paragraphs a) and c) of Nº 1, can only be decreed by a court.

4. An expelled shareholder is entitled to the value of their stake in the company, with the calculations being made under the terms provided for in Nº 2 of article 109, dating back to the time of the resolution that approved the expulsion.

5. If, owing to that stipulated in article 190, the stake in the company cannot be liquidated, the shareholder retains the right to profits and a share in the liquidation until payment is settled.

ARTICLE 189

(Allocation of extinct stakes in companies)

1. If the extinction of a stake in a company is not accompanied by a corresponding reduction of capital, the respective nominal value is added to the other stakes, in the proportion existing among them, with the managers having to sign the respective public deed of amendment to the articles of incorporation.

2. However, the articles of incorporation or the shareholders can, unanimously, determine the creation of one or more stakes in the company, whose total nominal value is equal to that which has been made extinct, for immediate transfer to shareholders or third parties.

ARTICLE 190

(Liquidation of stakes in companies)

1. It is unlawful to liquidate a stake in a company not yet dissolved if, as a result of that fact, the company's equity will become less than the amount of the share capital.

2. The liquidation of a stake in a company must be done under the terms of article 1021 of the Civil Code, with its value being established under the terms of Nº 2 of article 109, dating to the time of the occurrence or effectiveness of the fact determining the liquidation.

CHAPTER II

Shareholder & Management Resolutions

ARTICLE 191

(Shareholder resolutions)

1. The calling and functioning of Shareholder Meetings and shareholder resolutions abide by the provisions governing private limited companies in that which is not stipulated otherwise as regards the law or articles of incorporation.

2. Excepting a legal or contractual provision stating otherwise, resolutions are approved by a simple majority vote.

3. Without prejudice to other matters mentioned in the law or articles of incorporation, necessarily subject to shareholder resolutions, are:

a) appraisal of the management report and presentation of accounts documents;

b) distribution of results;

c) resolution on the filing of actions, accord on the object of the cause and cancellation of a petition or prosecution of actions filed by the company against shareholders or managers;

d) appointment of managers;

e) consent referred to in Nº 1 of article 182.

4. A shareholder can only be represented at Shareholder Meetings by their spouse, ascendants or descendants or by another shareholder, with it sufficing for that purpose to address a letter to the company.

5. The minutes of Shareholder Meetings must be signed by all the shareholders or the proxies who have participated in them.

ARTICLE 192

(Voting rights)

1. Each shareholder holds a vote, except if some other criterion has been determined in the articles of incorporation, with the suppression of the right to vote not being permitted, in any case whatsoever.

2. Working shareholders must always hold, as a minimum, a number of votes equal to the lowest number of votes allocated to capital shareholders.

ARTICLE 193

(Composition of management)

1. In the absence of a stipulation stating otherwise and except for that stipulated in Nº 3, all shareholders are managers, not only those who incorporated the company but also those later acquiring shareholder capacity.

2. Persons from outside the company can be appointed as managers, by a unanimous shareholder resolution.

3. A shareholder that is a corporate entity cannot be a manager, but, excepting a contractual embargo, it can nominate a private individual to hold that position in their own name.

ARTICLE 194

(Managerial powers)

1. The management and representation of the company is incumbent on the managers.

2. Managerial powers, not only to administrate but also to represent the company, must always be exercised within the limits of the corporate purpose and as a result of the articles, these can be subject to other limitations.

3. Transactions which managers, without representative powers, sign on behalf of the company cannot be contested, if by a unanimous resolution, the shareholders expressly or tacitly ratify those transactions.

4. The transactions referred to in the previous number, when not ratified, cannot be contested by the third parties involved in them, if they were aware of the managers' lack of powers, with the registration or publication of the articles of incorporation not presuming such knowledge.

ARTICLE 195

(Dismissal of managers)

1. A shareholder who has been appointed as a manager by a special clause in the articles can only be dismissed from management by a judicial action filed by the company or

another shareholder, against same and against the company, on the grounds of just cause.

2. Except when the articles of incorporation stipulate otherwise, a shareholder who exercises management owing to the provision in Nº 1 of article 193 or a manager who has been appointed by a shareholder resolution, can only be dismissed from management by a shareholder resolution, on the grounds of just cause.

3. Managers who are not shareholders can be dismissed by a shareholder resolution, irrespective of just cause.

4. If a company has only two shareholders, the dismissal of any one of them from management, on the grounds of just cause, can only be determined by a court, in an action filed by the other shareholder against the company.

ARTICLE 196

(Remuneration of managers)

1. The management is presumed as being paid, with the amount of each manager's remuneration being set by a shareholder resolution.

2. Once set, the remuneration remains unchanged until a new resolution.

ARTICLE 197

(Functioning of management)

1. Excepting an agreement stating otherwise, when there are several managers, all have the same and independent powers to administrate and represent the company, but any one of them can oppose an act that another intends to perform, with it falling to the majority of managers to decide on any objection.

2. The objection referred to in the previous number is ineffective in relation to third parties, unless these have had knowledge of it.

CHAPTER III

Amendments to Articles of Incorporation

ARTICLE 198

(Amendments to articles of incorporation)

1. If the articles of incorporation are to be amended or a merger, demerger, transformation and dissolution of the company are to be determined, these can only be made unanimously, unless the articles of incorporation provide for the approval of those resolutions by a majority, which cannot be less than 3/4 of all shareholder votes.

2. The admittance of a new shareholder can only be decided unanimously, unless the articles of incorporation provide for the approval of that resolution by a majority, under the

terms of the final part of the previous number.

CHAPTER IV

Dissolution & Liquidation of Companies

ARTICLE 199

(Dissolution & liquidation of companies)

1. Aside from those cases provided for in the law, a company can be dissolved judicially:

a) at the request of the heir of a deceased shareholder, if liquidation of the stake in the company cannot be made owing to the provision in Nº 1 of article 190;

b) at the request of a shareholder wishing to withdraw on the grounds of the provisions in paragraphs a) and b) of Nº 2 of article 187, if the stake in the company cannot be liquidated owing to the provision in Nº 1 of article 190.

2. Under the terms and for the purposes of Nº 3 of article 153, in addition to subscription debts, the liquidators must claim the amounts needed to pay the company's debts from the shareholders, in proportion to the share of each in the losses. If, however, any shareholder is insolvent, their share is divided by the others, in the same proportion.

ARTICLE 200

(Return to business activity & creditor objections)

1. The creditor of a shareholder can challenge a return to business activity by a company in liquidation, provided that it is done by means of a separate judicial notification in the 30 days subsequent to the publication of the resolution that has approved that return.

2. Once the notification has been received, the company can, in the 60 days subsequent to same, expel the shareholder or decide to continue with the liquidation.

3. If the company does not approve any of the resolutions provided for in the final part of the previous number, the creditor can demand the liquidation of its debtor's stake by a court.

HEADING III

Partnerships

CHAPTER I

Common Provisions

ARTICLE 201

(Characteristics & type)

1. In a partnership, the limited partner or partners are merely accountable for their subscription and general partners are accountable for the debts of the partnership in the same terms as the shareholders of an unlimited company.

2. Partnerships can be:

a) limited, when the limited partners' stakes are represented by shares;

b) general, when the company's capital is not represented by shares.

3. A limited partner's subscription cannot be a working one.

4. A private limited company or a public limited company can be general partners.

ARTICLE 202

(Articles of Partnership)

1. Articles of partnership must clearly indicate the names or business names of the limited partners and general partners, with the lack or nullity of this indication entailing a partnership irregularity.

2. Articles of partnership must specify whether the firm is incorporated as a general partnership or a limited partnership.

ARTICLE 203

(Business name)

1. The business name of a partnership is formed by the name or business name of at least one of the general partners and the addition of «*em Comandita*» or «*& Comandita*», [general partnership] «*em Comandita por Acções*» or «*& Comandita por Acções*» [limited partnership].

2. The names or business names of the limited partners cannot be shown in the business name of a partnership without their express consent.

3. If a limited partner or person outside the partnership consent to their name or business

name appearing in the partnership's business name, they are subject, in relation to third parties, to the liability imposed on general partners, for acts signed with that business name, if it is proven that third parties knew that same was not a general partner.

4. A limited partner or person outside the partnership are accountable, under the terms of the previous number, for acts performed on behalf of a partnership without express use of that irregular business name, except if they prove that the inclusion of their name in the partnership's business name was not known to interested third parties or that, being so, the latter knew that same was not a general partner.

5. All those acting in the name of the partnership whose business name contains the said irregularity are subject to the liability established in the previous numbers, unless they prove that they had no knowledge of it and nor were they obligated to know it.

ARTICLE 204

(Transfer of stakes in partnerships)

1. The transfer, by an act between living persons, of a general partner's stake is only effective if it is consented to by a resolution passed by the partners, except in the case of a different contractual provision.

2. The regime regulating the transfer of shareholder stakes in unlimited companies is applicable to the transfer, by reason of death, of a general partner's stake.

3. The transfer of a limited partner's stakes or shares is subject to the provisions applicable to private limited companies and public limited companies, respectively.

ARTICLE 205

(Management)

1. Only general partners can be managers, excepting if the articles of partnership permit limited partners or persons outside the partnership to be appointed as managers.

2. The appointment of limited partners or outsiders as managers in a partnership is subject to the unanimous agreement of the general partners.

3. When articles of partnership authorize it, managers can also delegate their powers through power of attorney, with their representatives having to mention this capacity in all acts in which they intervene.

ARTICLE 206

(Temporary managers)

1. In the case of the impediment or absence of permanent managers, any partner, even a limited partner, can perform any urgent acts and mere routine matters, but same must declare the capacity in which they act and, in the case of having performed urgent acts, they must immediately call a Partners Meeting so that this can ratify their acts and confirm

their position in the management or appoint other managers.

2. Acts performed under the terms of the previous number generate effects in relation to third parties, even if they have not been ratified, but lack of ratification makes the author of those acts liable, in general terms, to the partnership.

ARTICLE 207

(Dismissal of managing partners)

1. In the absence of any just cause, general partners who exercise management can only be dismissed by a resolution approved by at least 2/3 of the votes held by the general partners and 2/3 of the votes held by the limited partners.

2. When there is just cause, a general partner can only be removed from management by a resolution approved by a simple majority of the votes counted at a Partners Meeting.

3. A limited partner can be dismissed from management:

a) without just cause, by a resolution approved by more than half of the votes counted at a Partners Meeting;

b) with just cause, by a resolution approved by a simple majority of the votes counted at a Partners Meeting.

ARTICLE 208

(Partner resolutions)

1. Partner resolutions are approved either unanimously, under the terms of article 58 or at a Partners Meeting.

2. The articles of partnership must regulate, in relation to the partnership's capital, the allocation of votes to the partners, but general partners cannot, as a whole, hold less than half of the votes belonging jointly to limited partners.

3. That stipulated in Nº 2 of article 192 applies to the votes of working partners.

ARTICLE 209

(Dissolution)

1. A resolution to dissolve a partnership is approved by a majority of at least 2/3 of the votes held by the general partners and 2/3 of the votes held by the limited partners.

2. The disappearance of all the general partners or of all the limited partners, constitutes special grounds for the dissolution of partnerships.

3. If all the limited partners are missing, the partnership can be dissolved judicially.

4. If all the general partners are missing and in the following 120 days the situation has not been regularized, the partnership is immediately dissolved.

CHAPTER II

General Partnerships

ARTICLE 210

(Subsidiary law)

Insofar as they are in accordance with the rules and regulations of this chapter and of the previous one, the relative provisions applied to unlimited companies apply to general partnerships.

ARTICLE 211

(Transfer of limited partners' stakes)

The regime regulating the transfer of stakes in a private limited company applies to the transfer by an act between living persons, or by reason of death, of a limited partner's stake.

ARTICLE 212

(Amendments to articles of partnership)

Resolutions approving amendments to articles of partnership, merger, demerger or transformation of a partnership are subject to unanimous agreement by the general partners and limited partners representing at least 2/3 of the capital that these hold, unless the articles of partnership waive the said unanimity or change the said majority.

ARTICLE 213

(Competition prohibition)

General partners cannot, either on their own account or on behalf of third parties, engage in an activity competing with that of the partnership, under the terms stipulated for unlimited companies.

CHAPTER III

Limited Partnerships

ARTICLE 214

(Subsidiary law)

Insofar as they are in accordance with the rules and regulations of this and of Chapter I of this heading, the relative provisions applied to public limited companies apply to limited

partnerships.

ARTICLE 215

(Number of partners)

A limited partnership cannot be incorporated with less than five limited partners.

ARTICLE 216

(Right to auditing & information)

General partners enjoy the right to auditing in the same terms in which that right is recognized for shareholders in unlimited companies.

HEADING IV

Private Limited Companies

CHAPTER I

Characteristics & Articles of Incorporation

ARTICLE 217

(Characteristics)

1. In a private limited company, the capital is divided into proportional stakes [*quotas*] and the shareholders are jointly liable for all subscriptions agreed in the articles of incorporation, under the terms of article 228.

2. Shareholders are merely obligated to make other loans when the law or articles, authorized by law, thereby establish same.

3. For debts validly established in a company's name, only its assets are liable, except for that stipulated in the following article.

ARTICLE 218

(Liability of shareholders toward company's creditors)

1. The articles of incorporation can stipulate that, aside from being liable toward the company under the terms of Nº 1 of the previous article, one or more shareholders are also accountable in relation to the company's creditors up to a certain amount, with this liability permitted to be a joint one with that of the company or a subsidiary in relation to it, and in this case with it merely being effective during the liquidation phase of the company.

2. The liability of each shareholder, under the terms of the previous number, can differ and must be contained in the articles of incorporation.

3. The liability regulated in the previous numbers merely covers those commitments undertaken by the company while the shareholder belongs to it and is not transferred on the decease of same, without prejudice to the transfer of other obligations to which the shareholder was previously bound, in which case the shareholder making the transfer is jointly liable with the transferee for those obligations.

4. Excepting a contractual provision stating otherwise, shareholders paying the company's debts under the terms of this article are merely entitled to obtain redress against the company.

ARTICLE 219

(Contents of articles)

1. The articles of incorporation must especially mention:

a) value of each stake and identification of respective owner;

b) value of subscriptions that each shareholder has paid-up, value of deferred subscriptions and respective payment deadlines.

ARTICLE 220

(Business name)

1. The business name of private limited companies must be composed of, with or without an acronym, the name or business name of all, one or some of the shareholders, or by a particular denomination or even by conjoining those two elements, ending, in all cases, with the word «*Limitada*» [Limited] or its abbreviation «*Lda*.».

2. A business name cannot include or maintain expressions indicative of a corporate purpose that is not specifically provided for in the corresponding terms of the articles of incorporation.

3. In the event of its corporate purpose having to be altered, and ceasing to include the activity specified in the business name, the public deed of amendment to the corporate purpose cannot be granted without simultaneously proceeding with the modification of the business name.

ARTICLE 221

(Amount of share capital)

A private limited company cannot be incorporated with a share capital value corresponding to less than the equivalent, in national currency, of USD 1,000, always updated in accordance with the fluctuation of same, nor can its capital be reduced to an amount lower than that.

CHAPTER II

Shareholder Rights & Obligations

SECTION I

Subscription Obligations

ARTICLE 222

(Subscription obligations)

1. Working subscriptions are not allowed in private limited companies.

2. Shareholders can defer the payment of 50% of the value of subscriptions in cash to which they are obligated, provided the payments made on account of subscriptions, together with the value of subscriptions in kind, make up the minimum capital set in the previous article.

ARTICLE 223

(Paying-up of subscriptions)

1. Prior to the signing of the articles of incorporation, the value of subscriptions in cash already paid-up must be deposited at a credit institution, in an account opened in the name of the future company, with proof of this deposit having to be exhibited to a notary, at the time of the signing of the public deed, which must be archived at the respective notary office.

2. Withdrawals can only be made from the account referred to in the previous number:

a) after the company is duly registered;

b) after the public deed has been signed, provided the shareholders authorize, in writing, the managers to carry out same for specific purposes;

c) to pay incorporation expenses;

d) for liquidation determined by the inexistence or nullity of articles of incorporation or lack of registration.

ARTICLE 224

(Scheduling of subscriptions)

1. The payment of subscriptions in cash can only be deferred to certain dates or conditioned to certain and determined facts, with deferment not being permitted, in all cases, to exceed a period of three years counting from the date of the articles being signed.

2. Articles of incorporation can stipulate that payment of a deferred installment be made in blocks, with, in this case, these having to establish the amount of each block and the scheduling of its payment.

3. Excepting an agreement stating otherwise, the payment of installments on account of the different shareholders' shares must be simultaneous and represent equal fractions of the respective amount.

4. In spite of deadlines being set, in the articles of incorporation, for the payment of deferred installments, a shareholder only falls into arrears after having been asked by the company to effect payment in a period that can vary between 30 and 60 days counting from notification to pay.

5. The provision in the previous number is applicable, with appropriate adaptations, to subscriptions resulting from capital increases.

ARTICLE 225

(Warning & expulsion of defaulting shareholder)

1. If a shareholder does not pay the installment, to which they are obligated, within the stipulated period, the company must advise same, in writing, that, as of 30 days subsequent to reception of the warning notice, they shall be subject to expulsion and the total or partial forfeiture of the stake.

2. If payment is not made within the period referred to in the previous number, the company must decide on the expulsion of the shareholder and communicate this resolution to same, by the means referred to in the previous number, with the consequent loss, in favor of the company, of the respective stake and payments already paid-up, except if the shareholders, on their own initiative or at the request of the defaulting shareholder, decide to limit the loss to that part of the stake corresponding to the unpaid installment, in which case, the nominal values of the part lost per se and the part retained must be indicated to the shareholder.

3. That stipulated in Nº 3 of article 241 is not applicable to the part retained by the shareholder.

4. A resolution passed on a shareholder's expulsion, or of a reduction in their share, is approved at a Shareholder Meeting called especially for that purpose, with the shareholders also having to decide on the fate of the stake or that part of the stake forfeited in favor of the company.

5. The defaulting shareholder can participate in the Shareholder Meeting provided for in the previous number, but is not, however, entitled to vote.

6. If, under the terms of Nº 2 of this article, only a part of the stake has been declared as forfeited by the defaulting shareholder, that stipulated in the following articles for the sale of that stake, applies to the shareholder's liability, the liability of the previous holders of the same stake and the allocation of the amounts obtained.

ARTICLE 226

(Allocation of expelled shareholder's stake)

1. With a shareholder's expulsion having been verified, the other shareholders can determine that the:

a) stake forfeited in favor of the company is divided proportionally among the other shareholders, with each of them being sold the part to which they are entitled;

b) stake is sold as a whole, or after its division in proportion to the other stakes, to all, some or one of the shareholders, with this resolution having to comply with that stipulated in Nº 1 of article 295 and with other requirements demanded by the articles of incorporation, as well as, however, any shareholder being permitted to demand that they are allotted a part proportional to their stake;

c) stake is sold at a public auction;

d) stake is sold to third parties by a different method, but in this case, if the adjusted price is less than the sum of the amount owed together with the installment already paid on account for the stake, the sale can only be completed with the consent of the expelled shareholder.

2. In those cases provided for in paragraphs a) and b) of the previous number, the company must communicate to the expelled shareholder, in writing, the price at which the other shareholders intend to acquire the stake and, if the total price offered is less than the sum of the amount owed together with that already paid, the expelled shareholder can declare to the company, within a period of 30 days counting from reception of the communication, that they are opposed to the resolution being executed, provided that the price does not reach the real value of the stake, calculated under the terms of article 1021 of the Civil Code, dating back to the time at which the resolution was approved.

3. In respect of the contingency provided for in the second part of the previous number, the resolution cannot be executed before the deadline set for the expelled shareholder's opposition has elapsed, and, if this has gone to court, before a final decision has been handed down that, at the formal request of any shareholder, declares such opposition as ineffective.

ARTICLE 227

(Liability of shareholder & previous holders of stake)

1. The expelled shareholder and previous titleholders of the stake are jointly liable toward the company for the difference between the proceeds from the sale and that part of the

subscription owed, with an offset of the debt to the company not being permitted.

2. A previous titleholder who has paid the company or a subrogated shareholder, under the terms of the following article, is entitled to be reimbursed by the expelled shareholder and any of their predecessors for the amount paid, after the part to which they are entitled has been deducted, with the obligation addressed in this number being joint.

3. The expelled shareholder and previous titleholders of the share are, furthermore, jointly liable toward the company for all expenses that have been disbursed owing to their non-compliance.

ARTICLE 228

(Liability of other shareholders)

1. When a shareholder is expelled or their stake is declared forfeited in favor of the company, the other shareholders are jointly obligated to pay that part of the subscription owing, whether or not the stake has been sold, under the terms of the previous articles, with those shareholders being accountable, in internal relations, in proportion to their stakes.

2. In the case of a capital increase, the former shareholders are obligated, under the terms of the previous number, to pay the installments owed in respect of the new stakes and the new shareholders to pay the installments owed in relation to the old stakes, but the former shareholder who has fully paid-up their stake can be released from the obligation, putting it at the disposal of the company in the 30 days subsequent to an official demand for payment, with the articles of incorporation not being permitted to limit or exclude this right.

3. A shareholder who has made some payment under the terms of this article is subrogated in the right held by the company against the expelled shareholder and their predecessors, pursuant to that stipulated in article 227, in order to obtain reimbursement of the amount paid.

4. If the company does not approve any of the resolutions mentioned in Nº 2 of article 225 and it is not possible, by suing the defaulting shareholder, to obtain payment of the amount owed, as far as the shareholders, and in the said part, are concerned, the provision in Nº 1 of this article applicable.

5. In order to determine the other shareholders liable, the date of the approval of the resolution provided for in Nº 1 of article 225, and the date of the filing of the court action provided for in Nº 4, are considered.

ARTICLE 229

(Allocation of amounts obtained with sale of stakes)

1. The amounts obtained from the sale of the stake of an expelled shareholder, with the corresponding expenses having been deducted, belong to the company up to the limit of the amount of the subscription owed.

2. If there is a surplus, the company must reimburse the other shareholders for the amounts outlaid by them, in proportion to the payments made by them, with the residue being given to the expelled shareholder up to the limit of that part of the subscription paid by same, with the balance going to the company.

SECTION II

Additional Loan Obligations

ARTICLE 230

(Additional loan obligations)

1. The articles of incorporation can impose, on all or some shareholders, the obligation of having to provide additional loans, aside from subscriptions, provided the essential elements of that obligation are established and it is specified whether the obligation must be complied with as an onerous or gratuitous one.

2. In the event of the contents of the commitment containing elements essential to a regular agreement, the regime regulating that particular type of agreement is applicable.

3. If the loans stipulated are not financial, the right of the company to demand compliance is non-transferable.

4. In the case of agreeing that they be onerous, their reimbursement can be paid independently of the existence of profits.

5. Excepting a contractual provision stating otherwise, non-compliance with the additional obligations does not affect the situation of the shareholder, with, however, the latter being subject to having to indemnify the company for the losses that such an omission causes it.

6. The commitment to make additional loans ceases with the dissolution of the company.

SECTION III

Supplementary Loans

ARTICLE 231

(Supplementary loan obligations)

1. Whenever the articles of incorporation permit it, the shareholders can determine that supplementary loans be demanded of them, up to a limited amount.

2. A cash amount is always the objective of supplementary loans.

3. Articles of incorporation that permit supplementary loans set:

a) overall amount of supplementary loans permitted;

b) which shareholders are obligated to make those loans;

c) criterion for the division of supplementary loans between the shareholders obligated to make them.

4. The indication referred to in paragraph a) of the previous number is essential whenever, lacking the indication referred to in paragraph b), all shareholders are obligated to make supplementary loans and, if lacking the indication referred to in paragraph c), each shareholder's obligation is proportional to their capital share.

5. Supplementary loans are non-interest bearing.

ARTICLE 232

(Exigibility of obligation)

1. The exigibility of supplementary loans is always underpinned by a shareholder resolution, that sets the exigible amount and loan period, which cannot be less than 30 days, counting from the date of the notification to the shareholder.

2. The resolution referred to in the previous number cannot be approved before all stakes have been fully paid-up.

3. After a company has been dissolved for any reason, supplementary loans cannot be demanded.

ARTICLE 233

(Regime regulating obligation to make supplementary loans)

1. It is not permitted to utilize supplementary loans to offset a company's debt.

2. A company cannot exempt shareholders from the obligation of making supplementary loans, whether they have already been demanded or not.

3. The right to demand supplementary loans can only be exercised by the company and cannot be subrogated to the company's creditors.

ARTICLE 234

(Non-compliance with obligation to make supplementary loans)

Shareholders not complying with their obligation to make supplementary loans can be expelled from the company, with that stipulated in articles 225 to 227 being applicable, with the necessary adaptations.

ARTICLE 235

(Repayment of supplementary loans)

1. The repayment of supplementary loans is contingent on a shareholder resolution, which can only be approved if, in light of same, the company's equity is not less than the sum of

the capital and statutory reserves and if the shareholders, to which same respects, have already paid-up their stakes.

2. A company can proceed with the partial repayment of supplementary loans, with, however, it having to respect the equality between those shareholders who have paid them, without prejudice to the provision in Nº 1 of this article.

3. Supplementary loans cannot be repaid after a company has been declared bankrupt.

SECTION IV

Right to Information

ARTICLE 236

(Shareholders' right to information)

1. Shareholders, usufructuaries and the common representatives of a stake in co-ownership entitled to exercise voting rights, can demand that managers provide them with true, complete and explanatory information on the company's transactions and management, and allow them access to the respective accounting records, books, documents and assets.

2. The information referred to in the previous number is provided in a written form, if so requested.

3. The right to information can be regulated in the articles of incorporation, provided that its effective exercise is neither prevented nor its scope unjustifiably limited.

4. Specifically, the right to information cannot be excluded if, through its exercise, acts incurring liability for their author are suspected, under the terms of the law or when a consultation is aimed at judging the accuracy of the documents used in the presentation of accounts or to enable a shareholder to vote at an already-convened Shareholder Meeting.

5. Information can also be solicited on acts already performed or acts to be performed, when these are likely to incur their author in liability under the terms of the law.

6. The consultation of accounting records, books or documents must be done personally at the company's registered office, by the shareholder, who can be accompanied by an accountant, auditor or lawyer, as well as being permitted to take copies or photographs, under the terms of article 576 of the Civil Code.

7. Shareholders can inspect the company's assets under the conditions referred to in the previous numbers, being accompanied, if necessary, by a professional considered suitable.

8. Shareholders cannot use information obtained under the terms of the previous numbers in order to unjustifiably prejudice the company or other shareholders and, if they do so, they are liable under general terms for losses caused and are subject to being expelled from the company.

9. That stipulated in article 322 is applicable to the presentation of information at a Shareholder Meeting.

10. Shareholders representing 10% of the capital can, while bearing the respective

expenses, demand an annual audit of management, which must be performed by an auditor nominated by those shareholders.

ARTICLE 237

(Refusal or impediment to shareholders exercising right to information)

1. Information, consultation, or inspection can only be refused by managers when there are serious indications that the shareholder uses them for purposes unrelated to the company and in detriment to same, or when the presentation of information violates the confidentiality compelled by law in the interest of third parties.

2. In the case of refusing information or providing, presumably misleading, incomplete or non-explanatory information, an interested shareholder can table a shareholder resolution, so that the information is provided or it is corrected.

ARTICLE 238

(Judicial inquiry)

1. Shareholders who have been refused information, or who have been provided with information that is presumably misleading, incomplete or non-explanatory, can apply to a court to investigate the company.

2. The inquiry is regulated by the provision in Nº 2 and following ones of article 324.

SECTION V

Right to Profits

ARTICLE 239

(Distribution of annual profits)

1. Excepting a contractual provision or resolution approved by a 3/4 majority of votes corresponding to the capital, the company annually distributes, at a meeting convened for that purpose, at least half of the financial year's distributable profits to the shareholders.

2. That credited to each shareholder as their share in the profits falls due after 30 days have elapsed counting from the date of the resolution approving the distribution of profits, except for a deferment consented to by the shareholder.

3. Shareholders can, however, by a resolution, approved by a 3/4 majority of votes corresponding to the capital, decide to defer the distribution of profits for up to 60 days counting from the date on which these have fallen due, on the grounds of the exceptional situation of the company.

4. If, according to the articles of incorporation, managers or auditors have the right to participate in profits, they can only be paid after the shareholders' profits have been settled.

SECTION VI

Statutory Reserve

ARTICLE 240

(Constitution of statutory reserve)

1. The constitution of a statutory reserve is mandatory, which is never less than 30% of the capital.

2. That stipulated in articles 327 and 328 is applicable, with the necessary adaptations, to the constitution of the statutory reserve.

CHAPTER III

Stakes

SECTION I

Unit, Value & Division of Stakes

ARTICLE 241

(Unit & value of stakes)

1. When the company is incorporated each shareholder merely owns one stake, which corresponds to their subscription.

2. In the case of dividing stakes or an increase in the share capital, only one new stake can be allotted to each shareholder, with, however, in the latter case, the shareholder being allotted as many stakes as those already possessed.

3. The nominal values of stakes can be different, but no stake can have a nominal value lower than the equivalent, in national currency, of USD 100, except when the law permits.

4. A shareholder's original stake and those which are later acquired are independent, with the titleholder being permitted to unify them, provided that they are fully paid-up and that they do not correspond to different rights and obligations, according to the articles of incorporation.

5. Any unification must be made by a public deed and registered.

6. The rights and obligations inherent to each stake are determined in relation to the ratio between its nominal value and that of the capital, except if, owing to the law or articles of incorporation, it has to be different.

7. Securities representing stakes cannot be issued.

ARTICLE 242

(Division of stakes)

1. Excepting a contractual provision stating otherwise, stakes are divisible in the case of:

a) partial redemption;

b) a block or partial transfer;

c) inheritance;

d) sharing or division between co-owners;

e) preservation of stake by defaulting shareholder, under the terms of Nº 2 of article 225.

2. The nominal value of stakes resulting from a division must comply with the provision in Nº 3 of article 241.

3. Acts involving the division of stakes must appear in a public deed.

4. Articles of incorporation can prohibit the division of stakes, but that prohibition cannot impede their being shared or divided between co-owners for a period of more than five years.

5. Excepting a different stipulation in the articles of incorporation, in the case of a division by a block or partial transfer, the division of stakes is not effective in relation to the company if this does not grant its consent. In the case of the transfer of part of a stake, consent dates back, simultaneously, to the assignment and the division.

6. The provision in Nº 2 of article 251 is applicable to the division of stakes.

7. Consent to the division must be granted by a shareholder resolution.

8. An amendment to the articles of incorporation that excludes or hinders the division of stakes, is only effective if all the shareholders affected by same have consented to it.

ARTICLE 243

(Acquisition of own stakes)

1. A company cannot acquire its own stakes if these are not fully paid-up, except in the case of their being forfeited in favor of the company, as provided for in article 225.

2. Companies can only acquire their own stakes gratuitously through a court action filed against a shareholder or if, for that purpose, they have discretionary reserves of not less than double the amount of the corresponding value to be provided.

3. Acquisitions of own stakes in violation of the provisions in this article are null and void.

4. That stipulated in article 346 is applicable to own stakes.

SECTION II

Co-Ownership of Stakes

ARTICLE 244

(Rights & obligations inherent to indivisible stakes)

1. The co-owners of a stake must exercise the rights inherent to it through a common representative.

2. Company communications and declarations that are of interest to co-owners must be addressed to the common representative and, failing this, to any of the co-owners.

3. Co-owners are jointly accountable for the legal or contractual obligations inherent to a stake.

4. In the event of the impediment of the common representative or if same has not yet been appointed by the court, under the terms of Nº 3 of article 245, when various co-owners appear to exercise voting rights and there is no agreement between them on the direction of the vote, the opinion of the majority of the co-owners present prevails, provided that they represent at least half of the stake's total value and, in this case, it is not essential to have all the co-owners' consent, under the terms of Nº 1 of article 246.

ARTICLE 245

(Common representative)

1. When not designated by law or stipulation in a will, a common representative is nominated and can be dismissed by the co-owners, with any co-owner or the spouse of any of them being allowed to be nominated as the common representative.

2. A nomination can only go to an outsider if the company's articles expressly authorize or permit shareholders to be represented by an outsider in company resolutions.

3. If the common representative's nomination could not be obtained, pursuant to that stipulated in the previous numbers, any co-owner or the company itself can petition the provincial court, where the company's registered office is located, to appoint one.

4. The dismissal or substitution of a common representative, unless appointed by law, can be decreed judicially on the grounds of just cause, by means of a formal request made by any of the company's co-owners.

5. Appointments or dismissals are only effective in relation to the company if they are communicated to it in writing.

6. A common representative can exercise all the powers inherent to an indivisible stake in relation to the company, excepting that stipulated in the following number, but any reduction in the representative's powers can only be contested in relation to the company if such is communicated to it in advance and in writing.

7. A common representative cannot perform acts involving the divestment, pledge or

extinction of a stake, increase in obligations, renunciation or reduction in the rights of shareholders, except when the law, will, court or all the co-owners attribute common powers of disposition to the representative, in which case the attribution of those powers by the co-owners must be communicated to the company in writing.

ARTICLE 246

(Co-owner resolutions)

1. Co-owner resolutions on the exercise of their rights must be approved by a majority, under the terms of Nº 1 of article 1407 of the Civil Code, except if the object of those resolutions is aimed at the divestment, pledge or extinction of a stake, increase in obligations, renunciation or reduction in shareholder rights, in which case the consent of all the co-owners is demanded.

2. The resolution provided for in the first part of the previous number is not effective in relation to the company, but is binding on the co-owners among themselves and the common representative.

SECTION III

Transfer of Stakes

SUBSECTION I

General Provision

ARTICLE 247

(Cases of transfer)

Stakes are transferred in the following cases:

a) by assignment, between living persons;

b) by transfer to heirs, in the case of the decease of one of the shareholders.

SUBSECTION II

Transfer on Death

ARTICLE 248

(Transfer on death)

1. Articles of incorporation can establish that, on the decease of a shareholder, the respective stake of the deceased is not transferred to the heirs or they can condition the transfer to certain requirements, complying with the provisions in the following numbers.

2. When, owing to contractual provisions, a stake cannot be transferred to the deceased shareholder's heirs, the company must redeem it, acquire it or have it acquired by a third party, within a period of 90 days, counting from knowledge of the shareholder's decease, at the end of which time, the stake is considered as transferred.

3. In the event of opting to acquire the stake, the company's representative and the acquirer, if a shareholder or a third party, sign the respective public deed.

4. Excepting a clause in the articles of incorporation stating otherwise, the determination and payment of the compensation owed by the acquirer are subject to the respective legal or contractual provisions applied to redemptions, but the effects generated by the stake's divestment are suspended while that compensation remains outstanding.

5. Failing timely payment of compensation, the interested parties can opt between settlement of the debt and the ineffectiveness of the divestment, with the stake being considered, in this latter case, as transferred to the heirs of the deceased shareholder who was entitled to that compensation.

ARTICLE 249

(Transfers dependent on heirs' wishes)

1. When the articles of incorporation attribute the right to demand redemption of the stake to the deceased shareholder's heirs, or, by some means, condition the transfer of the stake to the heirs' wishes and these do not accept the transfer, they must declare this to the company, in writing, within a period of 90 days counting from the date on which they knew about the said death.

2. Once the declaration provided for in the previous number is received, the company must, within a period of 30 days, redeem the stake, acquire it or have it acquired by a shareholder or a third party, failing which the deceased shareholder's heirs may petition for the judicial dissolution of the company.

3. The provisions in Nº 4 of the previous article and in Nº 2 of article 265 are applicable.

ARTICLE 250

(Retroactivity of redemption effects)

1. The effects of the redemption or acquisition of the stake of a deceased shareholder, carried out according to that established in the previous articles, are retroactive to the date of verification of the death.

2. The rights and obligations inherent to the stake are suspended until its redemption or acquisition takes place, under the terms provided for in the previous articles or until such time as the deadlines established therein elapse.

3. During the suspension period, the heirs can, however, exercise all rights essential to safeguarding their legal position, namely to vote on resolutions amending the articles or on the dissolution of the company.

SUBSECTION III

Assignment of Stakes

ARTICLE 251

(General regime regulating assignment of stakes)

1. The assignment of stakes must appear in a public deed, except when it stems from judicial proceedings.

2. Excepting a provision stipulating otherwise, the assignment of stakes is free between shareholders and between the latter and their spouses, ascendants and descendents.

3. Excepting a provision stipulating otherwise, aside from the cases provided for in the previous number, the assignment of stakes is contingent on the company's consent, with it not generating any effects in relation to it while consent is not forthcoming.

4. An assignment becomes effective in relation to the company as soon as it is communicated to it in writing.

ARTICLE 252

(Contractual clauses relating to assignments)

1. Clauses in articles of incorporation are valid which:

a) prohibit the assignment of shares, but shareholders do have, in this case, the right to withdraw, once 10 years have elapsed since their entry into the company;

b) waive the company's consent for the assignment of stakes, either in general, or in certain situations;

c) demand the company's consent for all or some of the assignments of stakes in favor of shareholders, spouses, ascendants or descendants.

2. Articles of incorporation cannot subordinate the effects of the assignment of stakes to a requirement differing from the company's consent, but it can condition that consent to specific requirements, provided that the assignment does not depend on:

a) the individual will of one or more shareholders or of a person outside the company, except when a creditor is involved and to comply with a provision in the articles whereby the permanence of certain shareholders is assured;

b) any loans to be made by the transferor or transferee for the benefit of the company or shareholders;

c) assumption by a transferee of an obligation not expected of the majority of shareholders.

3. The effectiveness of a resolution on an amendment to articles of incorporation prohibiting or obstructing the assignment of stakes is contingent on the consent of all shareholders affected by same.

4. Articles of incorporation can provide for sanctions in the case of the assignment of stakes being carried out without the company's prior consent.

ARTICLE 253

(Consent)

1. The company's consent must be requested in writing, indicating the transferee and all the assignment-related conditions.

2. Express consent is provided by a shareholder resolution and it cannot be subordinated to conditions, with those stipulating same being ineffective.

3. If the company does not decide on a request for consent, in the 60 days subsequent to its reception, the assignment is considered as authorized.

4. Consent granted for the realization of an assignment of stakes after another for which consent was not granted, renders it effective, insofar as it is necessary to ensure the legitimacy of the transferor.

5. Consent of the company is considered as such when the transferee has participated in a shareholder resolution and no shareholder contests it on those grounds.

6. For the purposes of the registration of an assignment, tacit consent is proven by means of the minutes on the resolution and the commercial registration certificate showing that the said judicial action was not filed, within the time limit required.

ARTICLE 254

(Refusal of consent)

1. In the event of a company refusing consent, it must, within a period of 10 days counting from the date of the resolution being approved, communicate its refusal to the shareholder, in writing, presenting a proposal for the acquisition or redemption of the stake.

2. In the event that the transferor:

a) accepts the proposal presented by the company, the acquisition or redemption of the stake must be carried out within a period of 60 days, counting from the date on which the company has knowledge of acceptance, without which the request for consent is considered granted;

b) does not accept the proposal, within a period of 15 days, this becomes ineffective, with the refusal of consent remaining in place.

3. The assignment for which consent was requested is released if the:

a) proposal referred to in Nº 1 of this article is omitted;

b) proposed transaction is not signed under the terms of paragraph b) of Nº 2;

c) assignment proposal does not include all those stakes in relation to which the shareholder has simultaneously requested the company's consent;

d) proposal does not contain a compensation in cash equal to the value resulting from the transaction proposed by the transferor, excepting if the assignment is gratuitous or if the company proves a simulation of the value has been made, in which case it must propose the true value of the stake, calculated under the terms of article 1021 of the Civil Code, dating back to the time of the resolution;

e) proposal provides for the deferment of payment and an adequate guarantee is not offered simultaneously.

4. The provisions in previous numbers are only applicable if a stake has been more than 3 years in the transferor's ownership, or of their spouse or person who has succeeded, one or the other, on their decease.

5. If the company decides to acquire the stake, the right to acquire it is attributed to those shareholders declaring that they wish to acquire it at the time of the respective resolution, in proportion to the shares that they then possess, but if the shareholders do not exercise that right, it belongs to the company.

SECTION IV

Redemption of Stakes

ARTICLE 255

(Redemption of stakes)

1. The redemption of a stake can only take place when permitted by law or the articles of incorporation and it generates the extinction the stake, without prejudice to, however, already-acquired rights and outstanding obligations.

2. Except in the case of a reduction of capital, the company cannot redeem shares:

a) that are not fully paid-up;

b) when its equity, after having paid the redemption, becomes less than the sum of the company's capital and the statutory reserve.

3. If a company attributes the right to the redemption of a stake to a shareholder, the provision respecting the withdrawal of shareholders applies.

4. If a company is entitled to redeem a stake, it can, instead, acquire it or have it acquired by any shareholder or a third party.

5. In the case of opting for its acquisition, that stipulated in Nºs 3 and 4 and in the first part of Nº 5 of article 248 applies.

ARTICLE 256

(Compulsory redemption)

1. Except in the case of a legal provision stipulating otherwise, a company can only redeem a stake without the consent of the respective owner, when a fact has occurred, which the articles of incorporation considers grounds for compulsory redemption.

2. The redemption of a stake is only permitted if the:

a) fact permitting it was already contained in the articles of incorporation at the time of the acquisition of that stake by its current owner or the person who succeeded same by reason of death;

b) inclusion of the fact in the articles of incorporation permitting same was determined unanimously by the shareholders.

ARTICLE 257

(Voluntary redemption)

1. In the case of a voluntary redemption, the shareholder's consent can be granted in the resolution per se or in a document prior or subsequent to this.

2. If a right of usufruct or a pledge is attached to the redeemed stake, consent must also be granted by the holder of that right.

3. Except in those cases provided for in the law, the partial redemption of a stake can only take place with the shareholder's consent.

ARTICLE 258

(Form & deadline for redemption)

1. A redemption is carried out by a shareholder resolution, based on verification of the respective legal and contractual presuppositions and it becomes effective by way of a communication addressed to the shareholder concerned.

2. The resolution must be approved within a period of 60 days, counting from the date on which any manager of the company becomes aware of the fact permitting redemption.

ARTICLE 259

(Redemption compensation)

1. Excepting a stipulation in the articles of incorporation stating otherwise or an agreement by the parties, compensation for the redeemed stake is the value as shown on a balance sheet especially prepared for that purpose.

2. In the event of the company having approved a balance sheet less than three months previously, this can serve as the basis to determine the redeemed stake's value.

3. The resolution approving the redemption of a stake can set a deadline for the payment of compensation and its breaking down into installments, provided that the full amount of the compensation is settled within a period of one year, counting from the date of the final establishment of compensation.

4. Failing timely payment of the compensation and aside from the eventuality provided for in Nº 1 of the following article, the interested party can choose between the debt becoming effective and the application of the rule established in Nº 3 of the same article.

ARTICLE 260

(Conservation of share capital)

1. A company can only redeem shares when, at the time of the resolution, its equity, after meeting the respective redemption's compensation, does not become less than the sum of the capital and statutory reserve, unless it simultaneously decides on a reduction of its capital, with the resolution on the redemption having to expressly mention verification of that requirement.

2. If, at the time of the compensation payment falling due, it is verified that, after settling that payment, the company's equity will become less than the sum of the capital and statutory reserve, the redemption does not take effect and the interested party must:

a) return amounts already received to the company;

b) opt for the partial redemption of the stake in proportion to that which has already been received, without prejudice to the minimum value of the stake;

c) wait for payment until the required conditions are ascertained, with, in this eventuality, the redemption being maintained.

3. The option referred to in the previous number has to be communicated to the company, in writing, within a period of 30 days counting from the date on which the impossibility of payment for the said reason has been communicated, by the same means, to the shareholder.

ARTICLE 261

(Effects of redemption on capital)

1. If the redemption of a stake is not accompanied by a corresponding reduction of capital, the other shareholders' stakes must be increased proportionally.

2. The shareholders must set, by a resolution, the new nominal value of the stakes and the managers must sign the corresponding public deed, except if the minutes of that resolution have been drawn up by a notary public.

3. The articles of incorporation can, however, stipulate that the stake is shown on the balance sheet as a redeemed stake and, that being so, permit that, later on and by a shareholder resolution, instead of the redeemed stake, one or several stakes can be created, earmarked to be divested to one or some shareholders or to third parties.

ARTICLE 262

(Redemption in cases of co-ownership)

1. Should any facts be verified that, in relation to one of the stake's co-owners, constitute grounds for redemption, the shareholders can determine that the stake be divided, in conformity with the constituent title of co-ownership, provided that the value of the stakes stemming from the extra division of the increase, when such is the case, as referred to in Nº 1 of the previous article, does not counteract that stipulated in article 242.

2. When a division has been made, redemption falls on the stake to which the co-owner is entitled due to the grounds prompting that redemption.

3. A company cannot redeem the total amount of a stake subject to the co-ownership regime if it is not possible to proceed with its division under the terms of Nº 1.

SECTION V

Enforcing Claims on Stakes

ARTICLE 263

(Enforcing claims on stakes)

1. A pledge on a stake covers the ownership rights inherent to it, with a safeguard on the right to profits if these have already been attributed by a resolution approved by the shareholders before the stake was pledged, with, however, voting rights continuing to be exercised by the titleholder of the pledged stake.

2. The transfer of stakes in enforcement proceedings or liquidation of assets cannot be prohibited or limited by the articles of incorporation, nor does it depend on consent, with, however, the articles of incorporation being permitted to attribute the right to redeem pledged stakes to the company.

3. A company or shareholder, to the extent of the satisfaction given to the right of a plaintiff, are subrogated in the debt, under the terms of article 593 of the Civil Code.

4. An order instructing the sale of a stake in enforcement proceedings, bankruptcy or a shareholder's insolvency must be notified to the company.

5. In an award or judicial sale, preemptive rights are enjoyed, first of all, by the company, or a person appointed by it, followed by the shareholders.

6. That stipulated in article 892 of the Civil Procedure Code is applicable to the preemptive rights conferred in the previous number.

SECTION VI

Withdrawal & Expulsion of Shareholders

ARTICLE 264

(Withdrawal)

1. Any shareholder can withdraw from a company in those cases provided for in the law and also when, counter to their express vote:

a) the company decides on a capital increase totally or partially subscribed by third parties, a change in the corporate purpose, prorogation of the company, transfer of the registered office to abroad or a return to business activity by a dissolved company;

b) having just cause for a shareholder's expulsion, the company does not decide to expel same or does not proceed with a judicial expulsion.

2. Only shareholders whose stakes have been fully paid-up can withdraw from the company.

3. Shareholders wishing to withdraw must, within a period of 90 days counting from the date on which they are aware of the fact that attributes such a right to them, communicate their intent to the company, in writing, with the company having, within a period of 30 days subsequent to reception of the communication, to redeem the share, acquire it or have it acquired by another shareholder or a third party.

4. In the event of a company not adopting one of the approaches referred to in the final part of the previous number, the shareholder can assign the stake to a third party without the consent of the company or petition for its judicial dissolution.

ARTICLE 265

(Compensation for withdrawal)

1. The compensation to be paid to a shareholder under the terms of Nº 2 of article 109 is calculated with reference to the date on which the shareholder communicates their

intention of withdrawing to the company, with the provision in Nº 2 of article 259 applying to the payment of compensation.

2. If compensation cannot be paid owing to that stipulated in Nº 1 of article 260 and if a shareholder does not wish to wait for payment, they are entitled to petition for the judicial dissolution of the company. Such a shareholder also enjoys that same right, in the event of the acquirer of the stake not making timely payment of the compensation, without prejudice to the company being permitted to substitute same, complying with that stipulated in article 260.

3. Articles of incorporation cannot, directly or by establishing some criteria, set a value inferior to that referred to in Nº 1, in those cases of withdrawal provided for in the law, or allow a withdrawal on the arbitrary will of a shareholder.

ARTICLE 266

(Expulsion owing to law or articles of incorporation)

1. A company can expel a shareholder, in those cases and terms provided for in this law or also owing to conduct which, under the terms of the law or articles of incorporation, is considered disloyal or seriously unsettling to the life or operation of the company.

2. Precepts relating to the redemption of stakes are applicable to a shareholder being expelled owing to the articles of incorporation.

ARTICLE 267

(Judicial expulsion of shareholders)

1. A shareholder who, through disloyal conduct or by seriously disturbing the life or operation of a company, has caused or can eventually cause losses to it, can be expelled by a court decision.

2. The filing of an expulsion action must be determined by the shareholders, who can name special representatives for that purpose.

3. In the 30 days subsequent to a sentence decreeing an expulsion, the company must redeem the shareholder's stake, acquire it or have it acquired, failing which, the said expulsion shall be considered ineffective.

4. In the absence of a stipulation in the articles of incorporation stating otherwise, a shareholder who is expelled by a court decision has the right to the value of their stake, which is calculated based on the date of the action being filed and is entitled to be paid under the terms established for the redemption of stakes.

5. In the case of opting to acquire the stake, that stipulated in Nºs 3 and 4 and in the first part of Nº 5 of article 248 applies.

ARTICLE 268

(Situation of company during expulsion of shareholders)

1. Excepting a resolution to the contrary, after having filed a judicial action to expel a shareholder, the other shareholders' stakes must be increased proportionally, for the purposes of exercising their voting right.

2. Pending the outcome of a legal action, profits corresponding to the stakes of a shareholder to be expelled must be retained in the company, with the latter, in the case of the expulsion not being ordered, being able, within a period of 10 days counting from the date of knowledge of the final decision dismissing the expulsion action, to make them available in favor of the shareholder, plus legal interest.

CHAPTER IV

Loan Agreements

ARTICLE 269

(Loan agreements)

1. Loan agreements are accords whereby a shareholder lends cash or any other fungible asset to the company, with the latter being obligated to return another asset to the shareholder, of the same kind and quality, or whereby a shareholder agrees with the company to defer maturity on loans, provided that, in any of the cases, the debt becomes of a permanent nature.

2. Such is presumed to be of a permanent nature when the period for repayment of or deferment on the maturity of the debt goes beyond one year, counting from the date of constituting the loan or acceptance of deferment.

3. Provided that, at the time of the acquisition, some of the circumstances provided for in Nº 2 are verified, a third party debt against the company which a shareholder has acquired through a transaction between living persons, is subject to the regime regulating loan debts.

4. The validity of a loan agreement, of a transaction on the advance of funds by a shareholder to the company, or that agreeing to a deferment on the maturity of shareholder credits, is contingent on the written form.

ARTICLE 270

(Obligation & permission for loans)

1. That stipulated in article 230 relating to supplementary loans, is applicable to an obligation to make those loans stipulated in the articles of incorporation.

2. An obligation to make loans can also be constituted by a resolution approved by the shareholders undertaking same.

3. Excepting a contractual provision stating otherwise, the signing of a loan agreement does not depend on a prior shareholder resolution.

4. In the case of all the shareholders making loans, the interest and repayment period can be set at a Shareholder Meeting, with the respective written agreements being waived.

ARTICLE 271

(Regime regulating loan agreements)

1. If a period for the repayment of loans has not been stipulated, the provisions in article 777 of the Civil Code are applicable, but, in setting a period, the court takes into account the consequences that a repayment can cause to a company, with it being able to determine, namely, that a payment be broken down into a certain number of installments.

2. Loan creditors cannot, on account of such debts, formally request the bankruptcy of a company, but the agreement reached in a bankruptcy process generates effects in favor of and against loan creditors.

3. Once a company's bankruptcy is decreed or it is dissolved for any reason, loans can only be repaid after the company's debts in respect of third parties have been fully paid, with it not being permissible to offset a company's credits with loan credits.

4. The priority of repaying debts to third parties, as established in the first part of the previous number, can be stipulated in the agreement completed in a company's bankruptcy process.

5. The repayment of loans effected in the year prior to a bankruptcy being declared can be resolved under the terms of articles 1203, 1204 and 1220 of the Civil Procedure Code.

6. Real guarantees provided by the company relating to obligations to repay loans and relating to other obligations subject to the regime regulating loans, are null and void.

CHAPTER V

Shareholder Resolutions

ARTICLE 272

(Shareholder powers)

1. Aside from others that the law or articles of incorporation specifically indicate, the following acts are contingent on a shareholder resolution:

a) demand or reimbursement of supplementary loans;

b) redemption of stakes, acquisition, divestment and pledge of own stakes and consent to division or assignment of stakes;

c) shareholder expulsions;

d) dismissal of any member from corporate bodies;

e) approval of the management report and yearend accounts, distribution of profits and approval of measures relating to losses;

f) exclusion or limitation of liability of managers or members of corporate bodies;

g) filing of actions by the company against any shareholder or members of corporate bodies, as well as desisting from and accord on those actions;

h) amendments to articles of incorporation;

i) merger, demerger, transformation and dissolution of the company and return of dissolved company to business activity.

2. Excepting a provision in the articles of incorporation stating otherwise, it is also incumbent on shareholders to decide on the:

a) nomination of managers;

b) nomination of members of the auditing body, if it exists;

c) divestment, pledge, lease or constitution of other individual rights enjoyed on company's real estate;

d) divestment, pledge or lease of company's facilities;

e) subscription for or acquisition of holdings in other companies and their divestment or pledge;

f) undertaking loans from credit institutions.

ARTICLE 273

(Forms of resolution)

1. A shareholder resolution can be passed in any of the forms provided for in article 56.

2. Except in those cases in which the law or articles of incorporation prohibit same, resolutions by written vote are subject to the provisions in the following article.

ARTICLE 274

(Resolution by written vote)

1. For the purposes of the provision in Nº 2 of the previous article, managers must invite shareholders, via a written communication, in which they state the subject matter of the resolution to be approved, to pronounce on the acceptance or not of the resolution by

written vote, advising them that a failure to respond, within the 15 days subsequent to reception of the letter, shall be taken as their acquiescence to the waiving of a Shareholder Meeting.

2. In the event that all the shareholders, expressly or tacitly, accept to decide by a written vote, the managers send the specific proposal of the resolution to all shareholders, accompanied by those elements necessary to its clarification and set a deadline for the vote of not less than 15 days counting from reception of the proposal.

3. Shareholders must, in a clear, unequivocal and unconditional manner, identify the proposal on which they are voting and express their approval or rejection, noting additions, limitations or any other amendments to the proposal or conditioning the vote to a rejection of the proposal.

4. Within a period of five days counting from the end of the deadline provided for in Nº 2, the managers must draw up minutes in which the verification of the circumstances permitting the resolution by written vote are mentioned, transcribe the proposal and each shareholder's vote and declare the resolution approved, sending a copy of it to all shareholders.

5. A resolution is considered approved on the day on which the last reply is received or on the first day after the end of the deadline stipulated, in the event that any shareholder does not respond.

6. Resolutions cannot be approved by a written vote when any shareholder is prevented from voting, in general, or in relation to that resolution.

ARTICLE 275

(Shareholder Meetings)

1. Excepting a provision in the law or articles of incorporation stating otherwise, the calling of Shareholder Meetings is incumbent on the managers, with such being convened in writing and the notice published in the most widely-read newspaper in the area in which the company's registered office is located, with a minimum prior notice of 30 days in relation to the date of the meeting, together with the agenda, and indicating the day, time and place of the meeting.

2. Excepting a clause in the articles of incorporation stating otherwise, the chairing of a Shareholder Meeting falls to the shareholder present possessing or representing the majority of the share capital, and, with all circumstances being equal, the oldest shareholder being given preference.

3. No shareholder can be prevented from taking part in a Shareholder Meeting, even if prevented from voting.

4. The minutes of each meeting of a Shareholder Meeting must be signed by all shareholders present.

5. In the case of any shareholder refusing to sign the minutes, that fact must be consigned to the minutes, as well as the grounds motivating the refusal.

ARTICLE 276

(Subsidiary rules and regulations)

1. In that which is not specifically regulated by the Shareholder Meetings of private limited companies, the provision on the Shareholder Meetings of public limited companies is applicable.

2. The rights attributed in public limited companies to a minority of shareholders, as to the calling of a Shareholder Meeting and the inclusion of matters on the agenda, can be exercised by any shareholder in private limited companies.

ARTICLE 277

(Representation of shareholders at Shareholder Meetings)

1. Any shareholder can be represented at a Shareholder Meeting, with, for that purpose, their having to send a letter to the Chairman of Shareholder Meeting Board in which they identify their proxy and indicate the duration and scope of the powers conferred on same.

2. Voluntary representation instruments that do not mention the duration of the powers conferred are only valid for the respective calendar year.

3. Excepting a clause in the articles of incorporation stating otherwise, a shareholder can only confer proxy powers on their spouse, ascendants or descendants, another shareholder or a lawyer.

4. Voluntary representation for a resolution by written vote is not permitted.

ARTICLE 278

(Votes)

1. One vote corresponds to each block of a stake with an equivalent value, in national currency, of USD 50.

2. Articles of incorporation can attribute, as a special right, two votes per each block of the stake referred to in the previous number, with, however, the votes attributed not being allowed to exceed the equivalent of 20% of the share capital.

ARTICLE 279

(Resolutions)

Excepting a legal or contractual provision stating otherwise, resolutions are considered approved with the majority of votes cast, with abstentions not being counted.

ARTICLE 280

(Impediment to vote)

1. No shareholder can vote, either on their own behalf or through a proxy or in representation of third parties, when the law expressly prohibits it or when, in relation to a resolution, there is a conflict of interest between a shareholder and the company.

2. It is understood that there is a conflict of interest, namely, when a resolution concerns:

a) release from an obligation or liability of a shareholder per se, either in that capacity or as a manager or member of the auditing body;

b) lawsuit filed by the company against a shareholder or by latter against former, in any of the capacities referred to in the previous paragraph, either prior to or after having recourse to litigation;

c) loss by a shareholder of part of their stake, under the terms provided for in Nº 2 of article 225;

d) expulsion of a shareholder;

e) consent provided for in Nº 1 of article 287;

f) dismissal, with just cause, of management or member of the auditing body;

g) any relationship, established or to be established, between the company and a shareholder, which is outside the articles of incorporation.

CHAPTER VI

Management & Oversight

ARTICLE 281

(Management)

1. The company is managed and represented by one or more managers, who can be elected from among persons outside the company, who must be individual persons enjoying full legal capacity and powers to operate.

2. Managers are nominated in the articles of incorporation or later elected by a Shareholder Meeting resolution.

3. The management attributed in the articles of incorporation to all shareholders is not understood as being conferred on those who only later acquire that capacity.

4. Management is a personal and non-transferable role, with managers not being allowed

to be represented in the exercise of their office, without prejudice to the provision in Nº 2 of article 284

5. The provision in the previous number does not prevent the management from constituting attorneys-in-fact or persons mandated by the company to perform certain acts or category of acts, without the need for an express contractual clause.

ARTICLE 282

(Managerial Powers)

Managers are empowered to perform all acts necessary and appropriate to fulfilling a company's corporate purpose, with their actions having to be subject to legal and statutory provisions and shareholder resolutions.

ARTICLE 283

(Legal binding of company)

1. Acts performed by managers, in the name of the company and within the powers that the law confers on them, bind it in relation to third parties, irrespective of any eventual limitations of powers imposed by the articles of incorporation or shareholder resolutions.

2. A company can, however, litigate against third parties in relation to limitations on powers stemming from its corporate purpose, if it proves that the said third parties were aware or could not be ignorant of the fact that, and taking into account circumstances, the performance of the act did not respect those limitations.

3. The knowledge or cognoscibility referred to in the previous number cannot be proven merely by the publicity given to the act incorporating the company.

4. When acting on behalf of the company, managers must mention that capacity.

5. Notifications or declarations from a manager addressed to the company must be addressed to another manger or failing that, to the auditing body or, if such does not exist, to any shareholder.

ARTICLE 284

(Functioning of plural management)

1. Unless stipulated in a different form in the articles of incorporation, the organization and functioning of plural management are regulated by the provisions in the following numbers.

2. When there are several managers, their respective powers are exercised jointly.

3. The company is bound by the legal transactions signed by the majority of managers or ratified by it.

4. The provision in the previous number does not prevent managers from delegating

powers to one or some of them to sign certain transactions or types of transactions, but, even in such a case, the managers so delegated only bind a company if that delegation expressly assigns them that power.

ARTICLE 285

(Permanent substitution of managers)

1. When one or some managers are permanently absent, the company must, within a period of 30 days, proceed with their substitution.

2. If all the managers are permanently absent, all the shareholders assume management powers until their substitution, under the terms referred to in the previous number.

3. The provision in the previous number is also applicable to the temporary absence of all the managers when the performance of an urgent act is necessary.

4. With a manager permanently absent, whose intervention is, owing to the articles of incorporation, necessary to bind the company:

a) in the case of the requirement having been in name only, that clause is considered as having expired;

b) in the case being otherwise, and with a vacancy not having been filled within a period of 30 days, any shareholder or manager can apply to a court to appoint a manager, until the situation is regularized.

5. If a substitution does not take place within the period provided for in Nº1, any shareholder can ask the court to nominate substitutes.

ARTICLE 286

(Temporary substitution of managers)

1. When it is verified that one or some managers are temporarily unable to operate, the shareholders must decide on their substitution, with a substitute occupying the position until such time as the manager resumes functions.

2. For the purposes of the provision in the previous number, the need to substitute a manager is presumed whenever it is foreseeable that an absence will exceed 90 days or the number of managers is reduced to one.

ARTICLE 287

(Prohibition of competition with company)

1. Managers cannot, without the consent of shareholders, exercise, independently or on behalf of third parties, directly or through an intermediary, individually or corporately, an

activity competing with that of the company.

2. Understood as competing with that of the company is any activity encompassed in its corporate purpose, provided that this is to be performed.

3. Included in independent exercise is a shareholding, on their own behalf or through an intermediary, in a company that entails a manager's unlimited liability, as well as a holding of at least 20% in the share capital or profits of any competitor.

4. The consent of the shareholders is presumed in the case of engaging in a competing activity, when this took place prior to the manager's appointment and was known to the other shareholders.

5. Violation of the provision in Nº l constitutes just cause for dismissal of a manager and obligates same to indemnify the company for losses sustained by it, arising out of the violation.

6. The rights of the company mentioned in the previous number expire within a period of 90 days counting from the time at which all the shareholders had knowledge of the exercise of the competing activity by the manager or, in all cases, within a period of five years counting from the initiation of that activity.

ARTICLE 288

(Remuneration of managers)

1. Excepting a clause in the articles of incorporation stating otherwise, a manager is entitled to a remuneration to be set by the shareholders.

2. The remunerations of managing directors can be reduced by a court, when petitioned by any shareholder, in a lawsuit, when they are seriously disproportionate in relation to the services rendered in light of the company's situation.

ARTICLE 289

(Duration of management mandate)

Managers remain in office until such time as their functions are terminated by:

a) end of mandate, when the articles of incorporation or the act of appointment sets the duration of the mandate;

b) dismissal, under the terms provided for in article 290; or

c) resignation, under the terms provided for in article 291.

ARTICLE 290

(Dismissal of managers)

1. Managers can be dismissed at any time.

2. Excepting a contractual provision stating otherwise, a resolution on the dismissal of managers must be approved by an absolute majority, except when just cause exists, in which case it can be determined by a simple majority.

3. When there are grounds for just cause, any shareholder can, in a lawsuit against the company, request a manager's suspension and dismissal, even if the latter occupies the position by virtue of a special right.

4. It is considered that just cause exists for dismissal whenever, by their conduct, managers seriously violate their obligations or demonstrate incompetence or incapacity in performing their duties.

5. Except when based on just cause, the dismissal of managers confers the right to an indemnity corresponding to their remuneration for the period of time remaining to complete the period for which they were appointed or, failing that, corresponding to six months' remuneration.

ARTICLE 291

(Resignations by managers)

1. Managers can resign from their positions, by way of a letter addressed to the company, with the resignation becoming effective at the end of the month following that on which the letter is received, if a lesser period has not been agreed.

2. A resignation without just cause obligates the person resigning to indemnify the company for losses incurred, excepting if a minimum of three months' notice has been given in advance.

ARTICLE 292

(Auditing body)

Articles of incorporation can determine the existence of an auditing body, to which are applicable, with the necessary adaptations, the provisions corresponding to public limited companies.

ARTICLE 293

(Duty of prevention)

1. In private limited companies which have an auditing body, it is incumbent on any member of the Audit Committee or sole auditor to immediately communicate to the company, in writing, facts that they consider reveal serious difficulties in achieving the corporate purpose.

2. The management must reply via the same means, in the 30 days subsequent to reception of the letter referred to in the previous number.

3. Failing a reply or when the reply given is not considered satisfactory, the auditing body

must request the calling of a Shareholder Meeting.

CHAPTER VII

Annual Appraisal of Company Situation

ARTICLE 294

(Annual management report & accounts)

1. Companies must submit the documents comprising the presentation of accounts for appraisal by the shareholders, within three months following the end of each financial year.

2. For the purposes of the provision in the previous number, the management report and presentation of accounts documents must be made available to shareholders for consultation, under the conditions provided for in Nº 6 of article 236, at the company's registered office and during business hours, as of the day on which the notice is sent out calling the Shareholder Meeting earmarked to appreciate same, with the shareholders being apprised of this fact in the said notice.

3. In the event of the company having an auditing body, the presentation of accounts documents must be accompanied by an opinion issued by that body.

4. It is not necessary to have any other form of appraisal or resolution when all the shareholders are managers and they all sign, without reservations, the management report, accounts, proposal for distribution of profits and measures to be adopted in relation to losses.

5. Should an impasse occur when voting on the approval of the accounts or regarding the distribution of profits, any shareholder can request that a Shareholder Meeting be called to vote again by a court order, with the judge appointing a person of recognized integrity from outside the company, preferably an auditor, to chair that meeting, who must be given the power of casting the tie-breaking vote, if an impasse occurs again, in which case the judge establishes the costs occasioned by that appointment, which are borne by the company.

6. The person appointed under the terms of the previous number can demand that the company's management or auditing body allow them access to documents, whose consultation is considered necessary and that same is provided with the information needed.

CHAPTER VIII

Amendments to Articles of Incorporation

ARTICLE 295

(Resolutions)

1. Resolutions approving amendments to articles of incorporation, including those relating to the merger, demerger and transformation of a company, can only be approved by a 3/4 majority of votes corresponding to the share capital or by an even greater number of votes, if demanded by the company's articles.

2. Articles of incorporation are allowed to stipulate that these can only be amended, fully or partially, by a favorable vote made by a certain shareholder or of certain shareholders, while the former or the latter remain in the company.

ARTICLE 296

(Preemptive rights)

1. Shareholders enjoy preemptive rights in the company's capital increases to be realized in cash, with each being entitled to an amount proportional to those stakes they already hold.

2. That part of an increase which, in relation to each shareholder, is not sufficient to form a new stake, must be added to the nominal value of the old stake.

3. Shareholders' preemptive rights can only be limited or restrained pursuant to that stipulated in article 458.

4. Excepting a clause in the articles of incorporation stating otherwise, shareholders must exercise the right as referred to in Nº 1, within a period of 15 days counting from the date of the resolution approving the capital increase or counting from reception of the communication made, for that purpose, by the managers to shareholders who have neither been present nor have had proxies at the Shareholder Meeting.

ARTICLE 297

(Divestment of preemptive rights)

1. For increases in share capital, shareholders can, with the company's consent, divest their preemptive rights.

2. The consent demanded in the previous number is waived, granted or refused under the terms of consent for the assignment of shares, but a resolution on a capital increase can grant the said consent for the entire increase.

3. In the case of consent being expressly refused, the company must present a proposal for acquisition of the preemptive rights by a shareholder or outsider, with that stipulated in article 254 being applied, with the necessary adaptations.

ARTICLE 298

(Shareholder rights & obligations in capital increases)

1. Shareholders approving a resolution on an increase in the share capital, to be paid-up by them, are obligated to pay-up the respective subscriptions in proportion to the preemptive rights which they hold.

2. When a capital increase is earmarked to admit new shareholders, these must also sign a public deed, declaring therein their acceptance to be associated under the conditions of the current articles and the resolution on the capital increase.

3. Once a subscription in kind or in cash has been paid-up, the interested party can notify the company, in writing, to sign a public deed within a deadline of not less than 60 days, after reception of the notification. Subsequent to that period having elapsed, they can demand restitution of the paid-up subscription and the indemnity to which they are entitled.

4. The resolution on the capital increase expires if the company has not signed the deed in the eventuality provided for in the previous number, or if the interested party is not willing to comply with Nº 2 of this article within the deadline which the company has established for it, in writing, and with that deadline not being permitted to be of less than 60 days counting from the date of reception of the letter.

ARTICLE 299

(Preemptive rights in cases of usufruct)

1. If a stake is subject to usufruct, the right to participate in a capital increase is exercised by the owner, the usufructuary or by both, under the terms that they agree among themselves, and with such agreement, this right is exercised under the terms of article 296, with the necessary adaptations.

2. Failing agreement, the right to participate in a capital increase is retained by the owner, but if the latter does not declare their intention to subscribe for the new stake in a period equal to half of that laid down in Nº 4 of article 296, this right reverts to the usufructuary who can exercise it within a period of 10 days counting from the date on which same has been notified of the non-exercise of that right by the owner.

3. The communication provided for in Nº 4 of article 296 must be sent to the owner and the usufructuary.

4. The new stake belongs, in full ownership, to whoever has exercised the right to participate in the capital increase, except if the interested parties have agreed that it shall also remain subject to usufruct.

5. If the owner and usufructuary agree on the divestment of the preemptive rights and the company consents to that, the amount obtained is distributed between them, in proportion to the values to which, at that time, they are entitled.

CHAPTER IX

Dissolution of Companies

ARTICLE 300

(Dissolution of companies)

Excepting a clause in the articles of incorporation which demands a greater majority, a resolution on the dissolution of a company must be approved by a 3/4 majority of votes corresponding to the share capital.

HEADING V

Public Limited Companies

CHAPTER I

Characteristics, Incorporation & Forms of Management & Oversight

ARTICLE 301

(Characteristics)

In a public limited company, the share capital is divided into shares and each shareholder's liability is limited to the value of the shares to which they subscribe.

ARTICLE 302

(Mandatory contents of articles of incorporation)

The articles of incorporation must, mandatorily and specifically, indicate the:

a) value of the share capital;

b) number of shares into which the share capital is divided and their nominal value;

c) percentage of paid-up share capital and periods for paying-up the remaining subscribed capital;

d) classes of shares created and, within them, the number of shares of each class and the rights corresponding to them;

e) nature of shares, whether nominative or bearer, and conversion rules, if the articles so permit;

f) special conditions, if any, to which the transfer of shares is subordinated;

g) authorization for issue of bonds;

h) form of management and auditing of the company.

ARTICLE 303

(Business name)

1. The business name of a public limited company is formed, with or without an acronym, by the name or business name of some of the shareholders or by a special denomination or by a combination of those two elements, followed by the term «*Sociedade Anónima*» [public limited company], or its abbreviation, «*S.A.*».

2. Terms indicative of a corporate purpose not specifically provided for in the articles of incorporation cannot be included or maintained in a business name and, in cases where this is to be changed, with it ceasing to include the activity indicated in the business name, the public deed of amendment to the corporate purpose cannot be signed without simultaneously proceeding with the change in the business name.

ARTICLE 304

(Minimum number of shareholders)

1. Except for that stipulated in the following number, a public limited company cannot be incorporated with less than five shareholders.

2. The number of shareholders can be reduced to two, in those cases in which the State, public companies or entities that are considered for that purpose as legally equivalent to State-owned companies, retain the majority of the share capital.

3. The capacity of a shareholder is acquired with the signing of the articles of incorporation or a public deed increasing the company's share capital, independent of the issue and consignment of title to subscribed shares.

ARTICLE 305

(Nominal value of share capital & shares)

1. The share capital and shares are always stated in a nominal value.

2. The nominal value of shares is the same for all and cannot be less than an amount, stated in national currency, equivalent to USD 5, which must always be indexed to that value.

3. The capital of public limited companies cannot be less than a value, stated in national currency, equivalent to USD 20,000, which must always be indexed to that value.

4. Shares are indivisible, without prejudice to the possibility of their being co-owned.

ARTICLE 306

(Subscription & paying-up of subscriptions)

1. A company cannot be incorporated without at least 30% of the subscribed capital having been paid-up nor can the payment of a share premium be deferred, when provided for.

2. The share capital can be underwritten with or without public subscription.

3. Working subscriptions are not allowed.

ARTICLE 307

(Forms of incorporation)

1. A public limited company can, under the terms of the following articles, be incorporated:

a) by public subscription, when the founding shareholders provisionally incorporate the company, with this being followed by public subscription for the respective share capital;

b) without any public subscription, when the entire share capital is immediately underwritten by the founding shareholders, taking up the total share capital.

ARTICLE 308

(Incorporation without public subscription)

1. When not publicly subscribed, a company is incorporated under the terms of applicable general provisions and those contained in the following numbers.

2. Those subscribers paying-up the share capital with subscriptions in cash must, prior to the signing of the articles of incorporation, deliver the value of the capital subscribed by them as referred to in Nº 1 of article 306, plus the value of the premium, when such is the case.

3. The amounts in cash, as referred to in the previous number, must be deposited in credit institutions authorized by the National Bank of Angola, in an account opened on behalf of the company to be incorporated.

4. Regarding the account referred to in the previous number, withdrawals cannot be made before the company is duly registered, excepting for:

a) payment of the company's incorporation expenses;

b) meeting certain requirements, if shareholders expressly authorize them, after having signed the incorporation deed;

c) liquidation determined by legal inexistence or nullity of articles of incorporation or lack of registration;

d) repayment of balance of the account to subscribers, in proportion to the amounts they have deposited, if the company is not duly incorporated.

ARTICLE 309

(Incorporation through public subscription)

1. The incorporation of a public limited company involving public subscription of the respective capital must be undertaken by one or more persons acting as founding shareholders or promoters.

2. Once the draft articles of incorporation have been prepared, clearly specifying therein the activities constituting its corporate purpose and indicating the number of shares earmarked for subscription by private individuals and the number of shares earmarked for public subscription, the promoters themselves must subscribe and pay-up, in its entirety, the minimum share capital established in article 305 and apply for provisional registration of the company to be incorporated.

3. Subscriptions paid-up in cash by subscribers are deposited by them in the account opened by the promoters, in a credit institution as referred to in Nº 3 of article 308.

4. Once that stipulated in the previous numbers has been executed and shares earmarked for subscription by private individuals, but still not subscribed, have been placed by the founders, the founders must, in relation to those shares earmarked for public subscription, prepare the respective prospectus for the Initial Public Offer (IPO).

5. The IPO prospectus must be signed by all the promoters and, mandatorily, has to contain:

a) draft articles of incorporation, already provisionally registered;

b) advantages attributed, under the terms of the law, to the founders;

c) subscription period, place and formalities;

d) number of shares already subscribed and paid-up by each promoter;

e) period during which the incorporation meeting is to be held;

f) a well-founded and circumstantiated report on the technical, economic and financial feasibility of the company, prepared and based on true and complete data and on justified forecasts for those circumstances known at that date, containing information necessary to a complete clarification of the parties potentially interested in the subscription;

g) rules governing allocation of the subscription, if it is necessary to have recourse to that measure;

h) indication that the actual incorporation of the company depends on the total subscription of shares or, should it not achieve that, of the conditions under which that incorporation is allowed;

i) amount of subscription at time of subscribing, plus period and form of respective reimbursement, should the company not be duly incorporated.

6. Shares representing the minimum share capital, subscribed by the founders under the terms of Nº 2, cannot be divested within a period of two years, counting from the permanent registration of the company, with all legal transactions signed with a view to their divestment or pledge being null and void.

7. However, a percentage can be reserved for the promoters, of no greater than 1/10, of the company's net profits, for a period which cannot exceed 1/3 of its duration, but never more than five years, and with it not being possible to attribute any other advantage to them.

8. The special benefit referred to in the previous number can only be paid after the yearend accounts have been approved, with it being forbidden to advance same, in full or in part, or deliver any amount or value on account.

9. The Minister of Finance can proceed with the regulation of the IPO prospectus and all related acts.

ARTICLE 310

(Incomplete subscription)

1. If the shares offered for public subscription have not been fully subscribed and the incorporation meeting, so determines, the company can be incorporated, provided that;

a) subscription has reached at least 3/4 of the number of shares earmarked for public subscription;

b) the possibility of the incorporation meeting deciding on the incorporation according to the conditions established in this article has been expressly indicated in the IPO prospectus referred to in the previous article.

2. If the company cannot be incorporated, the promoters must request the cancellation of the provisional registration and, by way of two announcements published employing the same means used to publicize the subscription, and with a one-month interval, inform subscribers that they can proceed with the withdrawal of their subscriptions from the credit institution at which they have deposited them.

3. The amounts deposited can only be refunded by the trustee institution, against presentation of the subscription and deposit document, and subsequent to provisional

registration of the company having been canceled or expired.

4. If the company is not duly incorporated, all expenses outlaid for its incorporation are borne by the founders.

ARTICLE 311

(Incorporation Meeting)

1. Once the subscription period is over and with the company being in a position to incorporate, the founders must, within the period indicated in the IPO prospectus and under the general terms established for the Shareholder Meetings of public limited companies, call a General Meeting of all the subscribers.

2. The notice convening the meeting must mention that all documents relating to subscriptions and the incorporation of the company can be inspected by all the subscribers, after publication of the said notice, and also indicate the place where the consultation can be made.

3. At the General Meeting, presided over by one of the promoters, each subscriber, including the founders, has a vote, irrespective of the number of shares subscribed.

4. At a first meeting, with at least half of the subscribers, who are not founders, being present or represented, resolutions are approved by a majority of votes.

5. At a second meeting, with at least half of the subscribers not being present or represented, excluding promoters, resolutions are approved by 2/3 of the votes.

6. The General Meeting must take decisions on:

a) incorporation in the exact terms of the provisionally-registered draft; and

b) appointment of members of the company's corporate bodies.

7. The General Meeting can, likewise, pass a resolution on amendments to the draft articles of incorporation, by the unanimous vote of all the subscribers.

8. If, in the case of a private subscription, subscriptions in kind have not yet been paid-up, the effectiveness of the incorporation resolution is contingent on such subscriptions being paid-up prior to the signing of the public deed.

9. In the case of the meeting deciding, under the terms of Nº 1 of article 310, to incorporate the company, in spite of the public subscription not having been completed, the amount of the share capital and number of shares must be set in the resolution, in conformity with the subscribed capital.

10. The minutes of the General Meeting must be signed by those present and these shall serve as the basis for the conversion of the provisional registration into a permanent one, as of which the company is considered as duly incorporated.

11. The holding of the General Meeting is subject to, with the necessary adaptations, those stipulations applicable to the holding of the Shareholder Meetings of public limited

companies.

ARTICLE 312

(Liability of founders)

Founding shareholders are liable for the veracity of the information contained in the incorporation prospectus and for the actual existence of assets handed over to pay-up subscriptions.

ARTICLE 313

(Special regime regulating invalidity of incorporation meeting resolutions)

1. A declaration of nullity and the annulment of a resolution approving a company's incorporation, and any resolutions complementing it, are subject to the general regime regulating same. Any subscriber who has not approved them, can invoke the annullability of those resolutions, in the event of these, the approved articles or the proceedings, violating legal precepts, as of the provisional registration, without prejudice, however, to that stipulated in article 294 of the Civil Code.

2. The annullability of resolutions can also be invoked by any subscriber on the grounds of significant misleading information or serious error in the forecasts referred to in paragraph f) of Nº 5 of article 309.

3. Legal provisions governing the suspension and annulment of corporate resolutions apply hereto.

ARTICLE 314

(Public deed of articles of incorporation)

The minutes of an incorporation meeting and all documentation relating to the incorporation process must be exhibited before a notary public and mentioned in the public deed, after which they must be filed at the Commercial Registry Office.

ARTICLE 315

(Forms of management & auditing)

1. The management of public limited companies is exercised by the Board of Directors and auditing by the Audit Committee, consisting of an uneven number of members, elected by shareholders at a Shareholder Meeting.

2. Articles of incorporation can stipulate that the management be exercised by only one director and the auditing by a sole auditor, when:

a) under the terms of Nº 2 of article 304 the minimum number of shareholders is reduced to two;

b) share capital does not exceed an amount equivalent, in national currency, to USD 50,000;

c) the law specifically determines it.

3. Articles of incorporation can prohibit persons who are not shareholders from being nominated or elected to the Board of Directors.

CHAPTER II

Shareholder Rights & Obligations

SECTION I

Subscription Obligations

ARTICLE 316

(Paying-up of subscriptions)

1. The maximum period that the articles of incorporation can establish for paying-up subscribed share capital, with subscriptions in cash, is three years, but a shareholder only falls into arrears after having been formally demanded to pay-up, under the terms of this article.

2. A formal demand can be made through an announcement, published in one of the most widely-read newspapers in the area where the company's registered office is located, that fixes a deadline of from 30 to 60 days for payment, with the debtor falling into arrears at the end of that period.

3. Should a shareholder remain for 30 days in arrears, the company must advise same, in writing, that a further period of 60 days has been granted in order to settle the outstanding payment, interest and expenses borne with the announcement and notice, failing which, if this new deadline ends without payment being made, those shares corresponding to the amount owed and any payments that may have been made in relation to them, are automatically forfeited, in favor of company, with the numbers of those shares and the amounts of respective payments made being indicated at the same time.

4. With the deadlines, to which Nºs 2 and 3 refer, having elapsed, the shares are considered as forfeited in favor of the company.

5. Articles of incorporation can provide for the substitution of the announcement by other forms of written communication that offer as many or more guarantees to formally demand payment from a shareholder.

ARTICLE 317

(Liability of predecessors)

1. The predecessors of a shareholder in arrears for the total amount of shares, as referred to in the previous article, are jointly liable among themselves and with the shareholder for the amounts owed, respective interest and expenses incurred by the arrears.

2. Once the shares have been forfeited and except in the case of the limitation having expired, the predecessors are notified, in writing, that they can acquire the shares, if they pay, within a period of 60 days, the amounts due, detailed in the notification.

3. Should the shares have more than one predecessor interested in acquiring them, they must be considered, in preference, in the order of the proximity of each of the interested parties in relation to the last owner.

4. If none of the predecessors settles the amounts owed, the company must proceed with the sale of the shares under the terms of the following article.

5. The company must demand the difference from the last titleholder and of each of the respective predecessors, if the selling price does not cover the amounts owed. In the event of the price obtained being more than the amounts owed, the company must give the excess to the last titleholder.

ARTICLE 318

(Sale of shares by companies)

1. When shares, under the terms of the previous articles have been forfeited in favor of the company, it must, within a period of 60 days, proceed with their sale for a sum amounting to not less than their nominal value.

2. Shareholders enjoy preemptive rights in the acquisition of shares forfeited in favor of the company, in proportion to their respective holdings.

3. If several shareholders wish to acquire all the shares, an auction is set up between them.

4. In the event of the value of the sale of the shares being more than the amount owed, the excess shall be given to the defaulting shareholder.

5. If it is not possible to find a buyer for shares forfeited in favor of the company or it is not possible to sell them at their nominal value, the company must proceed with a reduction of capital, in proportion to the unpaid-up shares.

SECTION II

Additional Loan Obligations

ARTICLE 319

(Additional loan obligations)

1. Articles of incorporation can impose, on all or some shareholders, the obligation of making loans aside from subscriptions, provided it establishes the essential elements of that obligation and specifies whether the loans are onerous or onerous-free.

2. If the loans stipulated are not financial, the right of the company is non-transferable.

3. In the case of stipulating that they are onerous, the reimbursement can be paid irrespective of the existence of financial year profits, but it cannot exceed the value of the loan.

4. Excepting a contractual provision stating otherwise, failure to comply with the obligation of making the additional loans does not affect a shareholder's situation.

5. Additional loans are written-off with the company's extinction.

SECTION III

Right to Information

ARTICLE 320

(Right to information in general)

1. Any shareholder holding at least 5% of a company's share capital can consult, at the company's registered office:

a) management reports and documents relating to the presentation of accounts up to the last three financial years, as well as respective opinions of auditing body and auditor, subject to publication under the terms of the law;

b) notices convening meetings, minutes and lists of presences of Shareholder Meetings and special meetings of shareholders and of bondholders of the last three years' meetings;

c) overall amounts of remunerations paid, up to the last three years, to members of the management body and auditing body;

d) share register.

2. A consultation can be made personally by a shareholder or by a person entitled to represent them at a Shareholder Meeting, with any one of them, being permitted to be

accompanied by an accountant or auditor or other professional or to use the faculty granted by article 576 of the Civil Code.

3. The information provided must be complete, true and explanatory, in such a way as to enable complete clarification and the forming of an opinion by shareholders.

4. The right to information as referred to in Nº 1 can be exercised by a representative of those shareholders jointly holding at least 10% of the share capital.

5. It is prohibited for shareholders to use information obtained, arising out of the exercise of the right provided for in this article, to their own advantage or that of third parties, with their being held liable toward the company for any damages that they may cause to the latter.

ARTICLE 321

(Preparatory information for Shareholder Meetings)

1. As of the date of the calling of a Shareholder Meeting, the following elements must be put at the disposal of any shareholder for consultation:

a) full names of members of the management and auditing bodies, as well as of the Shareholder Meeting Board;

b) resolution proposals to be tabled at the Shareholder Meeting, as well as reports or justification that must accompany them;

c) names of persons to be proposed for the management body, their professional qualifications, indication of professional activities exercised in last five years and number of company shares they own, whenever the election of members of corporate bodies are included on the agenda;

d) management report and presentation of accounts documents, including Audit Committee's opinion and respective report of accountant or auditor, when the Shareholder Meeting provided for in article 396 is involved;

e) requests for inclusion of matters on the agenda as referred to in article 398.

2. The documents enumerated in the previous number must be sent, within a period of eight days, counting from the date on which the request is received by the company, to the holders of nominative shares or of shares registered to bearer, that represent at least 1% of the share capital, whenever requested by them, in writing, to do so.

ARTICLE 322

(Information at Shareholder Meetings)

1. Any shareholder can ask, at a Shareholder Meeting, to be provided with the information needed to form an opinion on matters to be submitted to a resolution.

2. The duty to provide information can be extended to relations between the company and other companies affiliated with it.

3. Information can only be refused if its provision can give rise to a serious loss for the company and a company with which it is affiliated or if the provision of information is liable to violate confidentiality as compelled by law.

4. An unjustified refusal to provide information or the provision of misleading, insufficient or confusing information, constitutes grounds for the validity of a resolution to be challenged.

ARTICLE 323

(Collective right to information)

1. Shareholders owning shares corresponding to at least 10% of the share capital, can ask, in writing, for the management body to provide them with information, also in writing, on any subject relating to the company.

2. Information cannot be refused if a request states that it is destined to reveal accountability, for acts performed or that may eventually be performed, by one or several members of the management or auditing bodies, unless, from the context and circumstances of that request, it is evident that this is not the intention of those who have formulated it.

3. Aside from the eventuality provided for in the previous number, information can only be refused when:

a) there are grounds to fear that shareholders will use such for purposes outside the company, in detriment to it or any shareholder;

b) disclosure of information is liable to be detrimental, in a relevant manner, to the company and to shareholders;

c) provision of same violates confidentiality compelled by law.

4. Considered as refused, is information that has not been provided in the 15 days subsequent to reception of the respective request.

5. Shareholders are accountable, in general terms, for any damages sustained by the company or other shareholders through the improper utilization of information with which they have been provided.

6. The information supplied to each shareholder remains available to other shareholders at

the company's registered office.

ARTICLE 324

(Judicial inquiries)

1. A shareholder who is refused the information requested under the terms of articles 320 and 322 or who receives misleading, incomplete or non-explanatory information can apply to a court to carry out an investigation into the company, under the terms of that stipulated in the Civil Procedure Code.

2. A judge can determine that the information is provided or, according to the seriousness of the facts uncovered, to order:

a) dismissal of the persons considered liable for the facts;

b) appointment of a director;

c) dissolution of the company, with it being formally requested and with the facts that constitute cause for dissolution, under the terms of the law and articles of incorporation, being scrutinized.

3. It is incumbent on the director appointed by the court under the terms of paragraph b) of the previous number, to:

a) propose and to set in motion, on behalf of company, the appropriate actions to determine liability founded on the facts uncovered in an investigation;

b) ensure management of the company, owing to eventual dismissals arising out of the actions mentioned in the previous paragraph, if such is the case;

c) perform requisite acts so that legality is restored to the company.

4. The judge can suspend the directors who have remained in office or prohibit them from interfering with the appointed director's tasks, if such measures are necessary to restore legality.

5. An appointed director's functions cease, when:

a) in the cases of paragraphs a) and c) of Nº 3, and having heard the interested parties, the judge considers their continuation unnecessary;

b) in the case of paragraph b) of the same number, new directors were elected.

ARTICLE 325

(Other holders of right to information)

The right to information established in the previous articles is also attributed to the common representative of bondholders, usufructuaries and lien-creditors of shares if, by law or agreement, they are entitled to exercise voting rights.

SECTION IV

Right to Profits & Statutory Reserve

ARTICLE 326

(Right to annual profits)

1. That stipulated in article 239, for private limited companies, with the necessary adaptations and with the alterations contained in the following number, is applicable to public limited companies.

2. The period of 30 days referred to in Nº 2 of article 239 does not prejudice the legal provisions prohibiting payment before having complied with certain formalities.

ARTICLE 327

(Statutory reserve)

The amount earmarked for the constitution of the statutory reserve and, when such is the case, its reincorporation, consists of a value never less than a 20^{th} part of the company's net profits, up until this reserve forms a value equivalent to a 5^{th} part of the share capital, without prejudice to higher percentages and minimum amounts being set in the articles of incorporation.

ARTICLE 328

(Utilization of statutory reserve)

The statutory reserve can only be used as follows:

a) to cover that part of losses disclosed on the financial year's balance sheet which cannot be covered by other reserves;

b) to cover part of previous financial years' losses that cannot be covered by the year's profit or the utilization of other reserves;

c) incorporation into the share capital.

ARTICLE 329

(Advances on profits during financial year)

1. The company's management body can, during the course of a financial year, take decisions on advances on profits to shareholders, provided that:

a) advances on profits are expressly permitted by the articles of incorporation;

b) distribution of advances is authorized by the auditing body and preceded by an interim balance sheet, prepared in a maximum of 30 days in advance and certified by the auditor, demonstrating the existence of amounts available for that purpose;

c) that such complies with articles 34 and 35, in that which is applicable, taking into consideration the results disclosed within the financial-year period that has already elapsed;

d) only one advance is effected during each financial year and always in the second half of same;

e) amounts to be set do not exceed half of those that would be distributable.

2. If the articles of incorporation are amended to permit an advance on profits, the first advance can only be effected in the financial year subsequent to that in which the amendment was made.

CHAPTER III

Shares

SECTION I

General Provisions

ARTICLE 330

(Value of shares issued)

1. Shares cannot be issued for a value below their nominal value, but, the value of the issue, can include an amount discounted for expenses resulting from its firm underwriting by a credit institution or by another considered as such for that purpose.

2. Violation of the provision in the previous number entails the nullity of the resolution and the issuance act, without prejudice to the civil and criminal liability of those who participated in same.

ARTICLE 331

(Nominative & bearer shares)

1. Shares can be either nominative or bearer, without prejudice to being in a form differing from that provided for in the law or articles of incorporation.

2. It is mandatory for shares to be nominative ones:

a) until they are fully paid-up;

b) when, owing to the articles of incorporation, they could not be transferred without the company's consent or any other conditioning exists regarding their transfer;

c) when the titleholder of the shares is obligated, by virtue of the articles of incorporation, to make additional loans to the company.

3. The share scrips to which Nº 1 of article 335 refers are also nominative.

4. Shares, either bearer or nominative, can include coupons for collecting dividends.

ARTICLE 332

(Conversion of shares)

1. A company can, at the formal request of a shareholder, who bears the respective charges, convert bearer shares into nominative ones. However, it can only convert nominative shares into bearer shares, when the law does not prohibit such a conversion and the articles of incorporation allow for bearer shares.

2. The company can proceed with the conversion, substituting existing certificates or modifying the respective text.

ARTICLE 333

(Share classes)

1. The rights corresponding to shares issued by the same company do not have to be equal, namely, as to the allocation of dividends and division of the results of a liquidation.

2. Shares corresponding to equal rights form a class.

ARTICLE 334

(Co-ownership of shares)

That stipulated in articles 244 to 246, on the co-ownership of a stake in private limited companies, applies to the co-ownership of shares, with the appropriate adaptations.

ARTICLE 335

(Share scrips & certificates)

1. Before issuing share certificates, a company can distribute share scrips to shareholders, which, to all intents and purposes, substitute share certificates, until such time as these are issued.

2. Share certificates must be issued and distributed to shareholders within a period of six months counting from the date of the company's permanent registration or an increase in the company's share capital.

3. Share scrips or certificates can include various shares, according to that established in the articles of incorporation, with, in this case, shareholders being permitted to demand the division or merging of certificates, provided that they bear the respective charges.

4. Share scrips or certificates cannot be issued or traded prior to the permanent registration of the articles of incorporation, or of a capital increase, on the commercial register.

5. Documents proving subscription for shares do not constitute share scrips.

ARTICLE 336

(Requirements for scrips & certificates)

Share scrips or certificates are signed by one or more directors or by attorneys-in-fact constituted for that purpose and must contain:

a) business name, ID number of corporate entity and the company's registered office;

b) date and notary office where the public incorporation deed was signed, date of registration and its publication;

c) amount of share capital;

d) nominal value of each share and amount paid-up;

e) number of shares incorporated in scrip or certificate and nominal value of the whole.

ARTICLE 337

(Share register)

1. The existence, at the company's registered office, of a book for the registration of shares is mandatory, which must be of a type officially approved by a joint decree issued by the Ministers of Finance and of Justice, which must be legalized.

2. The legalization referred to in the previous number is performed by the Tax Department for the area where the company's registered office is located and includes the signing of

the opening and closing terms, and numbering and initialing of the respective pages.

3. The share register must contain:

a) numbers of the shares issued;

b) date of consignment of share scrips or certificates;

c) name and domicile of the first holder of each share;

d) payments made to release shares;

e) type of shares, nominative or bearer;

f) conversions made;

g) transfers of nominative shares, as well as those of bearer shares submitted for registration;

h) lien falling on shares submitted for registration;

i) non-voting preferred shares;

j) redeemable shares and redemption dates;

k) redeemed shares and redemption amounts;

l) usufruct shares.

4. A share register can be substituted by an electronic registration which contains the elements established in Nº 2, under the terms approved by a joint decree of the Ministers of Finance and of Justice.

SECTION II

Own Shares

ARTICLE 338

(Subscription for own shares)

1. A company cannot, directly or through an intermediary, subscribe for its own shares nor cannot it acquire them, aside from those cases and conditions provided for in the law.

2. Own shares subscribed or acquired, on behalf of a company and on its account, belong to the person who subscribed or acquired them, including the obligation to pay them up, without prejudice to the provision in the final part of the previous number.

3. Directors who intervene in the acts referred to in the previous number are jointly responsible for paying-up the shares and for the repayment of the amounts that the company gave to the person who paid-up or acquired its own shares, with the right to

repayment being unrelinquishable.

4. Legal transactions whereby a company eventually acquires its own shares from those persons it has encharged to subscribe or acquire them are null and void, but the nullity does not cover the acquisition of such shares through enforcement proceedings, if the person being sued does not possess any other pledgable assets.

ARTICLE 339

(Lawful acquisition of own shares)

1. Articles of incorporation can prohibit the acquisition, whatever the circumstances, of own shares or can reduce or condition those cases in which it is permitted by this law.

2. Without prejudice to the prohibition referred to in the previous number and that stipulated in other legal precepts, a company cannot acquire or hold own shares representing more than 5% of its capital, excepting if the:

a) acquisition arises out of compliance by the company with legal requirements;

b) objective of the acquisition is to execute a resolution on a reduction of capital;

c) shares were a part of overall assets acquired by the company;

d) acquisition is made gratuitously;

e) acquisition is made by way of a legal action for the collection of third party debts or by an accord on a declaratory action filed for the same purpose;

f) acquisition arising out of a process established in the law or articles of incorporation due to lack of shares being paid-up by respective subscribers.

3. A company can only hand over, as compensation for the acquisition of own shares, those assets that, pursuant to articles 34 and 35, could be distributed to shareholders, with the value of the distributable assets having to be at least equal to twice the value paid for them.

ARTICLE 340

(Own shares not fully paid-up)

A company cannot acquire, under penalty of their being declared null and void, own shares that are not fully paid-up, excepting in those cases of paragraphs b), c), e) and f) of Nº 2 of the previous article.

ARTICLE 341

(Resolution on acquisition of own shares)

1. The acquisition of own shares is contingent on a Shareholder Meeting resolution.

2. The resolution must consist of, namely, the following elements:

a) number of shares to be acquired;

b) period, never more than 18 months counting from date of the resolution, during which shares can be acquired;

c) persons from whom shares must be acquired, whenever the acquisition of shares is permitted to certain persons;

d) compensation, when the acquisition is made as an onerous one.

3. The Shareholder Meeting resolution can only be executed by the management body, with the requirements demanded by Nº 2 and 3 of article 339 and by article 340 being verified at the time of the acquisition.

4. The acquisition of own shares can only be determined by the Board of Directors, when only by such an acquisition will a company be able to avoid a serious and impending loss, and with that loss, in those cases provided for in paragraphs a) and e) of article 339, being presumed.

5. When an acquisition has been carried out under the terms provided for in the previous number, the management body must explain to the shareholders, at the next Shareholder Meeting to be held, the reasons for the acquisition and inform them of the conditions under which it was carried out.

ARTICLE 342

(Resolution to divest)

1. The divestment of own shares is contingent on a Shareholder Meeting resolution.

2. The resolution approving the divestment of own shares must consist of, namely, the following details:

a) number of shares to be divested;

b) a period, never more than 18 months counting from the date of the resolution, during which the shares can be divested;

c) type of divestment;

d) minimum price or other authorized compensation, when divestment is made as an onerous one.

3. The divestment of own shares can only be determined by the Board of Directors, whenever the law compels same, but, in such cases, it must explain to the shareholders, at the next Shareholder Meeting to be held, the conditions under which it was carried out.

ARTICLE 343

(Equitable treatment of shareholders)

The acquisition and divestment of own shares must respect, under penalty of being declared null and void, the principle of the equitable treatment of shareholders, whenever the nature of the case does not go contrary to it.

ARTICLE 344

(Loans & guarantees for acquisition of own shares)

1. A company is prohibited from granting loans, for the provision of funds or providing guarantees so that third parties can subscribe for or, by any other means, acquire its own shares.

2. The provision in the previous number does not apply to transactions within the framework of operations with banks or other credit institutions, or to operations seeking the acquisition of shares for or by the employees of the company or of a company affiliated with it, provided that those transactions do not result in a reduction in the company's net assets to an amount lower than the share capital subscribed, plus those reserves not permitted, by the law or articles of incorporation, to be distributed.

3. Legal transactions executed by a company signed in contravention to the provision in the previous number are null and void.

ARTICLE 345

(Period during which own shares can be held)

1. A company cannot possess and retain in its portfolio, a number of own shares representing more than 10% of its capital, for a period of more than three years, with those having been lawfully acquired, or of more than one year for those that have been unlawfully acquired, when the law does not decree the nullity of the acquisition.

2. Own shares which, under the terms and within the deadlines of the previous number, have not been divested must be made extinct.

3. Directors are accountable for losses sustained by the company, its creditors and third parties, owing to the unlawful acquisition of own shares, the extinction of own shares as established in this article or lack of their extinction.

ARTICLE 346

(Regime regulating own shares)

1. While the shares belong to the company:

a) all rights inherent to them are suspended, with the exception of the right to receive new shares, in the case of an increase in share capital though the incorporation of reserves;

b) a reserve of an amount equal to that which is accounted for them, remains unavailable.

2. The Board of Directors' annual report must clearly indicate the:

a) number of own shares acquired during the financial year, reasons for acquisitions carried out and amount spent by the company with that acquisition;

b) number of own shares divested, reasons for divestments carried out and amount obtained by the company with that divestment;

c) number of own shares which the company possesses and holds in portfolio at the end of the financial year.

ARTICLE 347

(Pledge & collateral of own shares)

1. Own shares received in pledge or as collateral by a company are considered for the purposes of the limit set in Nº 2 of article 339, with the exception of those earmarked to guarantee liabilities for the exercise of corporate offices.

2. Those directors who accept the company's own shares in pledge or as collateral, whether or not they exceed the limits set in Nº 2 of article 339, are accountable for losses caused, under the terms of Nº 3 of article 345, should the shares eventually be acquired by the company.

SECTION III

Transfer of Shares

SUBSECTION I

Forms of Transfer

ARTICLE 348

(Transfer of nominative shares by act between living persons)

1. Nominative shares are transferred, by an act between living persons, by way of the following formalities:

a) transfer declaration written by the transferor attached to share certificate per se;

b) registration of ownership on share certificate;

c) addendum re transfer in company's share register.

2. The registration of ownership and the addendum regarding the transfer, as referred to in paragraphs b) and c) of the previous number, must be carried out by the company.

3. The transferor's signature on the transfer declaration attached to the share certificate must be authenticated by a notary public, with in its turn, the authentication of the share certificate being permitted to be substituted by the notarized authentication of the signature on the declaration, of an official form, approved jointly by the Ministers of Finance and of Justice, which contains the precise identification of the transferred shares.

4. Authentication of the signature on the declaration referred to in the previous number is prohibited if it is not filled out completely.

5. The date of transfer is deemed as that of the addendum, but if this has been postponed, the transfer is considered as carried out on the 5th day subsequent to that of the presentation of the certificate to the company for the addendum.

6. In the case referred to in Nº 2 of this article, the certificate must be consigned to the titleholder and, in the case provided for in Nº 3, the declaration must be put on file at the company.

7. When nominative shares are transferred by a court decision, the transfer declaration is drawn up by the clerk to the court and authenticated with the official seal.

ARTICLE 349

(Transfer of bearer shares)

1. Bearer shares are transferred, by an act between living persons, by the simple consignment of the certificates, with the exercise of shareholder's rights depending on the

respective possession of same.

2. Proof of the possession of those shares subject to the regime regulating their deposit or registration is made under the terms of article 360.

ARTICLE 350

(Limitations on transfers of shares)

1. The transfer of shares cannot be excluded in the articles of incorporation or be subject to restrictions not provided for by the law.

2. Articles of incorporation can, however:

a) subordinate the transfer of nominative shares to the company's consent;

b) establish preemptive rights in favor of other shareholders, as well as conditions of respective exercise, in the case of the divestment of nominative shares;

c) subordinate the transfer of nominative shares and constitution of lien and usufruct on them to the existence of certain requirements in accordance with the company's interest.

3. The limitations set in the previous number can only be introduced by amending the articles of incorporation, with the consent of all those shareholders affected by them, but they can be attenuated or revoked by amendments made to the articles of incorporation in general terms.

4. The limitations as referred to in Nº 2 merely concern shares corresponding to a determined capital increase, with the condition of their being resolved at the same time as the increase is made.

5. The limitative terms provided for in Nº 2 must be recorded on the share certificates, without which such cannot be contested by acquirers in good faith.

6. The limitative terms provided for in paragraphs a) and c) of Nº 2 cannot be invoked either in enforcement proceedings or proceedings involving the liquidation of assets.

ARTICLE 351

(Granting & refusing consent)

1. It is incumbent on the Shareholder Meeting to grant or refuse consent for the transfer of nominative shares, unless the articles of incorporation confer that power on another body.

2. Consent can only be refused provided that some of the motives for refusal specified in the articles of incorporation have occurred or, when these are lacking in that respect, on the grounds of relevant interest to the company.

3. The motives for the refusal must be indicated in the resolution refusing consent.

4. Under penalty of the clause subordinating the transfer of shares to the company's consent being declared null and void, the articles of incorporation must:

a) set a deadline, of no more than 60 days, for the company to pronounce on the request for the consent formulated;

b) stipulate that the transfer of shares is free, if the company does not pronounce within the deadline of 60 days referred to in the previous paragraph;

c) establish the company's obligation, in the case of grounds for refusal of consent, to have the shares acquired by another person under the conditions stipulated for the transfer for which consent was requested.

5. If, in the case provided for in paragraph c) of the previous number, the transfer of shares is to take place gratuitously or if the company proves that the price was simulated, the acquisition is made at the actual price, in the intended transfer, as determined under the terms of Nº 2 of article 109.

SUBSECTION II

Regime Regulating Registration & Deposit

ARTICLE 352

(First registration)

1. A company must record all shares detached from its capital on the share register.

2. If a share belongs to more than one person, all the co-owners and respective co-owned shares are recorded on the share register.

ARTICLE 353

(Regime regulating registration or deposit)

1. Nominative or bearer shares can be subject, by means of a special law, to the regime regulating registration or deposit.

2. The titleholder of bearer shares can be voluntarily subject to the registration or deposit regime.

3. When the registration or deposit regime is mandatory, the trustee cannot give the shares to the respective holders before the issuing entity returns a duplicate of the declaration to same, as referred to in Nº 1 of article 354, the number and date of which must be recorded on the withdrawal document.

4. The stipulations in the following articles are applicable to shares subject to the regime regulating registration or deposit.

ARTICLE 354

(Changing from registration regime to that of deposit)

1. The holders of bearer shares, subject, mandatorily or voluntarily, to the registration regime and who are under this regime, can, at any time, declare to the company, in writing, that they opt for the deposit regime.

2. The deposit must be effected at a credit institution, in an account, which shows the identification of the respective owner or co-owners, and, in this latter case, an indication of the part shared thereof by each of them.

3. As soon as the credit institution informs the company that the deposit has been made, it must annotate this fact on the respective register.

4. The constitution or extinction of any onus on the shares deposited must be communicated to the trustee together with documentation proving same.

5. For the purposes of the constitution of lien, the reception by a trustee institution of the communication made by the titleholder of the shares, or by a creditor with the titleholder's written authorization, is considered as the equivalent of the consigning over of title to the creditor.

6. The collection of income on deposited shares is made by the trustee institution.

ARTICLE 355

(Changing from deposit regime to that of registration)

1. The holders of deposited shares, wishing to withdraw them to change to the regime of mandatory or optional registration, must give a written declaration, in duplicate, to the trustee institution, for their registration, which specifies any lien placed on them.

2. Within a period of eight days counting from delivery of the declaration, the trustee institution must proceed with the registration of the declaration, registration at the company or, in the case of the last holder recorded on the share register, the cancellation of the addendum to the deposit regime.

3. The signature on the declaration as referred to in Nº 1 can be authenticated, against its original, by a notary public or attested to by the banking institution concerned.

ARTICLE 356

(Registration of transfer)

1. Whenever there is a change in holders, a new registration must be made on behalf of the acquirer, by way of a declaration that complies with the official form approved by a joint decree issued by the Ministers of Finance and of Justice.

2. Under penalty of the declaration not being accepted, the signatures on the original must be authenticated by a notary public.

ARTICLE 357

(Deadlines & charges)

1. Registrations, cancellations and records must be performed by the company that issued the shares, within a period of five days, counting from the date of reception of the respective declarations or shareholdings.

2. The issuing company cannot charge any commission or fee for registrations, cancellations and addenda.

ARTICLE 358

(Registration of nominative shares)

The registration of nominative shares consists of those registrations referred to in Nº 1 of article 348 and their registration and deposit do not dispense with the formalities provided for in that article.

ARTICLE 359

(Declaration of transfer)

1. The transfer by an act between living persons, gratuitously or onerously, of bearer shares, which are subject, mandatorily or voluntarily, to the registration or deposit regime, must consist of a declaration made in conformity with the terms of the following numbers.

2. For bearer shares under the registration regime, a declaration is made on copies of the form officially approved by a decree issued by the Minister of Finance, with the form being filled out in quadruplicate, and with the signatures of the transferor and transferee on the original being authenticated by a notary public.

3. For bearer shares under the deposit regime, a declaration is made by the transferor in a written communication addressed to the trustee institution, with instructions for the deposit to be made in the name of the transferee, in the same institution or in another one.

4. In the case provided for in Nº 2 of this article, the notary public who made the last authentication of the signatures must file the duplicate and send the original and other copies to the company, within eight days, with the latter immediately having to register it in the name of the transferee and, as soon as the registration has been effected, to annotate it on two of the copies of the declaration, sending one to the transferor and the other to the transferee.

ARTICLE 360

(Proof of possession & date of effect of transfer of bearer shares)

1. The possession of title to bearer shares, subject, mandatorily or voluntarily, to the registration or deposit regime can only be proven either by their registration or deposit.

2. Title to the securities is considered as transferred on the date of the last notarized authentication of the declaration referred to in the previous article, in the case of shares coming under the registration regime, or on the date on which the declaration is received by the trustee entity, in the case of shares under the deposit regime.

ARTICLE 361

(Transfer on death)

1. In the case of a transfer, by reason of the respective titleholder's decease, of shares mandatorily or voluntarily subject to the registration or deposit regime, and if determination of the new titleholders need only occur at a later date, the principal heir, within a period of one year counting from the death, must:

a) in the case of nominative shares or registered bearer shares, proceed with their registration at the issuing company in favor of the established or non-established heirs of the deceased;

b) in the case of bearer shares under the deposit regime, proceed with their transfer by means of an account to be opened in the said heirs' favor.

2. In any of the cases, as soon as it is known, the ideal share of each of the heirs must be indicated.

3. The registration or transfer of a deposit can only made with the presentation of certificates proving the death and the heirs' entitlement.

4. After the respective titleholders have been established, they must, according to the case, transfer the shares allotted to them to their own account or proceed with their registration, by means of the presentation of the document proving their ownership and settlement of tax, if such is due, on inheritances or gifts.

5. The provision in the previous number is applied to the transfer of deposited shares, in those cases in which the titleholders are immediately established, with the compliance period being of one year counting from the date of the transfer.

ARTICLE 362

(Registration of lien)

1. The lien placed on registered shares is filed by means of an addendum, with, for that purpose, the respective beneficiary having to send a document to the company proving authorization by the shares' titleholder or the constitution of the lien.

2. A formal request by any interested parties, attaching the respective document proving extinction of the lien, must also be registered by an addendum, and within a period of 30 days.

3. The addenda referred to in the previous numbers are added to the share register and on

the duplicate referred to in Nº 2 of article 359, presented for that purpose, after which this must be returned to the possessor of the securities.

4. In the case provided for in Nº 1, the beneficiary of the lien must be given the document proving its respective registration, which must comply with the officially-approved form issued by a decree from the Minister of Finance, with a note of the cancellation appended to it, as soon as such occurs, along with the document submitted for that purpose.

SECTION IV

Classes of Shares

SUBSECTION I

General Provisions

ARTICLE 363

(General provisions)

1. Without prejudice to that stipulated in article 333, nominative or bearer shares, in accordance with their contents, can be ordinary, preferred or usufruct.

2. Preferred shares can be non-voting or redeemable ones.

SUBSECTION II

Non-Voting Preferred Shares

ARTICLE 364

(Issue of securities & inherent rights)

1. Articles of incorporation can authorize the issue of non-voting preferred shares up to an amount representing half of the share capital.

2. Non-voting preferred shares confer on their titleholders:

a) right to a preferred dividend, of not less than 5% of the respective nominal value, taken out of the profits which, under the terms of articles 34 and 35, can be distributed to shareholders;

b) right to the preferred repayment of their nominal value on liquidation of the company;

c) all rights inherent to ordinary shares, with the exception of voting rights.

3. Non-voting preferred shares are not calculated in determining the amount of share capital demanded, by the law or articles of incorporation, for shareholder resolutions.

ARTICLE 365

(Failure to pay preferred dividends)

1. When the profits distributable to shareholders or liquidated assets are insufficient to pay the preferred dividend or preferred reimbursement, referred to in paragraphs a) and b) of Nº 2 of the previous article, they are divided proportionally by the non-voting preferred shares.

2. When a preferred dividend is not paid during a financial year, it must be paid in the following three financial years, before the dividend relative to those financial years, if distributable profits exist.

3. When a preferred dividend is not fully paid during the following two or interim financial years, the preferred shares acquire the right to vote, in terms identical to those of ordinary shares, and such right is only withdrawn again in the financial year subsequent to that in which the preferred dividend in arrears is paid.

4. During the time in which the preferred shares are conferred with voting rights, the provision in Nº 3 of the previous article does not apply.

ARTICLE 366

(Conversion of ordinary shares into non-voting preferred shares)

1. Ordinary shares can, by means of a Shareholder Meeting resolution, be converted into non-voting preferred shares, with that stipulated in articles 26, 364 and 409 being observed.

2. The resolution referred to in the previous number must be published.

3. The conversion must be made, at the request of the interested shareholders, within the period set by the resolution, which must not be less than 90 days counting from the respective publication.

4. Such a conversion must respect the principle of the equitable treatment of shareholders.

SUBSECTION III

Redeemable Preferred Shares

ARTICLE 367

(Redeemable preferred shares & form of redemption)

1. Articles of incorporation can establish that preferred shares are redeemed on fixed dates or on dates to be set by a Shareholder Meeting resolution.

2. The shares must be redeemed according to the provisions in the articles of incorporation and with those established in the following numbers.

3. Only fully paid-up shares can be redeemed.

4. Redemption is made on the shares' nominal value, plus the value of a premium, if this is established in the articles of incorporation.

5. The values given on redemption, including a premium, can only be withdrawn from funds that, pursuant to articles 34 and 35, are distributable to shareholders.

6. Once redemption has been completed, a value corresponding to the nominal value of the redeemed shares must be withdrawn from a special reserve, which can only be used for incorporation into the share capital, without prejudice to this reserve being eliminated if the capital is eventually reduced.

7. The redemption of shares does not entail, per se, a reduction in the share capital, with, and excepting a provision stipulating otherwise in the articles of incorporation, a Shareholder Meeting being permitted to deliberate on the issue of new shares of the same class to substitute the redeemed shares.

8. Resolutions approving the redemption of shares are subject to registration and publication.

ARTICLE 368

(Non-compliance with obligation to redeem)

1. Articles of incorporation can establish sanctions for non-compliance, by the company, with the obligation of redeeming shares on the date set by the articles of incorporation or a Shareholder Meeting.

2. In the absence of a contractual provision, the company is liable, in general terms, for losses that non-compliance with the obligation to redeem causes to shareholders, but the right of the company to proceed with the redemption is sustained for a period of one year counting from the date on which it should have been made.

3. Once the period referred to in the previous number has elapsed, the titleholders of the shares acquire the right to contest the redemption or to request, in the following six months, the company's dissolution by a court order.

SUBSECTION IV

Usufruct Shares

ARTICLE 369

(Usufruct shares)

1. Usufruct shares are ordinary shares redeemed without a reduction of capital, under the terms of article 371, after being fully repaid.

2. Usufruct shares constitute an independent class and are represented by special securities.

3. The ownership rights inherent to usufruct shares are established in paragraphs a), b) and

c) of Nº 6 of article 371, with other company rights being maintained.

ARTICLE 370

(Conversion of usufruct shares)

1. Usufruct shares can be converted into capital shares, by a resolution passed at a Shareholder Meeting and a special meeting of their titleholders, with both being approved by the majority demanded for an amendment to the articles of incorporation.

2. The conversion can either be effected by the retention of the dividends to which, in one or more financial years, the titleholders of the usufruct shares would be entitled, or by means of the capital being paid-up, in cash, by the interested shareholders if the meetings, referred to in the previous number, authorize same.

3. A conversion is considered as carried out, according to the case, when the amount of the retained dividends reaches the amount of the repayments made or at the end of the financial year in which the subscriptions were paid-up in cash.

4. The resolution approving the conversion of shares is subject to registration and publication.

SECTION V

Redemption of Shares

ARTICLE 371

(Redeeming shares without reduction of share capital)

1. A Shareholder Meeting can decide, by means of the majority vote stipulated for an amendment to the articles of incorporation, that the capital is repaid, fully or in part, and that the shareholders receive the nominal value of each share, or part of it, provided that for this purpose the funds used are exclusively those that, under the terms of articles 34 and 35, can be distributed to shareholders.

2. Reimbursements carried out according to this article do not entail a reduction of capital.

3. The partial reimbursement of the total amount of existing shares is made on an equal basis.

4. The total reimbursement of the nominal value of certain and determined shares can, without prejudice to redeemable shares, be made by conducting a draw, if this is permitted by the articles of incorporation.

5. Aside from the case provided for in the previous number, the right to redeem certain shares by a draw demands the express or tacit agreement of the holders of the shares affected by same.

6. Subsequent to reimbursement, which is permanent, inherent ownership rights are amended in the following way:

a) shares reimbursed in full only share, with others, in the financial year profits after a dividend is allocated to them, whose maximum limit must be stipulated in the articles of incorporation or, lacking a stipulation, be equal in value to the legal interest rate;

b) shares reimbursed in full only share, with others, in the proceeds from the company's liquidation, after the respective nominal value has been repaid to them;

c) shares only partially reimbursed benefit from the dividend referred to in paragraph a) and are entitled to compete in the first division of the liquidation's proceeds, as referred to in paragraph b), in proportion to the respective unredeemed nominal value.

7. Fully reimbursed shares are transformed into usufruct shares, under the terms regulated by articles 369 and 370.

8. Partially reimbursed shares can be reconstituted into capital shares, with that stipulated in article 370 being applied to the reconstitution.

9. Resolutions approving the redemption of shares are subject to registration and publication.

ARTICLE 372

(Redemptions with reduction of share capital)

1. A company's shares can, in certain cases and without authorization from their titleholders, be redeemed when this is imposed or permitted by the company's articles.

2. The redemption of shares regulated in this article and in the following article always entails a reduction of capital, thereby eliminating shares redeemed on the date of the public deed respecting the reduction of capital.

3. The facts imposing or permitting redemption must be solid and strictly defined in the articles of incorporation.

4. That stipulated in article 101, is applied to a reduction of capital made by redeeming shares, except if:

a) fully paid-up shares, placed freely at the disposal of the company, were redeemed;

b) if, in order to redeem the fully paid-up shares, only those funds that can, under the terms of articles 34 and 35, be distributed to shareholders have been used, in which case, a reserve subject to the regime regulating the statutory reserve must be created, and of an amount equivalent to the sum of the nominal value of the redeemed shares.

ARTICLE 373

(Forms of redeeming shares by reduction of share capital)

1. When redemption is imposed by the articles of incorporation, the conditions necessary for the redemption operation to be carried out must be established therein, with the Board of Directors being limited to declaring, in the 90 days subsequent to knowledge of the fact underpinning it, that the shares are redeemed under the terms of the articles and proceed with that which has been stipulated for the case.

2. When redemption is permitted by the articles of incorporation, it is incumbent on the Shareholder Meeting to decide on the redemption and to set, in all that which has been omitted in the articles, those conditions necessary so that the redemption can be carried out.

3. In the case of the previous number, the articles of incorporation can set a period for the Shareholder Meeting resolution to be approved, which must never be greater than six months counting from verification of the fact serving as grounds for the redemption. If the articles of incorporation have been lacking in this respect, that period is deemed as six months.

CHAPTER IV

Bonds

SECTION I

General Provisions

ARTICLE 374

(Issue of bonds)

1. Public limited companies can, in general, issue bonds, that are negotiable which, in relation to each issue, confer debt rights equal to those conferred by other bonds of an identical nominal value.

2. Bonds can only be issued if:

a) the articles of incorporation have been duly registered for more than two years and the balance sheets for the last two financial years have been regularly approved;

b) the company's capital has been fully paid-up;

c) an issue previously determined is already fully subscribed and paid-up;

d) in those cases in which the law demands same, the issue has been authorized.

3. When a company stems from a merger or demerger, it suffices that merely one of the companies meets the requirements in paragraph a) of the previous number.

4. The requirements provided for in paragraph a) of Nº 2 are not exigible when the State, or a public entity considered its equivalent by law for that purpose, possess a majority of the company's shares or when the issue is especially authorized by the State or underwritten by it or by that public entity, namely through debt instruments on the latter or on the State.

ARTICLE 375

(Limits on bond issues)

1. Public limited companies cannot issue bonds whose value exceeds the amount of the paid-up and existing capital according to the last approved balance sheet, plus capital increased and paid-up after closing the balance sheet.

2. For the calculation of the maximum limit established in the previous number, all bonds issued by a company up to the date of the resolution approving the issue of new bonds, are considered.

3. The limit established in Nº l can be increased, as defined under the terms of a decree issued by the Minister of Finance, in the following cases when:

a) financial situation of company justifies same, but increase cannot exceed amount of the statutory reserve;

b) issue of bonds is earmarked to finance projects of major national interest calling for an exceptionally high amount of fixed assets, provided that this does not put the equilibrium of the company at risk;

c) bonds present a variable rate of interest and repayment plan in relation to the company's profits.

4. A company cannot, excepting when financial year losses occur, reduce its capital to a limit lower than that of its debt to bondholders, even if the limit of the issue has been increased under the terms of Nº 3 or by a special law.

5. If, as a result of the financial year's losses, the share capital is eventually reduced to a level inferior to that of the company's debt to its bondholders, all distributable profits are allocated to replenish the statutory reserve until that value equals the amount of the debt or, having made the increase provided for in Nº 3 of this article or by a special law, the ratio initially established between the capital and the amount of the bonds issued is reached.

ARTICLE 376

(Resolutions)

1. The issue of bonds must be determined by a Shareholder Meeting resolution, except if the articles of incorporation authorize the said issue by the Board of Directors.

2. A Shareholder Meeting can authorize that an issue of bonds is carried out in blocks, in a series set by it or by the Board of Directors, but this authorization expires, with regard to non-issued series, at the end of five years.

3. The issue of a new series of bonds cannot be determined while bonds from the previous series have not been fully subscribed and paid-up.

ARTICLE 377

(Registration)

1. The issue of bonds and the issue of each series of bonds are subject to commercial registration.

2. Certificates cannot be issued while the issue of the bonds or series of bonds is not duly registered, but a lack of registration does not render the certificates invalid, but merely subjects the directors to liability.

ARTICLE 378

(Bond certificates)

1. Certificates for bonds issued by a company must mention:

a) details of the company's identification as provided for in article 172;

b) date on which issue resolution was approved;

c) authorizations granted;

d) total amount and number of bonds issued, nominal value of each one, interest rate and payment method, repayment deadlines and conditions, and any other characteristics specific to the issue;

e) bond's serial number;

f) special guarantees on bond, if they exist;

g) nature of bond, nominative or bearer;

h) series, when such is the case.

2. The certificates must be signed by one or more directors, with it being permissible for the signatures to be made by the company's official seal or by an attorney-in-fact appointed for that purpose.

3. The nominal value of the bond must be stated in national currency, except if, under the terms of applicable legislation or by authorization obtained, payment in a foreign currency is permitted.

ARTICLE 379

(Offering of bonds for subscription)

1. Subscriptions for bonds can be public or private.

2. The process of offering bonds for subscription is regulated by a decree issued by the Minister of Finance.

3. When a public subscription is involved, and when only a part of the bonds offered has been subscribed within the period established, the issue must be limited to the subscribed bonds.

4. In the case of the previous number, the directors must proceed with the annotation, on the commercial register, of the issue of the bonds which have been duly subscribed.

ARTICLE 380

(Own bonds)

1. A company can only acquire its own bonds in the same circumstances in which it can acquire its own shares, with it also being permitted to acquire them for conversion or redemption.

2. While the bonds belong to the issuing company, the respective rights are suspended, with, however, their being permitted to be converted or redeemed in general terms.

ARTICLE 381

(Bondholder meetings)

1. Bondholders who are creditors of the same issue can hold a meeting, which must be convened and chaired by the:

a) bondholders' common representative;

b) Chairman of the Shareholder Meeting Board, until a common representative is elected or in the case of the latter refusing to convene the meeting.

2. Whenever the bondholders' common representative or the Chairman of the Shareholder Meeting Board refuse to call a bondholder meeting, it can be convened judicially, at the formal request of at least 5% of the bondholders, in which case, the meeting must elect the

chairman.

3. The call must be made under the terms established for a Shareholder Meeting and the respective expenses are borne by the company.

4. Bondholders can be represented at the meeting by an attorney-in-fact, by way of a letter addressed to the chair of same, with the signature authenticated by a notary public.

5. The members of the company's management and auditing bodies, and the common representatives of the holders of other bond issues can be present at the meeting, without however, a right to vote.

6. The meeting must take decisions on those matters that the law submits to its resolution and, in general, on all those that are of common interest to the bondholders, namely:

a) nomination, remuneration and dismissal of common representative;

b) change in conditions of debt to bondholders;

c) proposals for forced agreement and creditors' accord;

d) recovery of debt to bondholders in court actions, except in the case of urgency;

e) constitution of a fund to bear expenses necessary to safeguarding common interests;

f) authorization to be granted to common representative for the filing of court actions.

7. A meeting cannot determine an increase in bondholder commitments or any measures entailing the unequal treatment of them.

8. Resolutions are approved by a majority, with the exception of those relating to a change in the conditions of debt to bondholders, which must be approved, at a first meeting, by half of the votes of all the bondholders and, at a second meeting, by 2/3 of the votes cast.

9. Each bond corresponds to one vote.

10. Resolutions approved by the meeting are binding on absent or dissenting bondholders.

ARTICLE 382

(Invalidity of resolutions)

1. The stipulations relative to the invalidity of shareholder resolutions in general, as contained in articles 61 to 67, are applicable to resolutions passed by bondholder meetings, with the necessary adaptations,

2. A resolution that violates the conditions of bondholder loans can be annulled.

3. Nullity and annulment actions must be filed against the bondholders as a group, in the person of the common representative.

4. Lacking a common representative or if same has not approved the resolution, the plaintiff must request, in the initial petition, that a special representative for the bondholders, who voted for the resolution, be nominated from among them.

ARTICLE 383

(Bondholders' common representative)

1. All titleholders of bonds relating to an issue must have a common representative.

2. The common representative must be a lawyer or a duly qualified accountant or an individual person of recognized integrity and with legal capacity, whether they are a bondholder or not.

3. One or more persons can be nominated as common-representative substitutes.

4. The common representative's remuneration is borne by the bondholder meeting which constitutes a company commitment, and if the common representative or the company do not agree on the remuneration set thereby, they can apply to a court to establish it.

ARTICLE 384

(Common representative's appointment & dismissal)

1. A common representative's appointment, the duration of their functions and their dismissal are determined by a bondholder meeting.

2. Lacking a common representative, any bondholder or the company can apply to a court to appoint one until the bondholders proceed with an appointment.

3. Any bondholder can apply to a court to dismiss the common representative on the grounds of just cause.

4. The appointment and dismissal of a common representative must be communicated in writing to the company and be filed on the commercial register, at the company's request.

ARTICLE 385

(Common representative's functions)

1. It is incumbent on the common representative, assigned to act on behalf of all the bondholders, to perform those management acts necessary to defend their common interests, with same having, aside from other functions, to:

a) represent the bondholders as a group vis-à-vis the company;

b) represent the group of bondholders in litigation, namely, in actions filed against the company and in enforcement proceedings or for the liquidation of the assets of same;

c) attend Shareholder Meetings;

d) receive and scrutinize documentation that the company sends or makes accessible to shareholders, in the same conditions established for them;

e) attend draws for the repayment of bonds;

f) call and preside over bondholder meetings;

g) provide bondholders with any information that they have requested on relevant facts of common interest.

2. A common representative cannot receive interest or any amounts owed by the company to each bondholder.

ARTICLE 386

(Liability of common representatives)

Common representatives are liable, in general terms, for acts or omissions committed by them which are contrary to the resolutions of the bondholder meetings or that seriously violate the provisions that the latter approves to regulate the functions of the former.

SECTION II

Types of Bonds

ARTICLE 387

(Types)

1. Bonds can be issued in the following types:

a) ordinary bonds that confer a fixed-rate interest;

b) bonds that, aside from conferring a fixed-rate interest, entitle their titleholder to supplementary interest or a repayment premium;

c) bonds with variable interest and repayment plan indexed to the company's profits;

d) bonds convertible into shares;

e) bonds that confer the right to subscribe for one or several shares;

f) bonds with issue premiums;

g) warrant bonds with a real guarantee on certain of the company's assets or general creditor privilege on corporate assets without impeding the trading of assets which are part of them.

2. The bonds provided for in paragraphs d) and e) of the previous number are issued under terms to be eventually established by a special law.

3. The issue of warrant bonds with a real guarantee on assets subject to registration, after having been registered, can be litigated against third parties.

4. The guarantees constituted for each bond issue confer on the respective bondholders a preference over the bondholders of subsequent issues, but, within each issue, the titleholders of bonds in all the series compete on an equal basis.

ARTICLE 388

(Supplementary interest or repayment premium)

1. For bonds with a supplementary interest or repayment premium, the interest or the premium can be:

a) established as a fixed percentage on the net profit of each financial year, regardless of its amount and fluctuations, throughout the whole period of the loan's lifetime;

b) established under the terms of the previous paragraph, but only in the case of the financial year's profit exceeding a minimum limit stipulated for the issue, with the fixed percentage being applied to the profit calculated or to that part exceeding the minimum limit;

c) determined by any one of the forms provided for in paragraphs a) and b), but based on a variable percentage in relation to the volume of profits for each financial year or the profits to be considered aside from the minimum limit stipulated under the terms of paragraph b);

d) calculated under the terms of previous paragraphs, but attributing each financial year's profits to shareholders and bondholders in proportion to the nominal value of existing shares and bonds, adjusting, or not, that proportion based on a coefficient stipulated for the issue;

e) calculated by any other similar form, approved by the Minister of Finance, at the formal request of the company.

2. If the company records losses or profits lower than the minimum limits on which the participation established depends, bondholders are only entitled to a fixed-rate interest.

ARTICLE 389

(Profit to be considered)

1. The profit to be considered, for the purposes of the provisions in paragraphs a) and b) of

the previous article, is that corresponding to the financial year's net results, after deducting the amounts set aside for the statutory reserve or mandatory reserves, aside from the maximum legally allowed for the purposes of industrial tax, with depreciations and provisions made not being considered as costs.

2. The determination of profit that will serve as a basis to calculate the amounts earmarked for bondholders, as well as the calculation of those amounts, are mandatorily submitted, together with each financial year's report and accounts, to the opinion of an accountant or auditor, appointed at a bondholder meeting, within a period of 60 days counting from the end of the first subscription of the bonds or of the vacancy of the position, when it occurs.

3. The conflicts of interest as established by article 434 for the accountant and the auditor are applicable to members of the Audit Committee.

4. The profit to be considered, in each year of a loan's lifetime, by the calculation of the amounts earmarked for supplementary interest or the repayment premium, is that reporting to the previous financial year.

5. Should it be possible, in the year of issue and in accordance with the conditions established therein, to distribute supplementary interest or allocate any amount to a repayment premium, the amount of each one is calculated based on the criterion defined for that purpose in the issue.

ARTICLE 390

(Definition of issue conditions)

1. A Shareholder Meeting resolution approving the issue of the bonds provided for in paragraphs a) and b) of Nº 1 of article 388, must define:

a) overall amount of issue, the reasons justifying same, nominal value of bonds, price at which they are issued and repayment value or the method of determining same;

b) rate of interest and, according to cases, the form used to calculate the allocation of payment of interest and repayment or fixed rate of interest and criterion for calculating supplementary interest or the repayment premium;

c) loan's redemption plan;

d) subscribers' identification and number of bonds to be subscribed by each one, when the company does not have recourse to public subscription.

2. Resolutions can reserve the total number or part of the bonds to be issued for the shareholders or bondholders.

ARTICLE 391

(Payment of supplementary interest & repayment premium)

1. The supplementary interest relating to each year can be paid one or more times, separately or together as fixed-rate interest, in accordance with that established for the issue.

2. In the case of the redemption of a bond occurring before maturity of the supplementary interest, the issuing company must supply, to the respective titleholder, a document permitting the exercise of their right to the supplementary interest, when such is the case.

3. The repayment premium must be paid in full on the date of the bonds' redemption, with it not being permissible for this date to be set at any time prior to the deadline dates established for the approval of the annual accounts.

4. The capitalization of the amounts annually calculable for the repayment premium can be stipulated, under the terms and for the purposes established in the issue conditions.

SECTION III

Transfer of Bonds

ARTICLE 392

(Transfer of nominative or bearer bonds)

1. That stipulated in Nº 1 of article 348 for the transfer of nominative shares, is applicable to the transfer of nominative bonds.

2. That stipulated in Nº 1 of article 349, for the transfer of bearer shares is applicable to the transfer of bearer bonds.

CHAPTER V

Shareholder Resolutions

ARTICLE 393

(Form & scope of resolutions)

1. Shareholders can pass resolutions unanimously, in writing, under the terms of article 58, or at a Shareholder Meeting, which shall be convened and held in the form, and under the terms provided for in this chapter.

2. The shareholders decide on all those issues that are of interest to the company, provided that these do not consist of those attributed to other corporate bodies, and on matters that are especially attributed to them by law or the company's articles.

3. Shareholders can only take decisions on matters concerning the company's management,

if requested to so by the management body.

ARTICLE 394

(Shareholder Meeting Board)

1. The Shareholder Meeting Board is composed of at least a chairman and a secretary, which could also include one or two vice-chairmen and one or two secretaries, designated in the articles of incorporation or elected at the Shareholder Meeting.

2. Excepting a stipulation in the articles of incorporation stating otherwise, the Shareholder Meeting Board is elected, for a maximum period of four years, from among the shareholders or from individuals outside the company, provided that, in all cases, they enjoy full legal capacity.

3. If the articles of incorporation are silent on the matter, lacking the persons elected under the terms of the previous number or, in the case of these not attending a convened Shareholder Meeting, the Chairman of the Audit Committee, if present, performs the functions of the Meeting's Chairman, or, if that being otherwise, the shareholder present holding the largest number of shares, and the secretary's functions are performed by a shareholder present, chosen by the Chairman of the Shareholder Meeting Board.

ARTICLE 395

(Shareholder Meetings)

1. A Shareholder Meeting must be called whenever determined by the law, articles of incorporation, Board of Directors or Audit Committee.

2. A Shareholder Meeting must also be convened when one or more shareholders holding shares corresponding to a value of at least 5% of the share capital, so request, in writing, to the Chairman of the Shareholder Meeting Board, indicating the motives that justify the need to call a meeting.

3. If the Chairman of the Meeting grants the request referred to in the previous number, same must proceed with the publication of the notice convening the Shareholder Meeting, so that it will meet before 60 days have elapsed, counting from the date of reception of the request.

4. If the Chairman of the Meeting does not expressly grant the request of shareholders or does not call the Shareholder Meeting under the terms of the previous numbers, same must justify that decision, in writing, within a period of 15 days counting from the date of reception of the request.

5. In the case of a formal request being denied, those shareholders signing the request for the Shareholder Meeting to be held can have it convened judicially.

6. In the event of a judge granting the request, the legal costs and expenses involved in convening and assembling the Shareholder Meeting are borne by the company.

ARTICLE 396

(Annual Shareholder Meetings)

I. In the first three months of every year, the Shareholder Meeting must meet to:

a) decide on the management report and yearend accounts;

b) decide on the proposal to distribute results;

c) assess the performance of the management and auditing of the company and, when such is the case, to dismiss, within its powers, directors, even if the dismissal does not appear on the agenda;

d) carry out elections within its powers.

2. The calling of the Shareholder Meeting referred to in the previous number is requested by the Board of Directors, which must, at the same time, present the proposals and documentation needed, so that the meeting can pass resolutions.

ARTICLE 397

(Convening of Meetings)

1. A meeting is convened by the Chairman of the Meeting Board or, in special cases provided for in the law, by the Chairman of the Audit Board or by a court, under the terms of article 395.

2. The convening notice must be published under the terms of this law, with a minimum prior notice of 30 days in relation to the date of the meeting.

3. Articles of incorporation can demand that shareholders be convened by other means and, when all the company's shares are nominative ones, the articles can substitute publications with registered letters, with these being received with a minimum prior notice of 30 days in relation to the dates of the meeting.

4. The convening notice must contain, at least:

a) indications demanded by article 172;

b) place, day and time of meeting;

c) indication of the type of meeting, general or special;

d) requirements to which participation and exercise of voting right are subordinated;

e) the agenda.

5. The meeting must take place at the company's registered office, but, if this does not

have the proper conditions for holding the meeting, the Chairman of the Meeting or whoever has convened it, can choose another place inside the same locality or, with this not being possible, within the jurisdiction of the provincial court in which the registered office is located.

6. The Audit Committee can only call a Shareholder Meeting after having requested, without success, its convening by the Chairman of the Shareholder Meeting Board, with it being compelled, in this case, to prepare and set the agenda.

7. The convening notice must clearly indicate the subject that is to be deliberated and, when amendments to articles of incorporation are involved, it must also mention the contractual clauses to be modified, eliminated or expanded, attaching a complete text of the proposed clauses or indicating that this text is, as of publication, at the disposal of the shareholders at the registered office.

8. The provision in the previous number does not prejudice the right of shareholders to propose, at the meeting itself, a different rendering of the same clauses or to make decisions on amendments to other clauses, that eventually become necessary in relation to amendments to the clauses mentioned in the convening notice.

ARTICLE 398

(Inclusion of matters on the agenda)

1. A shareholder or shareholders holding shares corresponding to the value of at least 5% of the share capital can, in the five days subsequent to the last publication of the respective notice convening a meeting, send a request, in writing, to the Chairman of the Meeting asking that certain and determined matters be included on the agenda of a Shareholder Meeting already called or to be called.

2. The matters included on the agenda, under the terms of the provision in the previous number, must be communicated to shareholders via the same means used to call the Shareholder Meeting, up to 10 days before it is to be held.

3. If a formal request is not granted, the interested parties can request that a new meeting be convened judicially to decide on the matters requested, with, in this case, the provision in Nº 6 of article 395 applying.

ARTICLE 399

(Participating in Shareholder Meetings)

1. Entitled to be present at a Shareholder Meeting, and to discuss and vote therein, are those shareholders having at least, according to the law and articles of incorporation, the right to one vote.

2. Excepting a stipulation in the articles of incorporation stating otherwise, shareholders without voting rights and bondholders can also attend a Shareholder Meeting and take part in the discussion of matters included on the agenda.

3. The common representatives of the holders of non-voting preferred shares and bondholders can be present at Shareholder Meetings.

4. Directors and Audit Committee members must be present at all Shareholder Meetings.

5. The auditors who have examined the company accounts must be present at the Annual Shareholder Meeting.

6. Whenever the articles of incorporation demand the ownership of a determined number of shares to confer voting rights, shareholders holding a smaller number of shares can form a group to attain the number demanded, or a higher number, and be represented by one of them.

7. The Chairman of the Meeting Board can authorize anybody not covered by the provision in the previous numbers to be present at the Meeting, but this authorization can always be revoked by the latter.

ARTICLE 400

(Representation of shareholders)

1. Articles of incorporation cannot prohibit any shareholder from being represented at a Shareholder Meeting, provided that the proxy is their spouse, an ascendant or descendent, a member of the Board of Directors or another shareholder, with it merely sufficing to send a letter signed by the shareholder and addressed to the Chairman of the Meeting Board, in which the proxy is identified, with the said letter having to be filed at the company.

2. Articles of incorporation can limit the number of shareholders that one person can represent.

ARTICLE 401

(Representation of various shareholders)

1. The representation request is only valid for a specified meeting, whether or not it is meeting on a first or second call.

2. The representation is revocable, with it being considered revoked with the presence, at the Shareholder Meeting, of the person being represented.

3. The representation request must contain, at least:

a) identification of meeting by reference to the place, day and time of the meeting and agenda;

b) indications on the consultation of documents by shareholders;

c) precise indication of the proxy or proxies;

d) way in which the proxy must cast vote, failing instructions from person represented;

e) mention that, in the event of unexpected circumstances, the proxy assumes an obligation to vote in the way in which, in their opinion, best satisfies the interests of the person represented.

4. Audit Committee members cannot solicit representation or be indicated as proxies.

5. If a shareholder, consenting to the representation solicited, gives instructions on the way to vote, the person solicited as proxy can decline to do so, but must immediately communicate their refusal to the shareholder.

6. In those cases provided for in paragraph e) of Nº 3, the proxy must, with the utmost urgency, inform the person represented on how their vote was cast, providing same with appropriate explanations.

ARTICLE 402

(List of presences)

l. Excepting if all the shareholders sign the minutes, the Chairman of the Shareholder Meeting must order the list of shareholders present and represented to be prepared at the beginning of the meeting.

2. The list of presences must indicate:

a) name and domicile of each shareholder present;

b) name and domicile of each shareholder represented and name and domicile of respective proxies;

c) number, class and nominal value of shares belonging to each shareholder present or represented.

3. The shareholders present and the shareholders' proxies must sign the list of presences in the place assigned for this.

4. The list of presences must be filed at the company, and it must permit its consultation and a copy of these to shareholders requesting them.

ARTICLE 403

(Quorum)

1, Excepting a provision in the articles of incorporation or in the following number, a meeting can, at its first convening, pass resolutions irrespective of the number of shareholders present or represented.

2. So that a meeting can take decisions, at its first convening, on any amendment to the articles of incorporation, merger, demerger, transformation, dissolution of company or other matters for which the law demands a qualified majority, without specifying same, those shareholders present or represented must possess shares corresponding to a value of at least 1/3 of the share capital with voting rights.

3. At the second convening, the meeting can pass resolutions irrespective of the number of shareholders present or represented, regardless of the part they hold in the share capital.

4. The notice convening a Shareholder Meeting can, from the outset, set a second date for a meeting in the event of it not being held on the first date, due to lack of representation of the share capital as demanded by law or the articles of incorporation, provided that there is an interval between the two dates of more than 15 days, with the rules relative to the second meeting to be convened being applied to the functioning of the meeting convened to assemble on the second date.

ARTICLE 404

(Votes)

1. In the absence of a contractual provision, stipulating a different method and without prejudice to that which is contrary to that specifically established in the law, each share corresponds to one vote.

2. Articles of incorporation can, however, stipulate that:

a) a determined number of shares only corresponds to one vote, provided that such correspondence includes all shares issued by the company, and with voting rights going to at least each fraction corresponding, in national currency, to USD 500 of the share capital;

b) votes above a certain number are not counted, when they are cast by the same shareholder, whether in their own name, or whether as the proxy of other shareholders.

3. The limitation permitted by paragraph b) of the previous number can be established for all shares or only for shares of one or more classes, but it cannot be established for determined shareholders or be applied to votes belonging to the State or to entities considered as its equivalent by law.

4. Shareholders in arrears in paying-up share capital to which they have subscribed cannot exercise their voting right.

5. Articles of incorporation cannot establish a plural vote.

6. A shareholder cannot vote, either on their own behalf or through a proxy, or as the proxy of third parties, if the law expressly prohibits it, namely in resolutions passed on:

a) release from an obligation or personal liability of that shareholder, either in that capacity or as a member of the management or auditing body;

b) a lawsuit filed by the company against that shareholder or by the latter against the former, either prior to or after having had recourse to litigation;

c) their dismissal, with just reason, from holding the office of director;

d) any relationship, established or to be established between the company and that shareholder, outside the articles of incorporation.

7. The provision in the previous number cannot be countermanded by any provision in the articles of incorporation.

8. The form in which voting rights are exercised can be determined by the articles of incorporation, a shareholder resolution, or a decision by the Chairman of the Meeting Board.

ARTICLE 405

(Voting units)

1. A shareholder who has several votes, must cast them to vote in the same way in relation to the same proposal.

2. A shareholder can, however, vote in one way on their own behalf with the vote conferred by the shares they hold, and vote in another way as the proxy of other shareholders, usufructuary, lien-creditor or proxy of co-owners of the shares.

3. Violation of the provision in Nº 1 entails the nullity of all votes cast by the shareholder.

ARTICLE 406

(Majority)

1. Without prejudice to that differing from law or as stipulated in the articles of incorporation, Shareholder Meetings pass resolutions by an absolute majority of the votes cast, irrespective of the share capital represented therein, with abstentions not being counted to determine that majority.

2. In respect of resolutions on the election of officers to corporate bodies or for the designation of auditors, when there are several proposals, that gaining the highest number of votes in its favor prevails.

3. Resolutions that, addressing any of the matters referred to in Nº 2 of article 403, entail an amendment to the articles of incorporation, must be approved by 2/3 of the votes cast, whether the meeting gathers on a first convening or a second one.

4. In respect of a meeting held on a second call, with the shareholders, present or represented, holding at least half of the share capital, a resolution on any of the matters referred to in Nº 2 of article 403 can be approved by an absolute majority of the votes cast.

5. When the law or articles of incorporation demand a qualified majority in relation to the company's capital, the shares of holders legally prevented from voting, in general or in the specific case, are not counted for that majority decision nor do the voting limitations permitted by paragraph b) of Nº 2 of article 404 operate, unless the articles of incorporation stipulate otherwise.

ARTICLE 407

(Suspension of a session)

1. Shareholder Meeting proceedings can be suspended by the Chairman of the Meeting or, exceptionally, by a resolution passed at the meeting itself.

2. When proceedings are suspended by a resolution passed at the meeting, the said resolution must contain a note stating that it will be resumed on one of the 60 days subsequent to the suspension.

3. A meeting can only decide to suspend proceedings twice at the same session.

ARTICLE 408

(Minutes)

1. The minutes of each Shareholder Meeting must be drawn up.

2. The minutes must be written up by the secretary, and signed by same and the Chairman of the Meeting, and also by all shareholders if such is demanded by the company's articles or a shareholder resolution.

3. It can, however, be determined that the minutes are approved by the Shareholder Meeting before being signed under the terms of the previous number.

ARTICLE 409

(Special shareholder meetings)

1. The legal provisions and contractual provisions regulating the calling, assembling and functioning of a Shareholder Meeting are applicable to the special meetings of the holders of shares of a certain class.

2. When the law demands a qualified majority for a determined resolution passed at a Shareholder Meeting, an equal majority is demanded for the resolution passed at special meetings on the same matter.

3. Ordinary shareholders cannot hold special meetings.

CHAPTER VI

Management & Oversight

SECTION I

The Board of Directors

ARTICLE 410

(Composition of Board of Directors)

1. The Board of Directors is comprised of an uneven number of members set by the articles of incorporation.

2. Excepting a stipulation in the articles of incorporation stating otherwise, a director can be any person enjoying full legal capacity, whether they are a shareholder of the company or not.

3. If a corporate entity is nominated as a director, it must name an individual person to hold the respective office.

4. In the case as referred to in the previous number, the person appointed exercises the office in their own name, but the entity nominating them is jointly liable for that person's acts.

5. Articles of incorporation can provide for the existence of substitute directors, whose number cannot exceed half of the number of full directors.

6. All the provisions provided for in Nº 2 of article 315 relative to the Board of Directors, which do not presume the plurality of directors, apply to the sole director

ARTICLE 411

(Appointments)

1. Directors can be indicated in the articles of incorporation or elected by a Shareholder Meeting or an incorporation meeting.

2. The right to designate directors cannot be attributed to certain classes of shares, but the articles of incorporation can stipulate that the election of directors has to be approved by those votes corresponding to a certain percentage of the share capital or that the election of some, by a number of no more than 1/3 of its whole, must be approved by a majority of the votes conferred on certain shares.

3. It is prohibited for directors to be represented in the exercise of the office to which they were elected, without prejudice to the possibility of delegating powers in those cases in which the law or articles of incorporation allow it.

ARTICLE 412

(Duration of mandates)

1. The duration of directors' mandates must be set in the articles of incorporation, which cannot extend beyond four calendar years and with the calendar year in which they were appointed being considered complete.

2. Failing it being established in the articles, it is understood that an appointment is made for four calendar years, with re-election being permitted.

3. When the period for which they were elected terminates, directors remain in office until a new appointment is made, without prejudice to that stipulated in articles 415, 423 and 424.

ARTICLE 413

(Special election rules)

1. For the election of one, two or three directors, according to whether the Board of Directors is made up of three, five or more directors, respectively, the articles of incorporation can establish that it proceeds with a separate election, from those persons proposed on lists endorsed by groups of shareholders whose shares represent not less than 10%, or more than 20%, of the capital.

2. Each of the lists referred to in the previous number must propose at least two eligible persons for each of the management positions to be filled and, if lists are presented by more than one group of shareholders, the voting is conducted on the set of lists proposed.

3. In respect to this election, it is not permitted for the same shareholder to endorse more than one list.

4. The election of other directors can only be held after the number of directors established in the articles has been elected, under the terms of Nº 1 of this article, unless no list is presented.

5. Articles of incorporation can also attribute to a minority of shareholders voting against the election of directors, the right to nominate at least one director, provided that the said minority represents, at least, 10% of the share capital.

6. So as to exercise the right established in the previous number, the election is made, at the same meeting, by voting conducted between the said minority shareholders, with the director elected by them substituting the person receiving the least votes on the winning list or, in the case of an equal number of votes, occupying last place on the same list.

7. In companies with public subscription, it is mandatory to include, in the articles of incorporation, one of the regimes provided for in Nºs 1 to 4 or in Nºs 5 and 6, with that stipulated in these last two numbers being applied if the articles of incorporation are lacking in this respect.

8. An amendment to the articles of incorporation, made for the purpose of including

therein any of the regimes provided for in this article, can be determined by a majority vote cast at a Shareholder Meeting.

9. Directors appointed by the State, or by a public entity that is its legal equivalent for this purpose, are appointed under the terms of applicable legislation.

ARTICLE 414

(Substitution of directors)

1. In the case of any director, on a permanent basis, being absent, impeded or incapacitated, they must be substituted by:

a) substitutes called by the chairman, by the order in which they are presented on the list submitted to the Shareholder Meeting;

b) co-option, if there is no substitute, unless the directors in exercise are not of a sufficient number for the Board of Directors to pass resolutions;

c) designation, by Audit Committee, of a substitute, with co-option not having occurred within 60 days counting from said absence, impediment or incapacitation;

d) election of new director.

2. The co-option and designation by the Audit Committee must be ratified at the first Shareholder Meeting held subsequent to those acts.

3. Substitutions carried out under the terms of Nº 1 last to the end of the period for which the directors were elected.

4. Temporary substitutions are only allowed in the case of the suspension of directors, with the provision in Nº 1 also being applicable to them.

5. If a director or directors, elected under the terms of the special rules in article 413, are absent, a new election is held in accordance with those rules.

ARTICLE 415

(Judicial appointment of directors)

1. Any shareholder can request a director to be appointed judicially, until the election of the Board of Directors is held, when:

a) for more than 60 days, the Board of Directors elected has not met owing to a lack of full directors in a sufficient number and has not proceeded with the respective substitution under the terms of the previous article;

b) more than 180 days have elapsed since the end of the mandate, for which the directors were elected, without a new election being held.

2. A director appointed judicially, under the terms of the previous number, is equivalent to the sole director provided for in Nº 2 of article 315.

3 In those cases provided for in Nº 1 of this article, directors in office cease their functions on the date of the appointment of the director chosen by the court.

ARTICLE 416

(Chairman of the Board of Directors)

1. Articles of incorporation can establish that a Shareholder Meeting empowered to elect the Board of Directors, can also appoint the respective chairman and assign the casting vote to same in the event of a tie.

2. In the absence of the contractual provision referred to in the previous number, the Board of Directors chooses its chairman, substituting same whenever it so intends.

ARTICLE 417

(Guarantee bond)

1. Excepting a clause in the articles of incorporation stating otherwise or unless it is waived by a Shareholder Meeting, directors must guarantee their management according to the form, established in the articles of incorporation or, if silent on this, the form determined by a Shareholder Meeting or by the incorporation meeting or, failing such a resolution, according to any form permissible by law.

2. A guarantee bond must never amount to less than the equivalent, in national currency, of USD 20,000, with a guarantee waiver not being permitted as far as companies with public subscription are concerned.

3. In the case of it not being waived, the bond must be provided within a period of 30 days counting from the date of the nomination, election or appointment, as the case may be, and under penalty of the said functions having to cease immediately, the guarantee provided remains in place to the end of the calendar year subsequent to that in which the bonded director has ceased functions.

ARTICLE 418

(Transactions with company)

1. A company can only grant loans or credit to directors, discharge payments due to them, guarantee obligations they have undertaken or make advances on account of their respective remuneration and up to the limit of the monthly amount of same.

2. Agreements signed between a company and its directors, directly or through another

person, are null and void unless they have been previously authorized by a resolution passed by the Board of Directors, in which the director concerned cannot participate, and have obtained a favorable opinion from the Audit Committee.

3. The provisions in the previous numbers are applicable to agreements signed by directors with companies that are in a parent/subsidiary or group relationship with the company in which those functions are performed.

4. The provisions in Nºs 2 and 3 are not applied to acts covered by the company's own business, if no special advantage is granted to the director performing them.

ARTICLE 419

(Exercise of other activities)

1. The precepts in article 287 are applicable, with due adaptations, to the directors of public limited companies.

2. Directors cannot, within the period for which they were appointed, exercise in the company or in a company that is in a parent/subsidiary or group relationship with it, any functions within the framework of an employment contract or one for the provision of services, nor can they sign any agreements of that type with them to remain in force after their directorship functions have ceased.

3. When, in respect of the company or companies referred to in the previous number, a director already appointed performs functions within the framework of an employment contract or one for the provision of services, those agreements are revoked or suspended, in accordance with their having been signed either less, or more, than one year, respectively.

ARTICLE 420

(Remuneration)

1. It is incumbent on a Shareholder Meeting to set the remuneration of each of the directors, taking into account the economic situation of the company and functions performed by them.

2. Remunerations can consist, in part, of a percentage, set by the Shareholder Meeting, of the financial year's profits, with, however, the articles of incorporation having to forecast an overall percentage earmarked to remunerate directors, which cannot be withdrawn from reserves or be any percentage of the financial year's profit not distributable, by law, to shareholders.

3. The participation of directors in profits can only be settled after the payment of profits to shareholders has been allocated.

ARTICLE 421

(Temporary suspension of directors)

1. Directors can be suspended by the Audit Committee when:

a) for health reasons, they are unable, temporarily, to perform their respective functions;

b) other personal circumstances that impede the exercise of the said functions for a time of presumably more than 60 days, whenever the directors in those conditions request their temporary suspension or the Audit Committee deems that the interests of the company call for that suspension.

2. Whenever the articles of incorporation do not stipulate otherwise, powers, rights and obligations are suspended, during the period when directors are suspended, with the exception of obligations that do not presuppose the exercise of their functions.

3. In the event of a situation of impossibility or temporary incapacity extending beyond 180 days, a Shareholder Meeting can, on its own initiative or on a proposal from the Audit Committee, decide on the cessation of a director's functions.

ARTICLE 422

(Supervenient lack of legal capacity)

If, subsequent to a director's appointment, a lack of legal capacity or conflict of interest occurs, which could constitute an impediment to that appointment, the Audit Committee can declare cessation of the exercise of the respective functions.

ARTICLE 423

(Dismissal)

1. Without prejudice to the provision in the following number, a Shareholder Meeting can dismiss any member of the Board of Directors, with the exception of those who have been appointed by the State or by an entity which is its legal equivalent for that purpose.

2. A Shareholder Meeting resolution that, without grounds, dismisses a director elected within the framework of the special rules of article 413, is not effective if those shareholders representing at least 10% of the capital have voted against such a resolution.

3. Directors appointed by the State or by an entity that is its legal equivalent for this purpose, cannot be dismissed by a Shareholder Meeting which, in relation to them, must limit itself to proposing their dismissal, transferring, in this case, the respective resolution to the competent Ministry or to that entity.

ARTICLE 424

(Resignations)

1. Any director can resign from office, addressing a letter for that purpose to the Chairman of the Board of Directors or, if a Chairman of the Board of Directors does not exist, or should the latter be the person resigning, to the auditing body.

2. A resignation comes into effect as of the end of the month subsequent to that of reception of the letter of resignation, unless a substitute is designated prior to that.

ARTICLE 425

(Functions & powers of the Board of Directors)

1. The functions of the Board of Directors are to:

a) represent the company, exclusively and with full powers;

b) manage the company independently, only being subordinate to the resolutions of a Shareholder Meeting and to interventions by the Audit Committee in those cases in which the law or articles of incorporation impose same.

2. Within the scope of the functions conferred on it by paragraph b) of the previous number, it is incumbent on the Board of Directors to take decisions on any subject addressing the management of the company, namely:

a) choose its chairman without prejudice to the provision in Nº 1 of article 416;

b) co-opt directors;

c) call Shareholder Meetings;

d) prepare annual reports and accounts;

e) acquire, divest, pledge and lease immovable assets;

f) obtain loans and provide guarantee bonds, or personal or real guarantees by the company

g) open or close facilities or major parts of them;

h) major expansion or reduction of the company's business;

i) major modifications in organization of the company;

j) establishment or cessation of enduring and important cooperation with other companies;

k) change in registered office and make capital increases under the terms of articles of incorporation;

l) projects for the merger, demerger or transformation of the company;

m) any other matter on which a director requires a decision.

ARTICLE 426

(Managing directors)

1. Excepting if the articles of incorporation prohibit same, the Board of Directors can delegate the management of certain and specific matters to one or more directors.

2. Such delegation cannot include the matters referred to in paragraphs a) to m) of Nº 2 of the previous article.

3. The Board of Directors can delegate the company's routine management to one or more directors or to an executive committee, consisting of an uneven number of directors.

4. In the case provided for in the previous number, the resolution must set the limits of delegation and if a committee is set up, define its composition and how it operates.

5. The delegation of powers to which this article refers does not exclude the competence of the Board of Directors to make decisions on the same matters.

6. The other directors are accountable to the company for monitoring the actions of managing directors and the executive committee, as well as for damages caused by their acts or omissions when, being aware of same, they do not take the initiative to call for intervention by the Board of Directors, so that it can take appropriate measures.

ARTICLE 427

(Representation)

1. The representative powers of the Board of Directors are exercised jointly by the directors with the company being bound by the legal transactions signed or ratified by the majority of its directors or by the least number of them as stipulated in the articles of incorporation.

2. Articles of incorporation can also stipulate that a company be bound by the legal transactions signed by directors or managing directors within the scope of the delegation granted by the Board of Directors.

3. Notifications or declarations by third parties addressed to any of the directors are considered as being made to the company, with provisions in the articles of incorporation stipulating otherwise, being null and void.

4. Notifications or declarations from a director to the company must be addressed to the Chairman of the Board of Directors or, if it is the latter doing so, to the Audit Committee.

ARTICLE 428

(Legal binding of company)

1. Acts performed by directors in the name of the company, and in the utilization of the powers that the law confers on them, are binding in respect of third parties irrespective of the limitations that may be established by the articles of incorporation or shareholder resolutions, whether published or not.

2. A company can litigate against third parties in relation to the limitations of powers on directors arising out of its corporate purpose, if it is proven that the said third parties knew or could not ignore the fact that the act performed did not respect those limitations and if the company has not, by means of a shareholder resolution, ratified such an act.

3. For the purposes of the provision in Nº 2 of this article, knowledge and cognoscibility on the part of third parties is not presumed from the publicity given to the articles of incorporation.

4. Directors only bind the company provided that when signing, they indicate that legal capacity.

ARTICLE 429

(Board of Director meetings & resolutions)

1. Without prejudice to that which is stipulated otherwise in the articles of incorporation, the Board of Directors must meet at least once a month.

2. The Board of Directors meets whenever convened by its chairman or by two or more directors.

3. The notice convening it must be made in writing and with due prior notice, unless the articles of incorporation provide for some other form for calling or holding meetings on certain pre-arranged dates.

4. The validity of a Board of Directors' resolution is contingent on the presence of the majority of its members.

5. Whenever there is a conflict of interest between the company and a director, the latter must advise the Chairman of the Board of Directors and abstain from voting on the resolution concerning the said conflict.

6. Resolutions are approved by an absolute majority vote of the directors present.

7. The minutes of each meeting must be drawn up, in the respective book which, after having been approved, must be signed by all those who have participated in it.

ARTICLE 430

(Invalidity of resolutions)

1. Resolutions approved by the Board of Directors are null and void, when:

a) the Board has not been convened or it has been convened irregularly, excepting if all the directors are present;

b) its object is not, by nature, subject to a resolution by the Board of Directors;

c) it offends mandatory stipulations of law or public order.

2. That stipulated in Nºs 2 and 3 of article 61 is applicable to the invalidity of resolutions.

3. Resolutions that violate the law or company articles can be annulled, when nullity is not appropriate to the case.

ARTICLE 431

(Invoking the invalidity of resolutions)

1. The Board of Directors or Shareholder Meeting can declare the nullity of or annul irregular resolutions, under the terms of the previous article, at the formal request of any director, shareholder with voting rights or the Audit Committee, filed within a period of one year counting from knowledge of the irregularity that serves as grounds for it.

2. The right to request a declaration of nullity or the annulment of an irregular resolution expires if three years have elapsed since its approval without its invalidity having been invoked.

3. The deadlines set in the previous numbers do not apply when an appraisal, by a Shareholder Meeting, of the acts of directors is involved, which can always be declared void or annulled, even if the matter has not been included on the respective agenda.

4. A Shareholder Meeting can ratify any resolution or substitute one of its nullified resolutions, if this does not involve a matter that can only be addressed exclusively by the Board of Directors.

5. Directors must neither execute null and void resolutions of the Board of Directors nor permit them to be executed.

CHAPTER VII

Auditing

ARTICLE 432

(Composition of auditing body)

1. The auditing of a company is incumbent on:

a) an Audit Committee, composed of three or five full members and two substitutes, as stipulated in the articles of incorporation;

b) a sole auditor, under the terms provided for in Nº 2 of article 315, in which case, the respective substitute must also be elected.

2. Any provisions relative to the Audit Committee that do not presuppose the plurality of members apply to the sole auditor.

3. A Shareholder Meeting can, excepting any provision in the articles of incorporation prohibiting same, entrust the exercise of the functions of the sole auditor to a company of accountants or auditors, thereby not proceeding with their election.

ARTICLE 433

(Legal personality & capacity of members of Audit Committee or sole auditor)

1. Members of the Audit Committee, the sole auditor and respective substitutes, excepting that stipulated in the following number, must be individual persons enjoying full legal capacity.

2. Without prejudice to that of the provision in Nº 4 of this article and of that stipulated in the articles of incorporation, the members of a company's auditing body do not necessarily have to be shareholders of the company.

3. Whenever the law permits their constitution, auditing and law firms can be members of the Audit Committee, with it being incumbent on them, in this case, to indicate one of their experts or members to attend Audit Committee meetings, the meetings of the Board of Directors, when such is the case, or Shareholder Meetings when the law or articles of incorporation demand their presence.

4. The sole auditor, respective substitute, one of the Audit Committee members and respective substitute have mandatorily to be accountants or auditors, who cannot be shareholders of the company

ARTICLE 434

(Conflicts of interest)

1. The following cannot be elected or appointed as members of the Audit Committee or as the sole auditor

a) beneficiaries of special advantages from the company and those performing, or who have been performing, the functions of directors in it during the last three years;

b) members of the management and auditing bodies of a company which is in a parent/subsidiary or group relationship with the company being audited;

c) shareholder of an unlimited company which is in a parent/subsidiary relationship with the company being audited;

d) those who provide remunerated services, of a permanent nature, to the company being audited or a company that is in a parent/subsidiary or group relationship with it;

e) those who perform functions in a competing company;

f) spouses and family relatives and those related directly and collaterally to the third degree of the persons referred to under the terms of paragraphs a) to e);

g) those who perform management or auditing functions in five companies, except when they are auditing or law firms, which have been incorporated under the terms of the law;

h) non-emancipated minors, persons who are banned, lacking legal capacity, or notably unsound of mind even if they are not banned or lacking legal capacity, as well as those who are insolvent, bankrupt, and persons sentenced to penalties that prevent them from exercising public office, the exercise of commercial activities or of management or auditing functions in any company or public entity.

2. Likewise, any person who has been an auditor and accountant and who have been shareholders in the company being audited, cannot perform any functions in the audit committee or in the company as referred to in Nº3 of article 432.

3. The supervenient verification of any of the circumstances referred to in the previous numbers means that an election or appointment lapses.

4. The election or appointment of persons who do not enjoy the capacity demanded by Nº 1 of article 433 or in relation to which the conflicts of interest enumerated in Nº 1 of this article are verified, renders same null and void.

5. The regime regulating conflicts of interest provided for in Nº 1 applies to auditors of the auditing firms and members of the law firms referred to in Nº 3 of article 433.

ARTICLE 435

(Duration of mandate)

The duration of the mandate of the members of the auditing body, which cannot extend beyond four years, must be established in the articles of incorporation.

ARTICLE 436

(Designation & election)

1. Members of the auditing body, including their respective substitutes, are elected at a Shareholder Meeting for the period established in the articles of incorporation under the

terms of the previous article, with the first designation being permitted to be made in the articles of incorporation or at the incorporation meeting.

2. Lacking any indication in the articles of incorporation stating otherwise, it is taken that the appointment and election are made for the maximum period of four years as referred to in the previous article, with re-election being permitted.

3. The articles of incorporation or a Shareholder Meeting must designate or elect the Audit Committee Chairman, but if the latter ceases functions, for any motive, before terminating the period for which same was appointed or elected, the other Audit Committee members select one of these to perform that office until the end of the said period.

ARTICLE 437

(Judicial appointment)

1. If a Shareholder Meeting does not elect the full and substitute members of the auditing body, the company's management must request their appointment judicially, which can also be formally requested by any of its shareholders.

2. Members appointed judicially have the right to the remuneration prudently arbitrated and set by the court and cease their functions as soon as the Shareholder Meeting proceeds with the election.

3. The payment of remunerations and legal costs constitutes a charge borne by the company.

ARTICLE 438

(Judicial appointment at request of minorities)

1. Shareholders representing at least 10% of the share capital can, in the 30 days subsequent to the Shareholder Meeting which elects the Audit Committee, appeal to a court to appoint one more full member and one more substitute member to that body, provided that the petitioners have voted against the election proposals obtaining a majority and that they have recorded their vote in the minutes.

2. If various minorities have exercised the right conferred in the previous number, the court can appoint two full members and their respective substitutes.

3. Members appointed judicially cease their functions on termination of the elected members' mandate, but the Audit Committee can, prior to that, request their substitution on the grounds of just cause.

4. Only those shares retained by shareholders for at least six months up to the date on which the Shareholder Meeting takes place which elects the Audit Committee, can be considered for the purposes of this article.

ARTICLE 439

(Substitution)

1. Full members of the auditing body who are temporarily impeded or who cease functions are replaced by the respective substitutes.

2. Substitutes who have stood in for full members, whose functions have ceased, remain in office up until the first annual meeting, which must proceed with filling the vacancies.

3. When it is not possible to replace full members, under the terms of Nº 1 of this article, due to a lack of substitutes, the vacant places, for full members, as well as substitute members, can only be filled by way of a new election.

ARTICLE 440

(Dismissal)

1. In the event of a situation of just cause occurring, a Shareholder Meeting can dismiss the members of the auditing body, provided that they have not been appointed judicially under the terms of article 438.

2. Prior to making such a decision, the Shareholder Meeting must give a hearing to the members of the auditing body concerned on the facts of which they have been accused.

3. The court can dismiss members of an auditing body, who have been appointed judicially, at the formal request of the management or the shareholders who requested their appointment, by means of the proceedings regulated in Nº 1 and 2 of article 1484 of the Civil Procedure Code, and if the court decrees their dismissal, it must proceed with a new judicial appointment.

4. Members dismissed from an auditing body must, within a period of 30 days, present a report to the Chairman of the Shareholder Meeting Board on the auditing performed up to the end of their respective functions.

5. The Chairman of the Meeting must immediately make copies of the said report available to the management and Audit Committee, and submit same for the appraisal of the first Shareholder Meeting subsequently being held.

ARTICLE 441

(Auditing body's functions)

1. The role of the auditing body is to:

a) audit the management of the company;

b) ensure full compliance with the law and articles of incorporation;

c) verify reliability of books, accounting records and documents used to support them;

d) verify, when it deems appropriate and in the manner it deems adequate, the extent of cash and inventories of any kind of assets or valuables it receives as a guarantee, deposit or other designation;

e) verify accuracy of balance sheet and income statement;

f) verify that the evaluation criteria adopted by the company lead to a correct evaluation of assets and results;

g) prepare a report annually on the auditing performed and issue an opinion on the report, accounts and proposals presented by the management;

h) call a Shareholder Meeting, when the chairman of the respective shareholder meeting board does not do so;

i) execute other functions encompassed by the law or articles of incorporation.

2. The members of the auditing body must perform, jointly or separately, at any time of the year, all those acts of verification and auditing that they consider appropriate to compliance with their auditing obligations.

3. An auditor or accountant, who is a member of the auditing body, has a duty to proceed, in particular and without prejudice to the actions of other members, with all the examinations and verifications necessary to the review and legal certification of the accounts, under the terms provided for in specific law, complying with the special duties imposed by same.

ARTICLE 442

(Powers of members of auditing body)

1. During the course of their work, the members of the auditing body can, jointly or separately:

a) obtain from the management, for examination and verification, the presentation of the company's books, records and documents, as well as ascertain the existence of any class of valuables, namely cash, securities or goods;

b) obtain from the management or any of the directors, data or clarifications on the course of the company's operations or activities or on any of its transactions;

c) obtain from third parties which have carried out operations on behalf of the company, any information needed for a suitable clarification of such operations;

d) attend management meetings, whenever deemed appropriate.

2. The provision in paragraph c) of Nº 1 does not include the presentation of documents or agreements held by third parties, except if they are authorized judicially or requested by an auditor, who is a member of the auditing body, in the utilization of the powers conferred on same by the legislation regulating their activity, with, in that case, it not being permissible for any restrictions applied to the latter, raised on the grounds of professional secrecy, to go beyond those that could equally apply to the company's management.

ARTICLE 443

(Obligations of members of auditing body)

1. Members of the auditing body are obligated to:

a) participate in meetings of that body and attend Shareholder Meetings and the meetings of the Board of Directors which are convened by the respective chairmen or in which the yearend accounts are appraised;

b) perform their tasks in a conscientious and impartial manner;

c) maintain confidentiality on facts and information to which they are privy in the performance of their duties, without prejudice to the duty established in Nº 3 of this article;

d) provide knowledge to the management on the verification, auditing and examinations performed and results of same;

e) report, at the earliest Shareholder Meeting taking place, all irregularities and inaccuracies verified by them and also to report whether or not they have obtained the explanations needed to perform their duties.

2. Excepting authorization, in writing, from a Shareholder Meeting and the Board of Directors, members of the auditing body cannot disclose or take advantage of commercial or industrial secrets of which they have gained knowledge in the performance of their duties.

3. Members of the auditing body must inform the Public Prosecution Service of facts becoming known to them that constitute a crime and the filing of such a complaint shall not incur liability for its authors, except when such is defamatory.

4. Members of the auditing body who, without a justified motive, do not attend, during the financial year, two meetings of this body or who do not appear at a Shareholder Meeting or the two meetings of the Board of Directors provided for in paragraph a) of Nº 1 of this article, shall be dismissed from office.

ARTICLE 444

(Due diligence)

1. Without prejudice to the provision in paragraph e) of Nº 1 of the previous article, it is incumbent on the auditor and the accountant, who are members of the auditing body, to immediately communicate, in writing, any facts to the Chairman of the Board of Directors of which they are aware that could affect the realization of the company's corporate purpose or its financial situation, failing which they shall incur civil liability.

2. Any member of the auditing body who is aware of any fact that could prejudice the company under the terms of the previous number must communicate this immediately to the auditor or the accountant.

ARTICLE 445

(Meetings & resolutions)

1. The auditing body must meet at least once a quarter, without prejudice to the respective chairman being permitted to call meetings whenever same deems it necessary.

2. Audit Committee resolutions are approved by a majority, with those members who are in dissent having to give the motives for their disagreement to be written into the minutes.

3. In the event of a tie on resolutions, the Audit Committee Chairman holds the casting vote.

4. The minutes of each meeting must be drawn up, in the respective book, which must be signed by all those who have participated in same.

5. The minutes must always consist of an indication of the members present at the meeting, as well as a summary of the resolutions approved and most pertinent verifications carried out by the auditing body or any of its members.

CHAPTER VIII

Disclosure of Holdings & Misuse of Information

ARTICLE 446

(Disclosure of holdings)

1. Members of the management and auditing bodies of public limited companies must disclose, in a written communication, to those bodies:

a) the number of shares and bonds they own in the company, or companies with which it is in a parent/subsidiary or group relationship;

b) acquisition, divestment or pledge of shares and bonds they have paid-up belonging to the company, or companies with which it is in a parent/subsidiary or group relationship.

2. The communication referred to in the previous number must be expedited within a period of 30 days:

a) counting from the date on which the persons indicated in Nº 1 were appointed or elected, in relation to shares and bonds they already owned up to the date of the said appointment or election;

b) counting from the date of the acquisition, divestment or pledge of shares and bonds, if these facts have occurred after the said appointment or election of the persons indicated in Nº 1.

3. A list of the shares and bonds covered by this and the following article must be presented and appended to the management body's annual report, in relation to each of the persons referred to in Nº 1, commenting on the facts enumerated therein, that have occurred during the financial year to which the report refers, specifying the number of shares or bonds and amounts paid or received.

4. Non-compliance with the duty to disclose compelled by this article constitutes grounds for dismissal for just cause.

ARTICLE 447

(Extent of duty to disclose)

1. The provision in the previous article also includes shares and bonds owned by:

a) spouse, irrespective of the regime regulating property, or person with whom a member of the management or auditing bodies lives in a recognizable common law marriage;

b) ascendants, descendants and siblings;

c) persons in whose name shares or bonds are acquired on behalf of a member of the management or auditing bodies or of the persons referred to in paragraphs a) and b);

d) companies in which the persons referred to in Nº 1 of the previous article and in paragraphs a) and b) of this number are unlimited liability shareholders, managers or members of their management and auditing bodies;

e) companies in which the persons referred to in Nº 1 of the previous article, solely or jointly with the persons referred to in paragraphs a), b) and c), possess at least half of the share capital or votes corresponding to it.

2. Considered as equivalent to the acquisitions, divestments or pledges referred to in the previous article, are:

a) promissory agreements, preference pacts or others generating similar effects;

b) acquisitions and divestments of shares and bonds on the stock market;

c) acquisitions, divestments and pledges of shares and bonds subject to termination or suspension conditions.

ARTICLE 448

(Disclosure of shareholders' holdings)

1. Shareholders holding non-registered bearer shares representing at least 1/10, 1/3 or half of the capital of a company, must communicate the number of shares that they hold to the company.

2. The provision in Nº1 of the previous article, is applicable to the disclosure of the holdings regulated in this article, with the necessary adaptations.

3. The communication provided for in Nº 1 must also be made when a shareholder ceases to be the holder of a number of non-registered bearer shares corresponding to 1/10, 1/3 or half of the company's capital.

4. A list of those shareholders who were or have ceased to be the holders of at least 1/10, 1/3 or half of the share capital, at the date of the closing of the financial year and according to the company's records and data provided, must be presented and appended to the management body's annual report.

ARTICLE 449

(Misuse of information)

1. Members of the management or auditing bodies of a public limited company, a person having provided services to same and a person exercising a public function, who, becoming aware of facts relative to the company, which have not been publicly disclosed and which are liable to influence the value of the securities issued by the company, acquire or divest shares or bonds of same or of another company which is in a parent/subsidiary or group relationship with it and, in this manner obtain a profit or avoid a loss, must indemnify the injured parties under general terms.

2. Should no injured parties exist, or if it is not possible to identify them, the person profiting must make restitution to the company for that which they have gained owing to the misuse of information.

3. In the same terms, those persons indicated in Nº 1 who culpably reveal to third parties the facts therein described are liable to prosecution, as well as third parties that, knowing

the confidential nature of the facts revealed, acquire or divest shares or bonds of the company or of another that is in a parent/subsidiary or group relationship with it and thereby obtain a profit or avoid a loss.

4. If the facts referred to in Nº 1 concern a merger of companies, the provision in the previous numbers applies to the shares and bonds of the participating companies and those companies that are in a parent/subsidiary or group relationship with them.

5. Members of the management or auditing bodies acting upon any fact described in Nºs 1 and 3 can also be dismissed judicially, at the formal request of any shareholder.

ARTICLE 450

(Judicial inquiry)

1. For the purposes of the provisions in Nº 1 and 3 of the previous article, any shareholder can request the instigation of a judicial inquiry, and, in such proceedings, the offender's dismissal can be ordered along with sentencing to indemnify the injured parties or the company, under the terms provided for in the same article.

2. An inquiry must be formally requested within a period of six months counting from the date of the publication of the management's annual report.

3. The persons dismissed cannot hold positions for a period of five years, counting from the time of their dismissal, in the same company or in any other that is in a parent/subsidiary or group relationship with it.

CHAPTER IX

Annual Appraisal of Company's Situation

ARTICLE 451

(General appraisal of management & auditing)

1. The Annual Shareholder Meeting as referred to in article 396 must proceed, in accordance with the provisions in paragraphs a) and c) of Nº 1 of that article, with a general appraisal of the management and auditing of the company and approve, or otherwise, the performance of those bodies and the members who constitute them, taking, within the scope of its powers, those measures it deems adequate to defending the company's interests.

2. Shareholder Meeting resolutions must take into account the annual management report and accounts presented by the Board of Directors and also the reports, documents and opinions referred to in the following articles, with it not being necessary for measures taken at the meeting to be on the agenda.

ARTICLE 452

(Certification of accounts)

1. The accountant or auditor, who is a member of the auditing body, must examine the report and accounts presented by the Board of Directors and prepare an annual report on the auditing performed, within the same period granted to the auditing body for the preparation of the report and opinion referred to in paragraph g) of Nº 1 of article 441.

2. The report referred to in the previous number must comprise the contents demanded by law and be given to the Board of Directors, which can be handed to it at the Shareholder Meeting, if the accountant or auditor so intends.

3. As a consequence of the examination performed on the accounts, the auditor must issue a document for the legal certification of the accounts, with or without reservations, or a declaration of refusal to grant a legal certification, or a declaration of the impossibility of making the certification, within the framework of the law.

ARTICLE 453

(Appraisal & certification of accounts)

1. The auditing body must assess the report of the accountant or auditor referred to in the previous article, which, after having been appraised, becomes part of the report to which paragraph g) of Nº 1 of article 441 refers.

2. With the auditing body agreeing with the legal certification or with the declaration of the impossibility of legally certifying the accounts, it must expressly state such concurrence in its own report.

3. If it dissents, that body must indicate the motives for its disagreement, proceeding in the following manner:

a) refuse approval or if granting it with reservations, it must mention the refusal or approval with reservations, respectively;

b) if it approves the accounts without reservations or if it approves them with reservations differing from those indicated in the auditor's report, it must state that, for specified reasons, the Board did not reach agreement on the approval of the accounts.

CHAPTER X

Capital Increases & Reductions

ARTICLE 454

(Capital increase by management body resolution)

1. Articles of incorporation can authorize the management body to increase the share

capital, one or more times, with subscriptions in cash, establishing the conditions under which that body can exercise that power, namely:

a) setting maximum limit of increase;

b) setting the period, never more than five years, during which the capital can be increased, with it being understood that that period is of five years, if no period has been set;

c) mentioning rights attributed to shares to be issued, with the issue of ordinary shares merely being authorized, if no mention has been made.

2. Prior to approving the resolution, the management body must submit the respective project to the auditing body, and if this does not grant a favorable opinion, it is permitted to submit the divergency to a Shareholder Meeting resolution.

3. The Shareholder Meeting can, by a resolution approved by a majority, demand amendments to the articles of incorporation, to renew the powers conferred on the management body.

4. The public deed of an amendment to articles of incorporation, determined in relation to a capital increase, must be signed by the management body or by one of the directors designated by it.

ARTICLE 455

(Incomplete subscription)

1. When a capital increase is not fully subscribed, the resolution is considered ineffective, except if that eventuality has been provided for therein, in which case, the increase is limited to the subscriptions made.

2. The announcement of the capital increase as referred to in Nº 1 of article 457, must indicate the regime applicable to incomplete subscription.

3. In the event of the increase being considered ineffective, since the subscription is incomplete, the management body must, in the 15 days subsequent to its closure, advise subscribers of that fact, refunding to them the amounts received, as soon as they present themselves for that purpose.

ARTICLE 456

(Preemptive rights)

1. In a subscription for shares representing a capital increase by subscriptions in cash, shareholders have preference over non-shareholders.

2. The new shares must be distributed between shareholders exercising preemptive rights, in the following form:

a) each shareholder is allotted a number of new shares proportional to the number of old shares owned or an inferior number of shares to which same wishes to subscribe;

b) each shareholder can be allotted a number of new shares of more than those to which same is entitled, under the terms of the first part of the previous paragraph, insofar as the availability of shares, resulting from the existence of surplus allotments, so permits.

3. In the event of this not having been transferred to third parties, the preemptive right in a subscription for new shares expires when its owner does not exercise such right on time, in which case, the unsubscribed shares can be apportioned between all the shareholders.

4. The stipulation in the previous number is also applicable to the preemptive right.

5. When several classes of shares exist, all shareholders have equal preemptive rights in a subscription for new shares, whether these are ordinary ones or whether they are of any special class, but if the new shares are already the same as those of an existing special class, preference belongs, successively, to the titleholders of the shares of that class and, with regard to the shares to which they do not subscribe, to the remaining shareholders.

ARTICLE 457

(Notice & period to exercise preemptive rights)

1. Shareholders must be advised of the deadline period and conditions for the exercise of preemptive rights, by way of an announcement, without prejudice to additional means of communication provided for in the articles of incorporation and, if the shares are nominative, preferential holders must be advised in writing.

2. The period referred to in the previous number cannot be less than 15 days, counting from the date of the publication of the announcement or of the date on which the notice has been received, depending on the case.

ARTICLE 458

(Limitations & restraints on preemptive rights)

1. Preemptive rights in a subscription for new shares cannot be limited or restrained, except under the terms of the following numbers.

2. A Shareholder Meeting deciding on a capital increase can limit or restrain a shareholders' preemptive right in that increase, provided that the company's interest so justifies, with it also being permitted to limit or restrain that right already determined or to be determined for capital increases made by the management body under the terms of article 454.

3. If a proposal for the limitation or restraint of preemptive rights is presented by the management body, it must be accompanied by a written report in which the reasons

justifying it are explained and in which are mentioned the method of allocating the new shares, paid-up conditions, price of issue and criteria used to determine the price.

ARTICLE 459

(Indirect subscription)

1. A Shareholder Meeting considering a capital increase can also determine that the shares corresponding to the increase are subscribed by a financial institution which undertakes the commitment of offering them to shareholders or third parties, on conditions agreed between the company and that institution, and without prejudice to the provisions in the previous articles.

2. The company must advise shareholders, through an announcement, that the resolution, referred to in the previous number, was approved.

3. The financial institution referred to in Nº 1 must advise the shareholders of the period and conditions for the exercise of the subscription right, under the terms of article 457.

4. The provision in this article is applicable to capital increases determined by the management body.

ARTICLE 460

(Capital increase & usufruct rights)

1. If a share carries a usufruct right, the right of participating in a capital increase must be exercised by the owner, the usufructuary or by both, in accordance with that which they have agreed.

2. In the absence of an agreement, the subscription right belongs to the owner, but, if the latter does not exercise it within a period of 10 days, counted under the terms of article 457, it reverts to the usufructuary, who can exercise it within a period of 10 days counting from the date of being notified that the owner has not exercised the said right.

3. If the notice as referred to in article 457 is sent by registered letter or another form of written communication differing from the announcement, this must be sent to both the owner and the usufructuary.

4. The newly-subscribed shares belong in full ownership to whoever has subscribed to them, excepting if the interested parties, and as referred to in Nº 1, have agreed that they also be made subject to usufruct.

5. If neither the owner nor the usufructuary wish to exercise the preemptive rights, either one of them can divest same, with the amount obtained having to be distributed between them, in proportion to the value of the right that each holds at that time.

ARTICLE 461

(Reduction of capital through extinction of own shares)

1. A meeting can determine that the company's capital be reduced through the extinction of own shares, under the terms of the provision in Nº 4 of article 372.

2. If the articles of incorporation are lacking in that respect, the meeting which decides on the extinction of own shares must set the deadlines and conditions for their extinction.

CHAPTER XI

Dissolution of Companies

ARTICLE 462

(Dissolution)

1. A resolution to dissolve a company must be approved under the terms provided for in the Nºs 2 and 3 of article 403 and in Nºs 3, 4 and 5 of article 406, if the articles of incorporation do not establish more demanding requirements.

2. The simple will of the shareholders, when it is not manifested in the resolution provided for in the previous number, does not constitute a motive for the dissolution of a company.

3. Public limited companies can be dissolved judicially when, for a period of more than one year, the number of shareholders is less than the minimum stipulated by law.

HEADING VI

Affiliated Companies

CHAPTER I

General Provisions

ARTICLE 463

(Scope of application)

1. This chapter applies to relationships which private limited companies, public limited companies and limited partnerships establish among themselves.

2. The provisions under this heading do not apply to companies with registered offices abroad, without prejudice to that stipulated in the following paragraphs.

3. The prohibition established in Nº 4 of article 471, in relation to the acquisition of

holdings, is applicable to the acquisition of holdings of companies with their registered office abroad, whenever, under the terms of this law, they can be considered as parent companies.

4. The duties of the publication and declaration of holdings incumbent on companies with their registered office in Angola not only includes those holdings they possess in companies with their registered office abroad, but also those possessed by the latter in the capital of the former.

5. A company with its registered office abroad, which under the terms of this law could be considered as the parent of a company with its registered office in Angola, is liable for this and its shareholders, under the terms of articles 83 or 84, depending on the case.

ARTICLE 464

(Affiliated companies)

1. Considered as affiliated, for the purposes of this law, are:

a) companies in a shareholding relationship;

b) companies in a group relationship.

2. Companies in a shareholding relationship can take the following forms:

a) companies in a minority interest relationship;

b) companies in a mutual shareholdings relationship.

3. Companies in a group relationship can include the following forms:

a) companies in a parent/subsidiary relationship;

b) companies in a group relationship incorporated by a joint venture agreement;

c) companies in a group relationship incorporated by a corporate management agreement.

CHAPTER II

Companies in Shareholding Relationships

SECTION I

Companies in a Minority Interest Relationship

ARTICLE 465

(Concept)

1. Two companies are in a minority interest relationship when one of them retains stakes or shares in the other in a percentage equal to or more than 10% of its share capital, but, between them both, none of the other relationships provided for in article 464 exist.

2. For the purposes of establishing the percentage referred to in the previous number, also considered as belonging to a company are the stakes or shares which it retains in a company that, directly or indirectly, depends on it or that is in a group relationship with it, as well as the shares or stakes held by any person on behalf of any of those companies.

ARTICLE 466

(Duty to disclose)

1. Without prejudice to the duty to declare and publicize the shareholdings established by this law, as of the time at which a minority interest relationship is established between two companies, any of them is obligated to communicate to the other in writing the acquisitions and divestments of stakes or shares that the other has realized, with that obligation only ceasing when the percentage of the holding falls to less than 10%.

2. The communication imposed by the previous number is independent of the communication of the acquisition of shares demanded by Nº 4 of article 251, as well as the registration of the acquisition of shares effected under the terms of article 352 and following ones, with it never being permissible for the company in which the shareholdings are retained to allege, in these cases, that it does not know the amount of the holding that the company retaining them acquired and holds, by this method, in the company's capital.

3. Failure to communicate as imposed by Nº 1 of this article prevents the company retaining the shareholdings from exercising the rights corresponding to the stakes or shares acquired to which the communication obligation refers.

SECTION II

Companies in a Mutual Shareholding Relationship

ARTICLE 467

(Concept)

Two companies are in a mutual shareholding relationship, when each of them has holdings in the capital of the other, as soon as both holdings become equal to or more than 10% of the share capital.

ARTICLE 468

(Duty to disclose)

1. Companies in a mutual shareholding relationship are obligated to make the communications referred to in Nº 1 of article 466.

2. A company that is late in making the communication, provided for in article 466, advising the company in which it retains a shareholding that its holding in the latter's capital has exceeded the limit of 10% as referred to in article 467, cannot acquire new stakes or shares in that company.

3. That stipulated in Nº 2 of article 465 and in article 466 is applicable, with the necessary adaptations, to a company that has effected the said communication, in the first place.

4. Acquisitions carried out in violation of the provision in Nº 2 are valid, but the company acquiring them:

a) is prevented from exercising the rights inherent to stakes or shares acquired, with the exception of the right to participate in the sharing of liquidation results, and;

b) maintains respective obligations, with their directors also held accountable, in general terms, for losses sustained by the company through those acquisitions.

5. When a relationship of mutual shareholdings is accumulated with that of a dominant one, that stipulated as regards matters of dominance prevails over that established in the previous number.

6. Whenever the law compels the publication or declaration of shareholdings, the existence of mutual holdings must be mentioned, together with their amount and those stakes or shares whose rights cannot be exercised by one or the other of the companies.

CHAPTER III

Companies in a Corporate Group Relationship

SECTION I

Companies in a Parent/Subsidiary Relationship

ARTICLE 469

(Concept)

1. Two companies are in a parent/subsidiary relationship when one of them, known as the parent or holding company, is able to exert a dominant influence, directly or through companies or persons under the conditions established in Nº 2 of article 465, over the other, known as a subsidiary or controlled company.

2. A dominant influence exists of one company over another, when it:

a) holds the majority of the share capital;

b) holds more than half the votes;

c) is entitled to appoint more than half the members of its management and auditing bodies.

ARTICLE 470

(Duty to disclose)

In those cases in which the law compels the publication or declaration of shareholdings, companies, whether presumably the parent company, or whether presumably the subsidiary company, must mention if any one of the situations referred to in Nº 2 of the previous article is ascertained.

ARTICLE 471

(Prohibition of acquisitions)

1. A subsidiary company cannot acquire stakes or shares in a company that, under the terms of Nº 1 and 2 of article 469, controls it, unless it involves a gratuitous acquisition, acquisition by an award in enforcement proceedings against debtors or acquisition through the division of the assets of companies of which it is a shareholder.

2. Acquisitions of stakes or shares in violation of that stipulated in the previous number are rendered null and void, excepting in the case of shares acquired on the stock market, but, in this case, the provision in Nº 4 of article 468 is applicable to those shares.

ARTICLE 472

(Duties of parent companies)

1. A parent company must promote the realization of a subsidiary company's corporate purpose, with it being accountable to the other shareholders of same and its employees for compliance with this duty.

2. The following constitute violations of the general obligation set out in the previous number, namely:

a) preventing a subsidiary company from accomplishing its corporate purpose;

b) allowing a subsidiary company to favor any person, individual or corporate, to the detriment of other shareholders;

c) promoting amendments to articles of incorporation or liquidation, merger, demerger or transformation of a subsidiary company, to the detriment of the other shareholders and its employees;

d) adopting measures and making decisions to damage the interests of a subsidiary company or cause losses to same or its minority shareholders or employees;

e) inducing members of a subsidiary's management or auditing bodies to perform unlawful acts or those contrary to its corporate bylaws;

f) signing, directly or through intermediaries, any transaction with a subsidiary company, entailing it in promising or granting excessive or unjustified benefits to third parties;

g) approving the irregular accounts of a subsidiary company or allowing them to be approved.

3. Any shareholder of a subsidiary company can allege the irregular acts referred to in the previous number, and file the respective indemnity action.

ARTICLE 473

(Liability toward creditors of subsidiary companies)

1. The parent company is liable for the obligations of a subsidiary company, prior or subsequent to the incorporation of a parent/subsidiary relationship and its termination.

2. Enforcement proceedings cannot be filed against the parent company based on a writ in which the subsidiary company appears as the debtor.

ARTICLE 474

(Liability for subsidiary company losses)

1. A subsidiary company is entitled to compel its parent company to compensate annual losses that, for any reason, are verified while the parent/subsidiary relationship is in force, whenever these have not been offset by reserves incorporated during that period.

2. The liability referred to in the previous number is only exigible after the termination of the parent/subsidiary relationship, with, however, liabilities being exigible while the parent/subsidiary relationship is in force, if the subsidiary company goes bankrupt.

ARTICLE 475

(Right to instruct)

1. The parent company is entitled to give mandatory instructions to a subsidiary company.

2. Excepting a clause in the articles of incorporation stating otherwise, a parent company can give unfavorable instructions to a subsidiary company, provided that they are not unlawful and serve the interests of same or the other companies integrated into the same parent/subsidiary relationship, without prejudice to the provision in paragraph f) of Nº 2 of article 472.

3. If instructions are given to the management of a subsidiary company to sign a transaction that by law or the articles of incorporation, depends on a favorable opinion or consent from another body of the subsidiary company and it is not granted, the instructions must be complied with if the refusal is repeated and accompanied by a favorable opinion or consent from the corresponding body of the parent company.

4. It is prohibited for a parent company to transfer or order the transfer of assets belonging to a subsidiary company to other companies in a group, without fair compensation.

ARTICLE 476

(Duties & liabilities of members of management bodies)

1. Members of a parent company's management body must adopt, in relation to the group, the due diligence demanded by law for its own company.

2. The provisions contained in articles 69, 77, 78 and 82 to 84, are applicable to the members of the parent company's management body, in their relationships with a subsidiary company, with any shareholder being permitted to file an indemnity action in the name of the subsidiary company.

3. Members of a subsidiary company's management body are not liable for the acts or omissions performed in the execution of instructions received under the terms of article 475.

4. Without prejudice to the provisions in the previous number and in article 475, members of a subsidiary company's management body cannot, in detriment to same, favor the parent

company or another company subject to the same parent/subsidiary relationship, and are liable toward the subsidiary company and its shareholders for damages arising out of the violation of this duty.

ARTICLE 477

(Total supervenient control)

1. A company that begins, directly or through other companies or persons complying with the requirements indicated in Nº 2 of article 469, to wholly control another company when the other shareholders are not in agreement, must comply with the provisions in the following numbers.

2. During the 12 months subsequent to the occurrence of the presuppositions referred to above, the parent company's management must call a Shareholder Meeting of the company to decide on the alternative of either:

a) dissolving the subsidiary company;

b) divesting stakes or shares in the subsidiary company.

3. While any resolution, on a subsidiary company cannot be approved, it is considered in a group relationship with the parent company and is not dissolved, even though it only has one shareholder.

4. The parent/subsidiary relationship terminates as soon as the requirements demanded by article 469 cease to exist.

SECTION II

Companies in a Joint Venture Relationship

ARTICLE 478

(Concept)

Two or more companies which are not dependent among themselves or on other companies can incorporate a group of companies, through an agreement whereby they accept to submit to a common unitary management.

ARTICLE 479

(Regime regulating articles)

1. Articles and their amendments and prorogations must be signed by public deed.

2. The signing of the articles must be preceded by resolutions from all the intervening companies, approved by the majority that the law or articles of incorporations demand for a merger, based on a proposal from the respective managements with the favorable opinion of the respective auditing bodies.

3. Articles cannot be signed for an indeterminate time, but can be extended one or more times.

4. That stipulated in article 494 is applicable to the termination of the articles.

5. Articles cannot modify the structure bestowed on the management and auditing of the companies, but it can institute a common body of management or coordination, where all companies must participate equally.

ARTICLE 480

(Competition)

Companies in a joint venture relationship must always respect the disciplinary rules of the law on fair competition between companies.

SECTION III

Companies in a Corporate Management Relationship

ARTICLE 481

(Concept)

1. A company can, by agreement, subordinate the management of its own activity to the management of another company, called the management company, whether or not it is its parent company.

2. In the case referred to in the previous number, the management company forms a group with all the companies managed by it, through a corporate management agreement, and with all the companies that it controls, directly or indirectly.

ARTICLE 482

(Management company's obligations)

1. The management company must undertake, in the management agreement, to guarantee the profits of the subordinate company's free shareholders, under the terms of article 488.

2. For the purposes of this law, free shareholders are all those partners or shareholders in the subordinate company, except:

a) the management company;

b) companies or persons related to the management company, under the terms of Nº 2 of article 465, or companies that are in a group relationship with the management company;

c) parent company of the management company, if such exists

d) persons possessing more than 10% of the capital of the companies referred to in the previous paragraphs;

e) the subordinate company;

f) subsidiary companies of the subordinate company.

ARTICLE 483

(Management agreement project)

1. The management boards of companies intending to sign a management agreement must, previously, sign a joint project, under the terms of the following number.

2. The joint project must consist, aside from others necessary or appropriate to a perfect knowledge of the planned operation, the following elements:

a) motives, conditions and objectives of the agreement in relation to the two companies involved;

b) business name, registered office, amount of share capital, number and date of registration in the commercial register of each of them, as well as updated texts of the respective articles of incorporations;

c) shareholdings of some companies in the capital of the other;

d) value in cash attributed to stakes or shares of the company that, through the agreement, is under the management of the other;

e) duration of the management agreement;

f) period counting from the date of the signing of the articles, within which the subordinate company's free shareholders can demand the acquisition of their stakes or shares by the other company, under the terms of article 487;

g) amount that the management company must annually consign to the other company to maintain the distribution of profits or method of calculating that amount;

h) agreement on allocation of profits, if such exists.

ARTICLE 484

(Relegation)

1. The precepts that regulate the merger of companies are applicable, with the necessary adaptations, to the monitoring of the project, calling and holding of meetings, consultation

of documents and resolution requirements.

2. When the signing or amendment to an agreement is involved, which has been signed between a parent company and a subsidiary company, it is also demanded that more than half of the subsidiary company's free shareholders have not voted against the respective proposal.

3. The resolutions of the two companies must be communicated to the respective shareholders:

a) in writing, when the shareholders of private limited companies or the holders of nominative shares are involved;

b) by an announcement, in other cases.

ARTICLE 485

(Opposition by free shareholders)

1. Within a period of 90 days counting from the last publication of the announcement or reception of the letter or communication to which paragraphs a) and b) of Nº 3 of the previous article refer, a free shareholder can legally contest the management agreement, on the grounds of the violation of that stipulated in this law or of the inadequacy of the compensation offered.

2. The challenge must be filed in the form stipulated for litigation by creditors in the regime regulating the merger of companies, with the judge having to order the management company to declare the amount of compensation paid to the other free shareholders or agreed with them.

3. The management agreement cannot be signed before the period referred to in Nº 1 of this article has elapsed or before any challenges have been judged, of which, in any form, the companies' directors have knowledge.

4. A judicial establishment of the compensation for an acquisition by the management company or of the profits guaranteed by it benefit all free shareholders, whether or not they have raised any challenge.

ARTICLE 486

(Form & registration of agreements)

The management agreement must be affirmed by a public deed, signed by the directors or managers of the two companies, with it also having to be written up at the Commercial Registry Office for the area of the registered office of each of the companies and also published.

ARTICLE 487

(Free shareholder rights)

1. Free shareholders not intending to challenge a management agreement have the right to opt between divesting their stakes or shares and the profit guarantee, provided that they communicate this, in writing, to both companies within the period set for any opposition.

2. Free shareholders who have filed their opposition can, within a period of 90 days counting from the ruling being handed down on the respective final decisions, exercise the right provided for in the previous number.

3. The company that, under the terms of the agreement, would be the managing one can refrain from signing it, by means of a written communication addressed to the other company, within a period of 30 days counting from the ruling being handed down on the last decision pronounced on the objections filed.

ARTICLE 488

(Guarantee of profits)

1. By the management agreement, the management company undertakes an obligation to pay the subordinate companies' free shareholders the difference between the profit actually achieved and the highest of the following amounts:

a) average of profits earned by free shareholders in the three financial years prior to the management agreement, calculated by a percentage in relation to the share capital;

b) profit that would be earned by the management company's stakes or shares, if these had been exchanged for the stakes or shares of those shareholders.

2. The guarantee conferred in the previous number remains effective while the agreement is in force and remains in place for the five financial years following the termination of that agreement.

ARTICLE 489

(Liability toward creditors of subordinate companies)

1. A management company is liable for a subordinate company's obligations constituted prior to or after the signing of the management agreement and up to its termination.

2. The liability of the management company cannot be demanded before 30 days have elapsed since the constitution of a subordinate company's arrears.

3. Enforcement proceedings cannot be filed against the management company based on a writ in which the subordinate company appears as the debtor.

ARTICLE 490

(Liability for subordinate company losses)

1. A subordinate company is entitled to demand that the management company compensates annual losses that, for any reason, are verified while the management agreement is in force, whenever these have not been offset by reserves incorporated during the same period.

2. The liability provided for in the previous number is only exigible after termination of the management agreement, with, however, liabilities being exigible while that agreement is in force if the subordinate company goes bankrupt.

ARTICLE 491

(Right to instruct)

1. Excepting a provision in the management agreement stating otherwise, the management company has the right, as of the time of the registration of the agreement, to give the management of the subordinate company mandatory instructions, even if these are unfavorable to the subordinate company, provided that such instructions are not unlawful and serve the interests of the management company and other companies in the same group.

2. Instructions for the performance of acts that are forbidden by legal provisions, whether or not they concern the functioning of companies, are considered unlawful.

3. If the management company gives instructions to the subordinate company's management to sign a transaction that, by law or the articles of incorporation, depends on a favorable opinion or consent from another body of that company and it is not granted, nevertheless, the instructions must be complied with if the refusal is repeated and accompanied by a favorable opinion or consent from the corresponding body of the management company.

4. It is prohibited for the management company to transfer or order the transfer of assets belonging to the subordinate company to other companies in the group, without fair compensation.

ARTICLE 492

(Duties & liabilities)

1. Members of the management body of the management company must adopt, in relation to the group, the due diligence demanded by law as regards the management of their own company, being liable toward the subordinate company, under the terms of articles 72 to 77 of this law, with the necessary adaptations.

2. Any free shareholder of the subordinate company can file an indemnity action, provided that it is made on behalf of the latter.

3. Members of the subordinate company's management body are not liable for acts or omissions performed in the execution of instructions received.

ARTICLE 493

(Amendments to agreements)

Amendments to the management agreement are subject to the same formalities demanded in relation to its signing.

ARTICLE 494

(Termination of agreement)

1. Both companies can, by means of a resolution passed by the respective Shareholder Meetings, revoke the management agreement, by accord, after this has been in force for a complete financial year.

2. The management agreement is terminated by:

a) dissolution of any of the two companies;

b) end of the period stipulated;

c) a court decision, on an action filed by any of the companies on the grounds of just cause;

d) renunciation by any of the companies, under the terms of the following number, if the agreement does not have a set duration.

3. None of the companies can rescind the agreement before it has been in force for five years and this must be authorized by a Shareholder Meeting resolution and communicated to the other company, with it only becoming effective at the end of the following financial year.

ARTICLE 495

(Clause on allocation of profits)

1. A management agreement can include a clause whereby the subordinate company undertakes to allocate its annual profits to the management company or another company in the group.

2. For the purposes of the previous number, the profits to be considered cannot exceed the financial year's profits, calculated pursuant to the terms of the law, less the amounts necessary to cover the losses of previous financial years and the constitution of the statutory reserve.

ARTICLE 496

(Consolidation of accounts)

1. The managers or directors of the management company can be obligated, by way of law or a contractual provision, to prepare consolidated reports for each financial year relating to the management of the companies in the group, in which they must include, namely, the consolidated yearend accounts and other documents for the presentation of accounts.

2. For the purposes of the provision in the previous number, companies belonging to the group, must send the respective reports to the managers or directors of the management company, in accordance with instructions that have been received, with their also having to provide all additional data shown to be necessary for the preparation of that report.

ARTICLE 497

(Contents of report)

A consolidated report must at least contain a presentation on the business performance and situation of all the companies included in the group.

HEADING VII

Penal Provisions

ARTICLE 498

(Lack of collection of capital subscriptions)

1. A manager or director of a company who omits, or by any form, does so omit with a third party, those acts necessary to the paying-up of capital subscriptions shall be punished with fines of from 30 to 90 days.

2. If the omission aims to cause material or moral damage to any shareholder, the company or a third party, the fine shall be from 60 to 120 days.

3. If this caused serious material or moral damage to any shareholder, the company or a third party, which the author had foreseen or could have foreseen, the fine shall be from 90 to 180 days.

ARTICLE 499

(Unlawful acquisition of stakes or shares)

1. The manager or director of a company who, in violation of the law, subscribes or acquires for the company its own stakes or shares, or entrusts another person to subscribe or acquire them for or on behalf of the company or, by any means, provides company funds or guarantees, so that a third party can subscribe for or acquire them, even though, in any of the cases, in their own name, shall be punished with a fine of from 90 to 120 days.

2. The same punishment is applicable to a manager or director who, contravening a legal provision, acquires or arranges to acquire for the company stakes or shares of companies in a group relationship with it.

ARTICLE 500

(Redemption of unpaid-up shares)

1. The manager of a company who, in violation of the law, redeems, totally or partially, an unpaid-up stake shall be punished with a fine of from 60 to 90 days.

2. If the redemption aims to cause material or moral damage to any shareholder, the company or a third party, the fine shall be from 60 to 120 days.

3. If that redemption causes serious material or moral damage to any shareholder, the company or a third party, which the author had foreseen or could have foreseen, the fine shall be from 90 to 180 days.

ARTICLE 501

(Unlawful redemption of shares pledged or subject to usufruct)

1. The manager of a company who, in violation of the law, redeems, or arranges to redeem totally or partially, a stake subject to usufruct or pledge, shall be punished with a fine of from 60 to 90 days.

2. The same punishment is applicable to the holder of a stake who proceeds with its redemption or grants consent to same, or who could have denounced that operation, before it was executed, to the titleholder of the usufruct or pledge right, but did not do so.

3. If the fact results in serious material or moral damage for the titleholder of the right of usufruct or pledge, the company or any shareholder, which the author had foreseen or could have foreseen, the fine shall be from 90 to 180 days.

ARTICLE 502

(Other violations of rules on redemption of stakes or shares)

1. The manager of a company who, in violation of the law, redeems or arranges to redeem a stake, fully or in part, so that at the date of the resolution, which considered compensation for the redemption, the company's equity is less than the sum of the share capital and statutory reserve, without, at the same time a reduction of capital being determined, so that the equity stays above that limit, shall be punished with a fine of from 60 to 90 days.

2. The same punishment is applicable to the director of a company who, in violation of the law, redeems or arranges to redeem shares without a reduction of capital under the terms provided for in the previous number, or who uses funds which cannot be distributed to shareholders for that purpose.

3. If this act results in serious material or moral loss for the company, any shareholder or a third party, which the author had foreseen or could have foreseen, the fine shall be from 90 to 180 days.

ARTICLE 503

(Unlawful distribution of corporate assets)

1. The manager or director of a company proposing the unlawful distribution of the assets of that company to shareholders, shall be punished with a fine of up to 30 days.

2. If the unlawful distribution is executed, in whole or in part, without a shareholder resolution, the fine shall be from 60 to 90 days.

3. The same punishment shall be applicable to the manager or director who executes, or arranges to execute for a third party, the distribution of corporate assets, in contravention of a valid resolution.

4. If this act results in serious material or moral loss for the company, any shareholder or a third party, which the author had foreseen or could have foreseen, the fine shall be from 90 to 180 days.

ARTICLE 504

(Non-convening or irregular convening of meetings)

1. Whomever is encharged with calling any meeting of shareholders or bondholders and who omits or determines that a third party omits to call the respective meeting, within the deadlines established by law or in the articles of incorporation, or who convenes same without executing the deadlines or formalities demanded by the law or articles of incorporation, shall be punished with a fine of up to 30 days.

2. The fine shall be from 30 to 60 days if the person encharged with calling the meeting has been presented, under the terms of the law or articles of incorporation, with a formal request to call the meeting which should be granted.

3. If this act results in serious material or moral loss for the company, any shareholder or a third party, which the author had foreseen or could have foreseen, the fine shall be from 60 to 120 days.

ARTICLE 505

(Preventing participation in meetings)

1. All that which, by any method, prevents any shareholder or other person, legally permitted to do so, from taking part in meetings of shareholders or bondholders, regularly convened and constituted, or from attending them or from exercising rights at them which the law or articles of incorporation confer on same, shall be punished with a prison sentence of up to one year and a fine of from 60 to 120 days.

2. The same punishment shall be applicable to the author of any impediment who, being an employee of the company at the time of the fact, has acted in compliance with the orders, directives or instructions of any of the members of the company's management or auditing bodies.

3. If the author of the impediment is a member of the company's management or auditing bodies the punishment shall be a prison sentence of from 6 months to 2 years and a fine of from 90 to 180 days.

4. If an impediment is instigated by violence or a threat the author's prison sentence shall be of from one to two years and a corresponding fine.

ARTICLE 506

(Fraudulent participation in meetings)

1. All those who, at a meeting of shareholders or bondholders, present themselves as the holder of the company's shares or bonds, without being so, or the holder of representative powers, which have not been conferred on them, and votes in any of those deceptive capacities, shall be punished with a prison sentence of up to six months and a fine of from 90 to 180 days, if a more serious penalty is not applicable by virtue of another legal provision.

2. Any member of the company's management or auditing bodies who has ordered a third party to perform the act described in the previous number, shall be punished with a prison sentence of up to one year and a fine of from 120 to 180 days.

ARTICLE 507

(Unlawful refusal of information)

1. The manager or director of a company who refuses or instructs a third party to refuse the consultation of documents that the law orders to be placed at the disposal of interested parties in the preparation of Shareholder Meetings on the occasion of the respective meetings, or who refuses or arranges to refuse the legally required sending out of documents for that purpose, or sends or instructs third parties to send those documents in contravention of any deadlines established in the law or articles of incorporation, shall be punished with a fine of from 60 to 120 days.

2. The manager or director of a company who, at any company meeting, refuses or instructs a third party to refuse information that it has been requested to supply, in writing, and that, by law or a contractual provision, it must present, shall be punished with a fine of from 60 to 90 days.

3. If this act results in serious material or moral loss for the company, any shareholder or a third party, which the author had foreseen or could have foreseen, the fine shall be from 120 to 180 days.

ARTICLE 508

(Misleading information)

1. Whomever, being legally obligated to provide information to third parties about the life of a company, provides information contrary to the truth, shall be punished with a fine of from 60 to 120 days.

2. Whomever, in the same circumstances, maliciously provides incomplete information which can induce the addressees into arriving at erroneous conclusions, which has the same or a similar effect as that which misleading information on the same matter would have, shall be punished with the same penalty.

3. If the act is performed with the intent of causing damage to the company or any shareholder who has not consciously contributed to providing the misleading or incomplete information and the damage has effectively caused such damage, the penalty shall be a prison sentence of up to six months and fine of from 60 to 120 days.

ARTICLE 509

(Convening notice with deceptive information)

1. Whomever, having to call a meeting of shareholders or bondholders, arranges or instructs that the convening notice contains information contrary to the truth, shall be punished with a fine of from 60 to 120 days.

2. Whomever, in identical circumstances, maliciously uses a notice convening a meeting to pass on incomplete information on the matter that it ought to contain, which can induce the addressees into arriving at erroneous conclusions, having the same or a similar effect as that which misleading information on the same matter would have, shall be punished with the same penalty.

3. If the misleading or incomplete information has been provided with the intent of causing material or moral damages to the company or any shareholder or a third party and such has in effect caused them, the author shall be punished with a prison sentence of up to three months and a fine of from 120 to 180 days.

ARTICLE 510

(Unlawful refusal to draw up minutes)

Whomever, being obligated to draw up the minutes of a meeting of shareholders or bondholders and, without justification, does not do so, or prevents equally-obligated third parties from doing so, shall be punished with a fine of from 60 to 120 days.

ARTICLE 511

(Obstructing audits)

The manager or director of a company who impedes or obstructs, or instructs third parties to impede or obstruct, the audits conducted by those that they, or any person under their orders, by law, the articles or by a court decision are duty bound to perform, shall be punished with a fine of from 60 to 120 days.

ARTICLE 512

(Violation of duty to propose dissolution of the company or reduction of capital)

The manager or director of a company who, on verifying by way of the yearend accounts that half of the share capital is lost, does not comply with that stipulated in article 37, shall be punished with a fine of from 30 to 60 days.

ARTICLE 513

(Irregularities in issue of securities)

The director of a company who endorses and seals with their signature the scrips or certificates for shares or bonds, issued by the company or on behalf of it, in those cases in which the issue has not been approved by the competent bodies, or where the minimum subscriptions have not been paid-up as demanded by law, shall be punished with a fine of from 60 to 180 days.

ARTICLE 514

(Late presentation of accounts-related documents)

The manager or director of a company who does not submit or instructs a third party not to submit to the company's competent bodies, within the legally-established period, the management report, yearend accounts and other documents for the presentation of accounts as provided for in the law, violating that stipulated in article 70, shall be punished with a fine of from 90 to 120 days.

ARTICLE 515

(Omission of mandatory references in external acts)

The manager or director of a company who, fraudulently or negligently, causes the company to omit, in external acts, in whole or in part, the indications referred to in article 172 or in special laws, shall be punished with a fine of from 15 to 30 days.

ARTICLE 516

(Irregularities in maintenance of share register)

1. The director who, fraudulently or negligently, causes a company to fail to maintain the share register pursuant to applicable legislation, or who does not comply with the legal provisions on the timely registration and deposit of shares, shall be punished with a fine of from 30 to 60 days.

2. A shareholder who, being legally obligated, does not comply with the legal provisions on the registration and deposit of shares, shall be punished with a fine of from 15 to 30 days.

ARTICLE 517

(Irregularities in sending out communications)

Whomever is legally obligated to send out the communications provided for in articles 446 to 448, and, fraudulently or negligently, does not do so within the deadlines and in the forms provided for in the law, shall be punished with a fine of from 15 to 30 days.

ARTICLE 518

(Common Provisions)

1. The negligent performance of the acts described in this chapter shall be punished only in those cases specified therein.

2. An attempt is only actionable when the performance of the act shall be punished with a prison sentence or with imprisonment and a fine.

3. The conduct of an agent who fraudulently obtains or intends to obtain any benefit for themselves, their spouse or person with whom they live in a common law marriage, relative or similar person, constitutes an aggravating circumstance.

4. The material and moral damages caused by the author of the acts provided for in this chapter, shall not be considered for the determination of the penalty applicable provided that, before the corresponding criminal proceedings have been set in motion, they make full reparation or compensation and provided that, meanwhile, other unlawful losses are not sustained by third parties.

5. Likewise, the damages referred to in the previous number shall not be considered for determining the punishment when the injured party has consented to them or to the act that has given rise to the cause.

6. The fines provided for in this law shall be applied taking into consideration the offender's income, length of the sentence to be set, limit established in the provision violated, and with it not being permitted to be, per day, less than the equivalent in national currency of USD 25, or more than USD 250.

7. The limits established in the previous number can be trebled if, owing to the economic situation of the defendant, it is considered that the fine is insufficient to avoid recidivating.

8. The conversion of a prison sentence into a fine and of a fine into imprisonment is calculated at the ratio of its equivalent, in national currency, of USD 250.

HEADING VIII

Final & Transitional Provisions

ARTICLE 519

(Prohibited contractual clauses)

Without prejudice to the right of shareholders to proceed with their amendment, the clauses of those articles of incorporations that have been legally signed prior to the date of the coming into force of this law and which are not permitted by it, are considered automatically substituted by the imperative provisions of this law, with it being permissible to appeal against the application of the supplementary provisions applicable to the case.

ARTICLE 520

(Minimum capital)

1. Companies incorporated prior to the coming into force of this law, whose share capital does not reach the minimum amounts now established, must, within a two-year maximum period, proceed with an increase to at least the minimum amounts legally exigible.

2. Similarly, during the same period, they must proceed with an increase in the values of those stakes and shares whose nominal values are, as a result of this law, less than the minimum now set.

3. For the capital increases as referred to in Nº 1 of this article, companies can decide, by a simple majority, to incorporate reserves, including reserves resulting from the revaluation of assets.

4. In compliance with the provision in Nº 1, deadlines can be set of up to three years for the total paying-up of share capital increased by new subscriptions.

5. Companies that do not proceed with the increase and paying-up of the share capital and of the nominal value of their stakes or shares, under the terms of the previous numbers, must be dissolved at the formal request of the Public Prosecution Service or of any shareholder or interested party.

ARTICLE 521

(Fees)

The notary fees to be paid for public deeds of amendments to articles of incorporation,

becoming mandatory as a result of this law, are set at the maximum amount of Kz: 2,500.

ARTICLE 522

(Corporate entities in management & auditing bodies)

Corporate entities that, at the date of the coming into force of this law, perform functions which are prohibited to them by this law, must cease same at the end of the calendar year subsequent to the coming into force of this law, if, for any other motive, they have not ceased them before that date.

ARTICLE 523

(Deposit of subscriptions)

Commercial banks must, within a period of 30 days subsequent to the coming into force of this law, create conditions that permit the opening of bank accounts in the name of the companies to be incorporated, for the deposit and confirmation of subscriptions.

ARTICLE 524

(Equivalence to the State)

For the purposes of this law, considered as State or entities equivalent to the State are:

a) central and local administration bodies of the State;

b) public institutes;

c) public companies whose powers integrate the State's powers of competence.

ARTICLE 525

(Spouses)

Whenever, in this law, reference is made to spouses, it must be understood that the expression is also extended to partners in a common law marriage, even though not recognized.

ARTICLE 526

(Repeal of legislation)

1. All legislation contrary to that stipulated in this law is hereby repealed and, namely:

a) articles 104 to 206 of the Commercial Code;

b) law of April 11, 1901, Private Limited Companies Law;

c) Decree-Law Nº 598/73, of November 8, on the Merger and Demerger of Commercial Companies;

d) Decree-Law Nº 49381, of November 15, on the Auditing of Public Limited Companies;

e) article 6 of Law Nº 9/91, of April 20;

f) article 3 of Decree Nº 38/00, of October 6.

2. The provisions in this law do not repeal legal provisions enshrining special regimes regulating certain types of companies.

ARTICLE 527

(Relegation to repealed provisions)

When legal provisions or contractual provisions are relegated to legal precepts repealed under the terms of the previous article, it is understood that the relegation also applies to the corresponding provisions of the Commercial Companies Law.

ARTICLE 528

(Doubts & omissions)

Any doubts and omissions arising out of the interpretation and application of this law are resolved by the National Assembly.

ARTICLE 529

(Enactment)

This law comes into force 60 days subsequent to the date of its publication.

Seen and approved by the National Assembly, in Luanda, on May 20, 2003.

Let it be published

Acting Speaker of the National Assembly, *Julião Mateus Paulo*

Promulgated on August 7, 2003

Acting President of the Republic, *Roberto António Víctor Francisco de Almeida.*