

## CONSTITUTION

COMPANY NAME=PURPOSE=REGISTERED OFFICES=DURATION

Article 1) The Company's name is:

"DIGITAL BROS S.p.A."

Article 2) 1. The Company has as its purpose the development, production and sale, as well as wholesale and retail, directly and/or indirectly, also through subsidiaries and/or partially owned companies, in Italy and overseas, through the activity of agents and sales representatives, also by correspondence and by electronic means, large-scale retail, systems of electronic commerce, of entertainment products and services, including software for use on personal computers and games consoles and their accessories (such as - to give a non-exhaustive list - data processing cards, discs, DVDs, CDs, films, tapes, magnetic media) and of multimedia products in general.

In addition, the Company may create, market as well as sell, directly and/or indirectly, also through subsidiaries and/or partially owned companies, on the same storage media and through the same distribution channels, published products different from daily newspapers and periodicals assimilated to them pursuant to Law no. 416 of 5 August 1981 and subsequent modifications thereto.

Such products may be produced on any multimedia storage medium that may be developed in the future.

2. The Company also has as its purpose the direct and/or indirect supply, also through subsidiaries and/or partially owned companies, to private individuals and/or for businesses, of services which may be created and circulated via electronic and telematic networks, by means of the creation and management of purpose-made Internet portals and other suitable technological platforms. The above-mentioned services, aimed at the creation, promotion and expansion of a virtual community as a place of access to and exchange of communication regarding the entertainment sector may consist (by way of example):

(a) in making available to users (individuals and corporate entities) virtual meeting points where such users may interact and communicate wherever they may be in the world, supplying all related services of logistics, distribution and mediation;

(b) in Internet services (such as network connections, registration with search engines, insertion in directories and suchlike);

(c) software management services, also on an outsourcing basis.

All of this falls within the limits allowed by law to private companies, bearing in mind applicable legislation in the sector.

3. The Company will also have as its objective the creation, production and broadcast of television programmes, directly and/or indirectly, also through subsidiaries and/or partially owned companies, as well as the broadcast of telecommunications services in general, pursuant to and in observance of the applicable regulations in the sector and in particular Law no. 223 of 6 August 1990 and subsequent modifications thereto.

For the above purposes, the Company may carry out all fixed asset, non-fixed asset and business transactions, including the sale by correspondence of goods and/or services included in social activity, as well as industrial

transactions and the financing of those who have a relation to the company's corporate objective, with the qualification being made that such financial activity may be carried out in such a way as to be merely accessory and instrumental to the main activity, and in any case not in relation to the general public.

For the sole purpose of the fulfilment of the abovementioned predominant corporate objective and therefore in a way that is purely instrumental to that objective, the Company may take a stake or a share in other companies or businesses that have an analogous or similar objective to its own, as well as lend financial backing or guarantees which may be real against obligations assumed by third parties, but excluding from such spheres of activity every dealing with the public.

Article 3) The Company's registered offices are in Milan, at the address resulting from its entry at the relevant Company Register Office.

Secondary offices, branches, agencies, technical centres and service centres may be set up or closed down both in Italy and abroad, by deliberation of the Board of Directors, which also has the power to transfer the address of the Registered Office, on condition that it remains on Italian territory.

Article 4) The domicile of shareholders, for the purposes of their relationship with the Company, must be that which is stated in the Shareholders' Register.

Article 5) The duration of the Company is fixed until 31 December 2100.

#### C A P I T A L

Article 6) Company capital is 5,489,968.80 Euro (five million four hundred and eighty-nine thousand nine hundred and sixty-eight Euro and eighty cents), fully paid up and divided into 13,724,922 shares with a nominal value of 0.4 (zero point four) Euro each.

At the Ordinary and Extraordinary Shareholders' General Meeting of 19 April 2002 it was decided to increase share capital by 533,333.20 Euro (five hundred and thirty-three thousand three hundred and thirty-three Euro twenty cents) through the issue of 1,333,333 shares with a nominal value of 0.4 (zero point four) Euro, made available to holders of convertible bonds to a maximum of 4,000,000 Euro, who may exercise the right to conversion according to the procedures set out in the conditions of the debenture loan. (This resolution has already been carried out for the amount of 10,666.40 Euro on 30 September 2003 following the request to convert 80 bonds into 26,666 ordinary shares, for the amount of 118,012.80 Euro on 28 November 2003 following the request to convert 950 bonds into 295,032 ordinary shares, for the amount of 99,379.20 Euro on 22 December 2003 following the request to convert 800 bonds into 248,448 ordinary shares, and for the amount of 101,910.40 on 22 March 2005 following the request to convert 800 bonds into 254,776 ordinary shares).

Deposits of money made by Company shareholders by way of finance may be made:

- (a) in the form of capital contribution without the right to repayment;
- (b) in the form of an interest-bearing or non-interest-bearing loan with natural right to repayment.

Share capital may be increased or reduced upon deliberation of the Extraordinary Shareholders' Meeting within the terms of the law. If capital is increased, capital contributions may be made in money, in kind or in credits, in accordance with the terms of article 2342 of the Italian Civil Code.

If capital is increased or convertible bonds are issued, right to subscription is reserved to shareholders in accordance with the law and this Constitution.

The Extraordinary General Meeting may delegate the power to administrators to increase share capital one or more times for a period of no more than five years from the date of the deliberation, up to the amount determined during the deliberation of the delegation itself. This faculty may also make provision for the adoption of deliberations pursuant to the fourth and fifth paragraphs of article 2441 of the Italian Civil Code, and in accordance with what is laid down in the sixth paragraph of the same article 2441. Every other provision with regard to the increase of share capital holding true, this may be increased with the exclusion of right to subscription, this too pursuant to the fourth and fifth paragraphs of article 2441 of the Italian Civil Code, on the part of the Assembly or the Board of Directors, if delegated, within the limit of 5% of already existing share capital also in money payments on condition that the issue price corresponds to the market value of the shares and that this is confirmed by the company whose duty it is to perform the audit. The Extraordinary Shareholders' Assembly, pursuant to the 1st paragraph of article 2349 of the Civil Code, may decide to assign profits and/or reserve profits to employees of the Company and its subsidiaries through the issue of special categories of shares, for an amount that corresponds to those profits and/or reserves.

Article 7) The Company shares are registered shares, and where the law permits and if entirely freed, may be converted by the bearer or vice versa, at the discretion and expense of the shareholder. Shares are issued without certificates.

The shares are freely transferable, on condition that current legislation is observed.

The shares may not be divided, they confer equal rights to their holders, and each share gives the right to one vote. In the case of joint-ownership of shares, the provision of article 2347 of the Italian Civil Code shall be applied.

The Company shall have the faculty to issue shares of different categories (such as, by way of illustration, privileged shares, savings shares, etc.) as well as debentures, which may also be convertible or with warrant or warrants, according to law.

Shareholders must make payments for shares in accordance with the terms of law and the means and terms required.

Payments on shares are requested by the administrative agency according to the terms and means that it deems appropriate.

#### SHAREHOLDERS' MEETING

Article 8) Shareholders' meetings, ordinary or extraordinary, are held according to the cases and manner laid down by law, at the Company's offices or in other locations (on condition that they are held in Italy), designated by the Board of Directors in the notice convening the meeting.

An ordinary shareholders' meeting must be called at least once a year, within 120 days of the closure of the financial year, or within 180 days where the conditions specified in article 2364, paragraph 2 apply.

Article 9) The Ordinary or Extraordinary Shareholders' Meeting is constituted in the regular fashion and its deliberations are validated on the basis of attendance and majorities established by law.

Concerning the nomination of the members of the Board of Auditors, the terms of article 25 apply.

Article 10) The meeting must be called, in the manner of and pursuant to the law, via publication of a notice to attend the meeting in the daily "Finanza & Mercati", containing an indication of the day, time and place of the meeting and a list of the matters to be discussed. If this daily should have ceased publication, the notice shall be published in the Official Gazette of the Italian Republic.

The notice to attend the meeting may also contain the same indications for a second, and, in the case of an extraordinary meeting, also a third meeting; without such an indication, the second or third meeting must take place within thirty days, respectively from the first or from the second meeting, with a reduction in the term for the publication of the notice to eight days.

Article 11) **Shareholders** who have deposited communications that attest to their exercising of their shareholders' rights, issued by authorised intermediaries, in accordance with current law, at the Company's Registered Office or other institutions or authorised bodies indicated in the notice to attend the meeting, at least two days before the day on which the meeting is to take place, shall have the right to attend the meeting. Shares may not be redeemed before the meeting has taken place or before the final meeting indicated in the notice to attend has been deserted.

Article 12) Each shareholder that has the right to take part in the meeting may elect a representative in accordance with the law.

It is, in any case, the prerogative of the Chairman of the meeting to ascertain the validity of proxy representatives within the limits stated above and in general the right to take part in the meeting. The Assembly, justly constituted, represents all shareholders, and its deliberations, made in accordance with law and this Constitution, shall be binding for all shareholders, including those not in attendance or dissenting.

Article 13) The meeting is chaired by the Chairman of the Board of Directors, and if he is absent or unable to attend, by the Vice Chairman or a Managing Director, or by any other board member designated by the Board, if nominated. If the latter, too, are absent, it may be chaired by a person, not necessarily a shareholder, nominated by the Assembly.

The Assembly nominates a Secretary, who need not be a shareholder, and if it deems it suitable, also chooses, among shareholders or auditors, two scrutineers.

Article 14) The Shareholders' Meeting is ordinary or extraordinary as defined by law. An Ordinary or Extraordinary Shareholders' Meeting is called whenever the Board of Directors deems it appropriate and in the cases allowed by the law.

Shareholders' Meetings may also be called:

- by the Board of Auditors or by at least two members of it, upon communication to the Chairman of the Board of Directors (Article 151 of the Single Text).

- upon the request of as many shareholders as represent at least 10% of capital; the request must indicate the matters to be discussed, in accordance with applicable norms.

Article 15) It is the duty of the Chairman of the Assembly to verify the validity of the Constitution, ascertain the identity and legitimacy of those in attendance, including those represented by proxy, make sure that the meeting is carried out in a proper manner, and check the results of voting.

The deliberations of the Assembly are established by the minutes, signed by the Chairman, the Secretary and, if necessary, the scrutineers.

In cases of law, and in addition when the Board of Directors or the Chairman deem it appropriate, the minutes are drawn up by a notary.

#### ADMINISTRATION

Article 16) The Company is administered by a Board of Directors consisting of five to eleven members.

It is for the Assembly, or during its constitution, the shareholders, to determine the form and powers of administration, to nominate the members of the Board of Directors, and to decide upon the number of members.

The Board of Directors holds office for a period that is determined upon its nomination (in any case not more than 3 business years) and may be re-elected.

If over the course of the business year one or more directors should come to be no longer present on the Board, they will be replaced in accordance with Article 2386, first paragraph, of the Italian Civil Code. Nonetheless, if, for any reason, the majority of the directors nominated by the Assembly should cease to be present on the Board, the entire Board shall be deemed to be no longer valid, and the Assembly called to meet in order to re-establish it entirely.

The Board of Directors will therefore hold office only for the performance of ordinary administrative acts unless the Assembly has deliberated with regard to its renewal and the majority has actively accepted the new administrators.

#### NORMS FOR THE BOARD OF DIRECTORS' METHODS OF OPERATION

Article 17) The Board shall elect from its members a Chairman, in the case in which the Assembly has not already done so.

Article 18) The Board may meet also in a place other than the Company's head offices, including overseas locations, on condition that they are in a Member State of the European Union, every time that the Chairman considers it necessary or two of its members request it in writing.

The meeting is called by the Chairman or by a person acting on his behalf, by registered letter, telefax or telegram, to be sent to each member of the Board or the Standing Auditors five days, or, in urgent cases, by telefax or telegram at least two days, prior to the date set for the meeting.

The Board of Directors may be convened, upon written communication to the Chairman of the Board, by the Board of Auditors or by two Standing Auditors.

Meetings of the Board of Directors are held at the Company's Registered Offices or in other locations in Italy or abroad, designated in the notice to attend. Meetings of the Board of Directors convened by the Board of Auditors or by its members may be held only at the Company's Registered Offices.

Meetings of the Board of Directors may be held by teleconference or videoconference, provided that all participants can be identified and that they are able to follow the discussion and intervene in real time during treatment of the matters under discussion. These requirements being met, the Board of Directors is considered to be held at the place in which the Chairman and the Secretary are physically, so as to allow the minutes of the meeting to be drawn up and signed.

Meetings of the Board of Directors are presided over by the Chairman or, in his absence, by the Vice Chairman, by a Managing Director, or by the most senior Director, in that order.

The Chairman nominates a Secretary for the meeting, who may be chosen from outside its members.

Article 19) Meetings of the Board of Directors are valid when the majority of the Board's members are in attendance and, in the case of it not being called, when all of its members and Standing Auditors are in attendance.

Deliberations are made with a vote in favour on the part of the majority of the board members present.

Article 20) The Board of Directors has all powers with regard to management of the Company and therefore has the widest powers for the ordinary and extraordinary management of the Company, without limitations, with the faculty to carry out all actions that it deems necessary for the accomplishment and achievement of its corporate purpose, excluding those which the law and the Company Constitution explicitly reserve for the Shareholders' Assembly.

It may, therefore, among other things, acquire, exchange, and sell fixed and non-fixed goods and assets, contribute them to the Company, take on stakes and shares in accordance with and under the limitations set out in Article 2 of this Constitution, allow loan registrations, cancellations and annotations in general, relinquish legal loans without realisation of corresponding credits, reach agreements and compromises through friendly settlement, including boards of arbitrators, and to carry out any banking, financial or exchange transactions.

It is, among other things, the task of the Board of Directors, pursuant to article 2365, second paragraph, of the Italian Civil Code, to deliberate:

- a) mergers in cases covered by articles 2505 and 2505 *bis* of the Italian Civil Code;
- b) reduction in capital in the event of withdrawal on the part of shareholders;
- c) modifications made to the Constitution so that it conforms to legal provisions and norms;

The attribution to the relevant administrative agency of the abovementioned matters as set forth in article 2365 2<sup>nd</sup> paragraph of the Civil Code does not compromise the main task of the Shareholders' Assembly, which retains the right to deliberate on the matter.

It also has the faculty to nominate directors and to deliberate on the nomination of attorneys for individual acts or deeds or categories of acts or deeds.

The Board may delegate part of its own powers to one or more of its members, with the status of Managing Director if required.

The Chairman and the Managing Director may be one and the same person.

The Board may likewise nominate an Executive Committee and determine the number of members, its duration and the norms that regulate its operation. It may also set up internal Committees with the task of examining and drawing up proposals with regard to specific matters. The Board of Directors may always impart instructions to delegated bodies and perform operations that fall within such authorisations themselves.

The Board of Directors, also through the Chairman or Managing Directors, at intervals of no longer than three months, reports to the Board of Auditors upon the most significant operations carried out by the Company and its subsidiaries on an economic and financial level and in terms of the Company's assets, on the Company's general performance, on the outlook for its evolution. In particular it reports on operations in which board members have an interest, on their own account or on behalf of third parties, or that are influenced by the subject that carries out the activity of management or coordination. Such communication is made on the occasion of board meetings; when particular circumstances call for it, communication may be made also by means of a written note addressed to the Chairman of the Board of Auditors with the obligation to make a report of it during the first meeting of the Board.

Article 21) Legal representation of the Company in relation to third parties and before the court falls to the Chairman or a person acting on his behalf.

Legal representation may also fall to the Managing Director.

Article 22) The deliberations of the Board are established by the minutes, signed by the Chairman and the Secretary.

Article 23) Directors are entitled to the reimbursement of expenses incurred for reasons related to their role.

In addition, the Assembly may allocate allowances and payments of other kinds to members of the Board, as a fixed sum or in relation to profits. The sharing out of such payments between Directors is established by the deliberation of the Board itself. In addition the Board may establish pay for Directors appointed to particular roles in accordance with the Constitution, having heard the advice of the Board of Auditors.

#### BOARD OF AUDITORS

Article 24) The Board of Auditors consists of three Standing Auditors and two Substitute Auditors, who hold office for three business years and may be re-elected. For the determination of their powers, current legislation is observed.

Those who are in situations of incompatibility as established by law and/or by secondary norms of implementation may not be elected as auditors, and if elected, must relinquish the office. The same is true for those who hold the position of Standing Auditor in more than five Italian firms that are listed on Italian regulated

markets. In particular, as regards professional requirements, for the purposes of that which is set out by article 1, paragraph 3 of Ministerial Decree no. 162 of 30 March 2000, “matters that are strictly connected to the activities of the Company” means the matters (legal, economic, financial and technical-scientific) and the sectors of activity that are connected to or form an integral part of the Company’s activity as set forth in the company purpose.

The Board of Auditors is nominated on the basis of lists presented by the shareholders, following the procedure described below, in order to guarantee to the minority the nomination of a Standing Auditor and a Substitute Auditor.

The lists contain a number of candidates that is not higher than the number of members to be elected listed by means of a sequential number. Candidates may stand for election in one list only, or their candidacy shall be invalidated.

Shareholders who have the right to present lists are those who have been listed in the register of members for at least 3 (three) months as of the date set for the first convocation of the General Assembly, and who, alone or together with other shareholders, also listed in the register of members for at least 3 (three) months, represent at least 2% of capital with the right to vote at the Ordinary Assembly. Each shareholder may assemble to present, directly or indirectly through a trust company or third party, a single list: if this condition is contravened, no account will be taken of the support given by him in relation to any of the lists.

Each shareholder that proposes a list must present and/or send to the Company’s Registered Offices the certification issued by authorised intermediaries that is required as proof of the legitimacy of his rights as shareholder, at least 5 days before the date set for the first convocation of the Assembly.

The lists, signed by those presenting them, must be deposited at the Registered Offices of the Company at least 5 days before the date set for the first convocation of the Assembly.

Together with each list, within the term mentioned above, those presenting the lists must deposit declarations in which the individual candidates accept their candidacy and, at their own responsibility, affirm that no causes of ineligibility exist, and that the requirements laid down by current law for such offices are satisfied. Any list which is presented and for which the provisions of this article are not observed shall be considered not presented.

Each person that has the right to vote may vote for only one list.

The first two candidates from the list that obtains the highest number of votes and the first candidate from the list that obtains the second highest number of votes will be elected as Standing Auditors. The third candidate from the list that obtains the highest number of votes and the second candidate from the list that obtains the second highest number of votes will be elected as Substitute Auditors

If two lists obtain the same number of votes, the most senior candidates will be elected until the positions assigned are taken. Chairmanship will be assigned to the first candidate in numerical order in the list that has obtained the highest number of votes; if the number of votes is equal for two or more lists, the most senior candidate will be nominated Chairman.

In the event of death, resignation, forfeiture or in any case the cessation of office of a Standing Auditor, the Substitute Auditor belonging to the same list as the substituted Auditor will take his place.

The Assembly, which must arrange for the nomination of Standing and Substitute Auditors necessary to complete the Board according to Article 2401 of the Italian Civil Code, must choose from the names of the list to which the Auditor leaving office belonged.

In the absence of lists, the Board of Auditors and its Chairman will be nominated by the Assembly by legal majority.

For the purposes of this article, shareholders belonging to the same group – by which is meant any controlling or controlled company, under common control, or connected as defined in Article 2359 of the Italian Civil Code – must be considered a single shareholder and may not present more than one list.

The meetings of the Board of Auditors are valid also when they are held by teleconference or videoconference, provided that all participants can be identified by each other and that they are able to follow the discussion and intervene in real time during treatment of the matters under discussion, that they may exchange documents relative to such matters and that all elements referred to above are included in the relative minutes. These requirements being met, the meeting of the Board of Auditors shall be considered to be held in the place of meeting of the Board, where at least one Auditor must be present.

#### BALANCE SHEET AND ALLOCATION OF PROFITS

Article 25) Business years close on 30 June of each year.

The balance sheet will be drawn up to be presented for the approval of the Assembly within the terms and according to the forms of law.

Article 26) Net profits emerging from the balance sheet, after deduction, at least within the limits established under Article 2430 of the Italian Civil Code of 5% (five per cent) for minimum capital reserve requirements, will be shared out among shareholders in proportion to their shareholdings, unless the Assembly decides otherwise.

The Board of Directors, during the course of the business year, may deliberate on the distribution of partial payments of dividends in the manner and form set forth in article 2433 *bis* of the Italian Civil Code.

Dividends not redeemed within five years of the day on which they matured will be turned over to the Company.

#### WINDING-UP AND GENERAL PROVISIONS

Article 27) Should the Company be wound up at any time and for any reason, the Shareholders' Assembly shall determine the manner of liquidation and shall nominate one or more liquidators, defining their powers.

Article 28) For any matters not set forth in this Constitution, reference is made to the provisions of the law on the matter in question.

The updated Constitution is deposited following the request, on 22 March 2005, for the conversion of 800

convertible bonds for maximums of 4,000,000 Euro, made by the Ordinary and Extraordinary Shareholders' Meeting of 19 April 2002 no. 24903/5782, authenticated by notary Arrigo Roveda (Milan), into 254,776 ordinary shares, each with a nominal value of 0.4 Euro.

Therefore the current share capital has been increased by 101,910.40, and is now underwritten and fully paid up to the amount of 5,489,968.80 Euro, and divided into 13,724,922 ordinary shares with a value of 0.4 Euro each.

Milan,

Chairman of the Board of Directors