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Beni Stabili S.p.A. SIIQ

(incorporated with limited liability in the Republic of Italy)

with registered office in Via Piemonte 38 00187 Rome Italy

authorised share capital Euro Euro 305.463.875,30, issued and paid-in Euro 226.959.280,30

fiscal code and registration with the companies' register of Rome number 00380210302

website: www.benistabili.it

ADMISSION DOCUMENT

dated 28 October 2015

for the admission to trading on ExtraMOT market - Professional Segment (ExtraMOT PRO)

organised and managed by Borsa Italiana S.p.A

of the

€200,000,000 0.875 per cent. Convertible Bonds due 2021

issued by Beni Stabili S.p.A. SIIQ

**CONSOB AND BORSA ITALIANA HAVE NEITHER EXAMINED NOR APPROVED THE
CONTENT OF THIS ADMISSION DOCUMENT**

INDEX

Section

1. TYPE OF DOCUMENT
2. RISK FACTORS RELATING TO THE BONDS
3. TERMS AND CONDITIONS OF THE BONDS
4. ADMISSION TO TRADING

1. TYPE OF DOCUMENT

This Admission Document is prepared in short form in compliance with the Regulation of the ExtraMOT Market.

The information related to the Issuer - the shares of which are listed on the MTA 1 segment of the Italian stock exchange - its organisational structure, significant shareholders and information concerning its assets and liabilities, financial situation and profits and losses is available on the Issuer's website (www.benistabili.it).

2. RISK FACTORS RELATING TO THE BONDS

The Issuer believes that the following factors represent the principal risks which are inherent in investing in the Bonds and could adversely affect the trading price of the Bonds and/or the rights of the investors under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prospective investors, who are also required to carefully read the Terms and Conditions of the Bonds (the "Conditions"), should consider that they could lose some or all of their investment.

Words and expressions defined in the Conditions shall have the same meanings in these risk factors.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information relating to the Issuer that are publicly available;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Modification, waivers and substitution

The Agency Agreement (as defined in the Conditions) contains provisions for convening meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. No consent or approval of Bondholders shall be required in connection with any Newco Scheme Modification.

The claims of Bondholders are structurally subordinated with respect to subsidiaries

The operations of the Group are conducted also through subsidiaries of the Issuer. Bondholders will not have a claim against any subsidiaries of the Issuer. The assets of the Issuer's subsidiaries will be subject to prior claims by creditors of those subsidiaries, whether such creditors are secured or unsecured.

The Bonds are not rated

The Bonds are not rated. To the extent that any credit rating agencies assign credit ratings to the Bonds, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Bonds. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The Bonds may be redeemed prior to maturity

The Conditions provide that the Bonds are redeemable at the Issuer's option in certain circumstances. The Issuer may choose to redeem the outstanding Bonds at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds.

The Bonds may be redeemed if the Shareholder Resolutions are not passed by the Long-Stop Date

The Conditions provide that the Issuer's general meeting shall approve the capital increase to be reserved to serve the conversion of the Bonds into Ordinary Shares of the Issuer by 31 January 2016. To the extent such resolutions are not passed, the Issuer may give notice to the Bondholders to redeem all but not some only of the Bonds at the Fair Bond Value, in the manner and under the conditions described under "*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption following non-passing of Shareholder Resolutions*".

Bondholders will have no right to acquire Ordinary Shares in case of conversion of the Bonds

Under the terms of the Bonds, the Issuer has the right to elect to settle any exercise of conversion rights of the Bonds in shares, cash or a combination of shares and cash. Accordingly, a Bondholder will have no right to receive Ordinary Shares if the Issuer elects to settle conversion rights in cash.

Bondholders will have no rights as shareholders until they acquire the Ordinary Shares in case of physical settlement upon conversion of the Bonds

Unless and until a Bondholder acquires the Ordinary Shares in case of conversion of its Bonds, it will have no right with respect to the Ordinary Shares, including any voting rights or rights to receive any dividends or other distributions with respect to the Ordinary Shares. Bondholders who acquire Ordinary Shares upon conversion will be entitled to exercise their rights as a shareholder only as to actions for which the applicable record date occurs after the relevant Delivery Date. However, the Conditions provide for a dividend protection mechanism before the conversion of the Bonds, through which in case dividend distribution per year exceeds 0,024€/share the conversion price will be adjusted consequently.

Dilution of Bondholders' rights

The issuance of Ordinary Shares and any dividend distributions by the Issuer in the form of capital stock will dilute the holders and associated rights of Bondholders who convert the Bonds to Ordinary Shares, subject to any adjustments made to the Conversion Price when applicable pursuant to the Conditions.

No active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market and one may never develop. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, Beni Stabili's results of operations and the market price of the Ordinary Shares. Although application has been made for the Bonds to be traded on the EXTRAMOT PRO of the Italian Stock Exchange, there is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

The secondary market generally

The Bonds may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Certain bonds may have a more limited secondary market and more price volatility than conventional debt securities.

In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of the admission to trading on the EXTRAMOT PRO), whereby there is a significant volatility in the secondary market for debt instruments. Volatility may have a severely adverse effect on the market value of Bonds and may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there will be less volatility for the Bonds and instruments similar to the Bonds at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. Luxembourg has abolished the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct

tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

3. TERMS AND CONDITIONS OF THE BONDS

The issue of the €200,000,000 0.875 per cent. Convertible Bonds due 2021 (the "**Bonds**", which expression shall, unless otherwise indicated, include any Further Bonds (as defined below)), having as underlying ordinary shares of Beni Stabili S.p.A. SIIQ (the "**Issuer**"), was (save in respect of any Further Bonds) authorised by a resolution (*determina*) of the Managing Director of the Issuer dated 23 July 2015 pursuant to the powers delegated to the Managing Director by a resolution of the Board of Directors of the Issuer dated 21 July 2015. The Issuer has entered into a Paying, Transfer and Conversion Agency Agreement dated 3 August 2015 (the "**Agency Agreement**") relating to the Bonds with BNP Paribas Securities Services, Luxembourg Branch (the "**Principal Paying, Transfer and Conversion Agent**", which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement), the Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the "**Paying, Transfer and Conversion Agents**", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and BNP Paribas Securities Services, Luxembourg Branch in its capacity as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Agency Agreement). The Agency Agreement includes the form of the Bonds. The Issuer has also entered into a Calculation Agency Agreement dated 3 August 2015 with Conv-Ex Advisors Limited (the "**Calculation Agent**" which expression shall include any successor as calculation agent under the Calculation Agency Agreement) whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds. The holders of the Bonds (the "**Bondholders**") are deemed to have notice of all of the provisions of the Agency Agreement and the Calculation Agency Agreement applicable to them.

Copies of the Agency Agreement and the Calculation Agency Agreement are available for inspection at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Each Bond will, subject as set out in these Terms and Conditions (the "**Conditions**"), entitle the holder, after the Long-Stop Date (as defined below) and prior to the Physical Settlement Date (as defined below), to require the redemption of such Bond for the relevant Cash Alternative Amount (as defined below) or, on and following the Physical Settlement Date (if any), to convert such Bond into Ordinary Shares (as defined below) subject to the Issuer's right to make a Cash Alternative Election, in each case in accordance with, and as described in, Condition 6.

1 Form, Denomination, Title and Status

(a) *Form and Denomination*

The Bonds are in registered form in principal amounts of €100,000 each (the "**Authorised Denomination**").

(b) *Title*

Title to the Bonds will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or

anything written on it or the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are both mandatory and of general application.

2 Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Agency Agreement), the Issuer will not, and will procure that none of its Material Subsidiaries (as defined below) will, create any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each, a "**Security Interest**"), other than a Permitted Encumbrance, upon, or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless the Issuer shall, prior thereto or at the same time, take any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Bonds are secured equally and rateably with such Relevant Indebtedness or guarantee or indemnity in respect of Relevant Indebtedness, as the case may be; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided in favour of the Bondholders in respect of all amounts payable by the Issuer under the Bonds as shall be approved by an Extraordinary Resolution of the Bondholders.

3 Definitions

In these Conditions, unless otherwise provided:

"**Additional Cash Alternative Amount**" has the meaning provided in Condition 6(l).

"**Additional Cash Redemption Amount**" has the meaning provided in Condition 6(c).

"**Additional Ordinary Shares**" has the meaning provided in Condition 6(c).

"**Additional Ordinary Shares Delivery Date**" means, in relation to the Additional Ordinary Shares to be delivered to a Bondholder following a Retroactive Adjustment, the date from which such holder is entitled to all rights and entitlements to such Additional Ordinary Shares, as provided in Condition 6(l).

"**Bondholder**" and "**holder**" mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

"**Borsa Italiana**" means Borsa Italiana S.p.A..

"**business day**" means (save in relation to Condition 8(f)), in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

"Cash Alternative Amount" means an amount in euro calculated by the Calculation Agent in accordance with the following formula and which shall be payable by the Issuer to a Bondholder in respect of the relevant Cash Settled Shares:

$$CAA = \sum_{n=1}^N \frac{1}{N} \times S \times P_n$$

where:

- CAA = the Cash Alternative Amount;
- S = the Cash Settled Shares;
- P_n = the Volume Weighted Average Price of an Ordinary Share on the nth dealing day of the Cash Alternative Calculation Period; and
- N = 20, being the number of dealing days in the Cash Alternative Calculation Period,

provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced on or prior to the relevant Settlement Date or Conversion Date (as applicable) in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the relevant Settlement Date or Conversion Date (as applicable) and if on such dealing day in the Cash Alternative Calculation Period the price determined as provided above is based on a price ex-Dividend or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day) determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit.

"Cash Alternative Calculation Period" means, in respect of (i) the exercise of Conversion Rights by a holder, a period of 20 consecutive dealing days commencing on the third dealing day following the Cash Election Date or (ii) the exercise of a Settlement Right by a holder, a period of 20 consecutive dealing days commencing on the relevant Settlement Date (or the next dealing day if such date is not a dealing day).

"Cash Alternative Election" has the meaning provided in Condition 6(f).

"Cash Alternative Election Notice" has the meaning provided in Condition 6(f).

"Cash Dividend" has the meaning provided in Condition 6(b)(iii)(A).

"Cash Election Date" has the meaning provided in Condition 6(f).

"Cash Settled Shares" means, in respect of (i) the exercise of Conversion Rights by a holder, such number of Ordinary Shares (which shall be a whole number of Ordinary Shares and shall not exceed the number of Reference Shares in respect of such exercise) as determined by the Issuer and notified to the relevant holder in the relevant Cash Alternative Election Notice in accordance with Condition 6(f) or (ii) any exercise of a Settlement Right by a holder where the Settlement Date falls prior to the Physical Settlement Date, the number of Ordinary Shares (including, for this purpose, any fraction of an Ordinary Share) determined by dividing the principal amount of the relevant Bonds in respect of which the Settlement Right shall have been exercised by the relevant Bondholder by the Conversion Price in effect on the relevant Settlement Date.

a **"Change of Control"** shall occur if (a) an offer is made to all (or as nearly as may be practicable all) Shareholders or all (or as nearly as may be practicable all) such Shareholders other than the

offeror and/or any associate of the offeror to acquire all or a majority of the Ordinary Shares and the offeror acquires control of the Issuer (other than as a result of an Exempt Newco Scheme or where the offeror is an Exempt Person) and where “control” means the acquisition or holding or legal or beneficial ownership or control of more than 50 per cent. of the Voting Rights of the Issuer, and “controlled” shall be construed accordingly; or (b) at any time the Free Float of the Issuer falls below 15 per cent. of the issued outstanding Ordinary Shares and does not revert to, and remain, at least 15 per cent. of the issued outstanding Ordinary Shares of the Issuer within 90 calendar days of the first date on which it falls below such 15 per cent. threshold.

“**Change of Control Notice**” has the meaning provided in Condition 6(g).

“**Change of Control Period**” means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control or, if later, 60 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 6(g).

“**Change of Control Put Date**” has the meaning provided in Condition 7(e).

“**Change of Control Put Exercise Notice**” has the meaning provided in Condition 7(e).

“**Closing Date**” means 3 August 2015.

“**Conversion Date**” has the meaning provided in Condition 6(h).

“**Conversion Notice**” has the meaning provided in Condition 6(h).

“**Conversion Period**” has the meaning provided in Condition 6(a).

“**Conversion Price**” has the meaning provided in Condition 6(a).

“**Conversion Right**” has the meaning provided in Condition 6(a).

“**Current Market Price**” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date as determined by the Calculation Agent; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend or entitlement, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of any associated tax credit; or
- (b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such

Dividend or entitlement, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of any associated tax credit,

and provided further that if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend or entitlement, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined by an Independent Financial Adviser.

“dealing day” means a day on which the Relevant Stock Exchange or relevant market is open for business and on which Ordinary Shares, Securities or Spin-Off Securities (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant market is scheduled to or does close prior to its regular weekday closing time).

“Delivery Date” means, in relation to the Ordinary Shares to be delivered to a Bondholder following the exercise of Conversion Rights, the date from which such holder is entitled to all rights and entitlements to such Ordinary Shares, as provided in Condition 6(i).

“De-merger” means any de-merger of the Issuer in accordance with Article 2506 and ff. of the Italian Civil Code.

“Dividend” means any dividend or distribution to Shareholders (including, subject as provided below, a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a cash Dividend of the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the Effective Date relating to such Dividend or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, if later, the date on which the

number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined;

- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) any De-merger which is a Permitted Reorganisation shall be disregarded;
- (d) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend if it is a Stock Option Plan Buyback; in any other case it shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the Volume Weighted Average Price of an Ordinary Share on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average Volume Weighted Average Price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and
- (e) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (d) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Independent Financial Adviser.

"Effective Date relating to such Dividend or entitlement" means (for the purposes of the definitions of "**Current Market Price**" and "**Dividend**") the first date on which the Ordinary Shares are traded ex- the relevant Dividend or entitlement on the Relevant Stock Exchange.

"equity share capital" means, in relation to any entity, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specific amount in a distribution.

"Exempt Newco Scheme" means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares of Newco are (1) admitted to trading on the Relevant Stock Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market in the European Union as the Issuer or Newco may determine.

"Exempt Persons" means Foncière des Régions.

"Extraordinary Dividend" has the meaning provided in Condition 6(b)(iii)(B).

"Extraordinary Resolution" has the meaning provided in Condition 14(a).

"Fair Market Value" means, with respect to any property on any date: (i) in the case of a cash Dividend, the amount of such cash Dividend; (ii) in the case of any other cash amount, the amount of such cash; (iii) in the case of Securities, Spin-Off Securities, options, warrants or other rights which are publicly traded in a market of adequate liquidity (as determined by the Calculation Agent), the Fair Market Value (a) of Ordinary Shares or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of Securities (other than Ordinary Shares or Spin-Off Securities), such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such securities, options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded as determined by the Calculation Agent; (iv) in the case of Securities, Spin-Off Securities, options, warrants or other rights which are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date all as determined by the Calculation Agent. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"Final Maturity Date" means 31 January 2021.

"First Call Date" has the meaning provided in Condition 7(b).

"Free Float" means all issued and outstanding Ordinary Shares less the aggregate of those Ordinary Shares held by any Exempt Person or by any other person (or persons who have entered into shareholders' agreements or lock-up agreements concerning the Ordinary Shares with a duration of more than six months) holding more than 2 per cent. of the issued and outstanding Ordinary Shares (other than, in each case, Ordinary Shares held by any collective investment undertakings, pension funds and social security institutions).

"Further Bonds" means any further Bonds issued pursuant to Condition 16 and consolidated and forming a single series with the then outstanding Bonds.

"Group" means the Issuer and its Subsidiaries taken as a whole.

"Independent Financial Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise, which may (without limitation) be the Calculation Agent, appointed by the Issuer at its own expense.

"Interest Payment Date" has the meaning provided in Condition 5(a).

"Long-Stop Date" means 31 January 2016.

"Market Price" means the Volume Weighted Average Price of an Ordinary Share on the relevant Reference Date, provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced on or prior to the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such dividend or other entitlement shall be on or after the Conversion Date and if, on the relevant Reference Date, the Volume Weighted Average Price of an Ordinary Share is based on a price ex-Dividend or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or if that is not a dealing day, the immediately preceding dealing day) determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit, all as determined by the Calculation Agent.

"Material Subsidiary" means at any time a Subsidiary of the Issuer:

- (a) whose total assets (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets) at any relevant time represent no less than 10 per cent. of the total consolidated assets of the Group, as calculated by reference to the then latest consolidated audited accounts or consolidated six-month or quarterly reports of the Issuer and the latest accounts or six-month or quarterly reports of each relevant Subsidiary as restated in accordance with principles of International Accounting Standard; or
- (b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that, as a result of such transfer, the relevant Subsidiary assets shall represent at least 10 per cent. of the total consolidated assets of the Issuer and its Subsidiaries, as calculated pursuant to paragraph (a) above.

A certificate from two Directors of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders.

"MTA" means the Mercato Telematico Azionario, a market organised and managed by Borsa Italiana.

"Newco Scheme" means a scheme of arrangement or analogous proceeding ("**Scheme of Arrangement**") which effects the interposition of one or more limited liability companies ("**Newco**") between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Issuer; provided that (i) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer

immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement.

"Non-Cash Dividend" has the meaning provided in Condition 6(b)(iii)(A).

"Option Scheme" has the meaning provided in Condition 6(e).

"Optional Redemption Date" has the meaning provided in Condition 7(b).

"Optional Redemption Notice" has the meaning provided in Condition 7(b).

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer currently with a par value of €0.10 each.

"Permitted Encumbrance" means:

- (a) any Security Interest arising by operation of law in the ordinary course of business;
- (b) any Security Interest in existence in respect of any asset or property of the Issuer or any of its Subsidiaries on the Closing Date;
- (c) in the case of any entity which becomes a Subsidiary of any member of the Group after the Closing Date, any Security Interest securing Relevant Indebtedness existing over its assets at the time it becomes such a Subsidiary provided that the Security Interest was not created in contemplation of, or in connection with, such entity becoming a Subsidiary and the amounts secured have not been increased in contemplation of or in connection with such entity becoming a Subsidiary; and
- (d) any Security Interest created in substitution of any Security Interest permitted under paragraphs (a) to (c) above over the same or substituted assets provided that (1) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest, (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced, as determined and confirmed in writing by the Issuer (acting reasonably), and (3) the duration of the substitute Security Interest does not exceed the duration of the substituted Security Interest.

"Permitted Reorganisation" means (i) any consolidation, amalgamation, merger or De-merger of the Issuer with any other corporation, or (ii) the sale or transfer of all, or substantially all, of the assets of the Issuer or any Subsidiary of the Issuer to a single acquirer, or (iii) any contribution in kind, conveyance, sale, assignment, transfer, lease of, or any kind of disposal of, all or substantially all, of the assets or going concern of the Issuer or any of its Subsidiaries or (iv) any purchase or exchange by the Issuer or any of its Subsidiaries of its assets or its going concern, whether or not effected through a capital increase subscribed and paid up by means of a contribution in kind, provided that in any such reorganisation affecting the Issuer (where the Issuer is not the continuing entity):

- (a) the continuing entity (in the case of (i) above) or the acquirer (in the case of (ii) above) (each, a **"Successor"**) shall assume all of the obligations under the Bonds including the obligation to deliver its ordinary shares upon conversion of the Bonds mutatis mutandis these Conditions, at an initial conversion price which shall be determined in such manner as an Independent Financial Adviser (acting reasonably) shall deem to be appropriate:

- (b) the ordinary shares of the Successor are admitted to listing on the Relevant Stock Exchange or on another regulated, regularly operating, recognised stock exchange or securities market in the European Union;
- (c) such other changes are made to these Conditions and the Agency Agreement as an Independent Financial Adviser shall deem to be appropriate;
- (d) no Event of Default (as defined in Condition 10) shall have occurred.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“**Physical Settlement Date**” means the date specified as such in any Physical Settlement Notice and which shall be not earlier than 10 nor later than 20 Milan business days after the date on which the Physical Settlement Notice is given.

“**Prevailing Rate**” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined all as determined by the Calculation Agent, or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall prescribe in good faith.

“**Record Date**” has the meaning provided in Condition 8(c).

“**Reference Date**” means, in relation to a Retroactive Adjustment, the date on which the relevant Adjustment to the Conversion Price takes effect or, in any such case, if that is not a dealing day, the next following dealing day.

“**Reference Shares**” means, in respect of the exercise of Conversion Rights by a holder, the number of Ordinary Shares (rounded down, if necessary, to the nearest whole number) determined by dividing the principal amount of Bonds which are the subject of the relevant exercise of Conversion Rights by such holder by the Conversion Price in effect on the relevant Conversion Date.

“**Register**” has the meaning provided in Condition 4(a).

“**Relevant Currency**” means euro or, if at the relevant time or for the purposes of the relevant calculation or determination, Borsa Italiana and/or Euronext Paris is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

“**Relevant Date**” means, in respect of any Bond, whichever is the later of:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 15 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, interest or other amounts), in the form of, or represented by, notes, bonds or other securities,

whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market; provided, however, that any indebtedness represented by notes or similar instruments, issued by consolidated or non-consolidated special purpose vehicles in connection with the securitisation of assets, and in respect of which recourse is limited to such assets, shall not be deemed to constitute Relevant Indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include, whether granted by the Issuer or any of its Subsidiaries, any mortgages, bank loans, guarantee or indemnification obligations in connection with the securitisation of assets or financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under art. 2447bis and ff. of the Italian Civil Code.

"Relevant Page" means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

"Relevant Stock Exchange" means Borsa Italiana and/or Euronext Paris or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the Borsa Italiana and/or Euronext Paris, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or dealt in.

"Restricted Period" has the meaning provided in Condition 6(a).

"Retroactive Adjustment" has the meaning provided in Condition 6(c).

"Scheme of Arrangement" has the meaning provided in the definition of "Newco Scheme".

"Securities" means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

"Settlement Date" has the meaning provided in Condition 6(h).

"Settlement Notice" has the meaning provided in Condition 6(h).

"Settlement Period" has the meaning provided in Condition 6(a).

"Settlement Right" has the meaning provided in Condition 6(a).

"Shareholder Resolutions" has the meaning provided in Condition 7(b)(ii).

"Shareholders" means the holders of Ordinary Shares.

"Specified Date" has the meaning provided in Conditions 6(b)(vii) and (viii).

"Spin-Off" means:

- (a) any De-merger;
- (b) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (c) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

"Spin-Off Securities" means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

"Stock Option Plan Buyback" means any buy back of Ordinary Shares by, or on behalf of, the Issuer for the exclusive use of the satisfaction of any obligation pursuant to any Option Scheme.

"Subsidiary" of any person means at any relevant time (i) a company more than 50 per cent. of the Voting Rights of which are owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other company in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, also by way of shareholders' agreements, has at least a majority ownership in the share capital with Voting Rights or in any event a dominant influence pursuant to Article 2359, paragraph 1, of the Italian Civil Code.

"TARGET Business Day" means a day (other than a Saturday or Sunday) on which the TARGET System is operating.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto.

"Tax Redemption Date" has the meaning provided in Condition 7(c).

"Tax Redemption Notice" has the meaning provided in Condition 7(c).

"Volume Weighted Average Price" means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, published by or derived (in the case of an Ordinary Share) from Bloomberg page BNS IM <equity> HP (setting Weighted Average Line or any other successor setting and using values not adjusted for any event occurring after such dealing day and for the avoidance of doubt all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) or (in the case of a Security (other than Ordinary Shares) or Spin-Off Security, option, right or asset) from the equivalent Bloomberg Page and setting for such Security, Spin-Off Security, option, right or asset in respect of the principal stock exchange or securities market on which such Securities or Spin-Off Securities, option, right or asset are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by the Calculation Agent on such dealing day and translated, if not in the Relevant Currency, into the Relevant Currency by the Calculation Agent at the Prevailing Rate on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined all as calculated by the Calculation Agent or, if such price cannot be calculated as aforesaid, determined by an Independent Financial Adviser in such manner as it may consider appropriate.

"Voting Rights" means the right generally to vote at a general meeting of Shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

“€” and “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as the Calculation Agent or Independent Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6 (a), (b), (c), (h) and (i) and Condition 11 only, (a) references to the “issue” of Ordinary Shares or Ordinary Shares being “issued” shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “in issue” or “issued”, or entitled to receive the relevant Dividend, right or other entitlement.

Any determination by the Calculation Agent or an Independent Financial Adviser appointed by the Issuer in any of the circumstances contemplated in these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Bondholders and, (in the case of a determination by an Independent Financial Adviser) the Calculation Agent.

4 Registration and Transfer of Bonds

(a) Registration

The Issuer will cause a register (the “Register”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of Bonds.

(b) Transfer

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part (but always in an Authorised Denomination) by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar (and as initially set out in the Agency Agreement).

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 7 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 7(b) or 7(c); (ii) in respect of which a Settlement Notice or Conversion Notice has been delivered in accordance with Condition 6(h); (iii) in respect of which a Bondholder has exercised its right to require redemption pursuant to Condition 7(e); or (iv) during the period of 7 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5 Interest

(a) *Interest Rate*

The Bonds bear interest from (and including) the Closing Date at the rate of 0.875 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 31 January and 31 July in each year (each an "Interest Payment Date"), except that the first payment of interest will be made on 31 January 2016 in respect of the period from (and including) the Closing Date to (but excluding) 31 January 2016 and will amount to €430.37 per €100,000 in principal amount of the Bonds.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Closing Date) to (but

excluding) the next Interest Payment Date and the number of Interest Periods normally ending in any year.

“**Interest Period**” means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Settlement Right or Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Settlement Date or Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Settlement and Conversion of Bonds

(a) *Settlement Period, Conversion Period and Conversion Price*

Subject as provided in these Conditions, each Bond shall initially entitle the holder to require the Issuer to redeem such Bond at the relevant Cash Alternative Amount (the “**Settlement Right**”).

The Issuer shall, within 5 Milan business days of the registration of the Shareholder Resolutions with the competent registrar, give notice (the “**Physical Settlement Notice**”) to the Bondholders in accordance with Condition 15 and to the Principal Paying, Transfer and Conversion Agent, the Registrar and the Calculation Agent that, with effect from and including the Physical Settlement Date specified in the Physical Settlement Notice, the Settlement Right relating to the Bonds shall cease to apply and instead the Conversion Right shall apply. Any Settlement Notice delivered in circumstances where the relevant Settlement Date shall fall on or after the Physical Settlement Date shall be void and ineffective.

Subject to the right of the Issuer to make a Cash Alternative Election pursuant to Condition 6(l) and otherwise as provided in these Conditions, if the Issuer shall have given a Physical Settlement Notice, each Bond shall entitle the holder to convert such Bond in circumstances where the relevant Conversion Date falls on or after the Physical Settlement Date into new and/or existing Ordinary Shares as determined by the Issuer, credited as fully paid (the “**Conversion Right**”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall be determined by the Calculation Agent by dividing the

principal amount of the Bonds to be converted by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is €1.0001 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

If a Cash Alternative Election is made by the Issuer, the Issuer shall make payment to the relevant holder of the relevant Cash Alternative Amount in respect of the Cash Settled Shares specified in the relevant Cash Alternative Election Notice and, where such number of Cash Settled Shares is less than the number of Reference Shares in respect of such exercise of Conversion Rights, issue or transfer and deliver to the relevant holder a number of Ordinary Shares as is equal to the Reference Shares minus the Cash Settled Shares.

A Bondholder may exercise the Settlement Right or, from and including the Physical Settlement Date, the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery to, or as directed by, the relevant Bondholder of the Cash Alternative Amount (in the case of the exercise of a Settlement Right such that the relevant Settlement Date falls prior to the Physical Settlement Date) or (in the case of the exercise of a Conversion Right such that the relevant Conversion Date falls on or after the Physical Settlement Date and subject to the right of the Issuer to make a Cash Alternative Election) of Ordinary Shares credited as paid up in full, in each case as provided in this Condition 6.

Subject to and as provided in these Conditions, the Settlement Right or, following the Physical Settlement Date (if any), the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided, from:

- (a) (in the case of the Settlement Right) the Long-Stop Date (or, if earlier, the occurrence of a Change of Control) (provided that the Physical Settlement Date does not occur prior to the Long-Stop Date), or
- (b) (in the case of the Conversion Right) the Physical Settlement Date,

in each case (subject as provided below) to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling 7 days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the seventh day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Settlement Right or, as appropriate, the Conversion Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 15 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a Milan business day, the immediately preceding Milan business day; provided that, in each case, if such final date for the exercise of Settlement Rights or, as appropriate, the Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Settlement Rights or, as appropriate, the Conversion Rights by Bondholders shall end on the immediately

preceding business day at the place aforesaid. Settlement Rights shall not be exercisable on or after the Physical Settlement Date.

Settlement Rights or, as appropriate, the Conversion Rights may not be exercised in respect of (i) any Bond following the giving of notice by the holder of such Bond pursuant to Condition 10 or (ii) a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Condition 7(e).

Save where a notice of redemption is given by the Issuer in the circumstances provided in Condition 6(j), Settlement Rights or, as appropriate, Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Settlement Date or, as appropriate, Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

In addition, if the board of directors of the Issuer resolves to convene a shareholders' meeting, Conversion Rights in respect of a Bond may not be exercised from the date of the resolution of the board of directors up to and including the date of the shareholders' meeting (the "**Restricted Period**"). Furthermore, if the board of directors of the Issuer resolves to convene a shareholders' meeting to resolve upon the distribution of Dividends, Conversion Rights in respect of a Bond may not be exercised from the date of the resolution by the board of directors up to and including the date immediately preceding the relevant ex date for the payment of the Dividend approved at the relevant shareholders' meeting (the "**Further Restricted Period**").

The foregoing shall not apply if the board of directors of the Issuer resolves to convene a shareholders' meeting in the event that (i) a Change of Control has already occurred; or (ii) a Change of Control occurs on or after the date of such board resolution and prior to the relevant shareholders' meeting. In that case, Bondholders shall be entitled to exercise Conversion Rights during the Change of Control Period, provided that they shall not be entitled to exercise Conversion Rights during the Change of Control Restricted Period.

The "**Change of Control Restricted Period**" means the period commencing on and including the 7th dealing day preceding the shareholders' meeting and ending on and including (A) the date of the relevant shareholders' meeting (where the shareholders' meeting has not been convened to resolve upon the distribution of Dividends) or, (B) if a shareholders' meeting has been convened to resolve upon the distribution of Dividends, the date immediately preceding the relevant ex date for payment of the relevant Dividend.

Notwithstanding the above, the Change of Control Restricted Period shall never exceed a period of 40 calendar days. For the avoidance of doubt, if the ex date for the payment of the Dividend falls more than 40 calendar days after the start of the Change of Control Restricted Period, such Change of Control Restricted Period shall be deemed to end 40 calendar days after the first day of the Change of Control Restricted Period. Conversion Notices that are received during a Restricted Period, a Further Restricted Period or a Change of Control Restricted Period shall be deemed not to have been delivered and shall be null and void.

The periods during which Settlement Rights or, as appropriate, Conversion Rights may (subject as provided herein) be exercised by a Bondholder are referred to as the "**Settlement Period**" and "**Conversion Period**", respectively. For the avoidance of

doubt, in the event that the Physical Settlement Date falls before the Long-Stop Date, there will be no Settlement Period.

Settlement Rights and Conversion Rights may only be exercised in respect of the whole of the Authorised Denomination.

Fractions of Ordinary Shares will not be issued or delivered on exercise of Conversion Rights or pursuant to Condition 6(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued or delivered on exercise of Conversion Rights will be issued or delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or delivered as of the relevant Delivery Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(c) will be deemed to be issued or delivered as of the relevant Additional Ordinary Shares Delivery Date.

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted by the Calculation Agent, on behalf of the Issuer, as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected

to receive or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(iii)

(A) If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders, unless an adjustment has already been made under any provision of these Conditions, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

"Effective Date" means, in respect of this sub-paragraph (b)(iii)(A), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the

Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

“Capital Distribution” means any Non-Cash Dividend.

“Cash Dividend” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of **“Spin-Off”** and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of **“Dividend”**, and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of **“Dividend”** shall be treated as being a Non-Cash Dividend.

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

- (B) If and whenever the Issuer shall pay any Extraordinary Dividends to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A - C}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date;
- B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend; and
- C is the amount (if any) by which the Threshold Amount in respect of the Relevant Fiscal Year exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per Ordinary Share paid or made in respect of such Relevant Fiscal Year (where C shall be zero if such previous Cash Dividends per Ordinary Share are equal to, or exceed, the Threshold Amount in respect of such Relevant Fiscal Year). For the avoidance of doubt **“C”** shall equal the Threshold Amount in respect of the Relevant Fiscal Year where no previous Cash Dividends per Ordinary Share have been paid or made in respect of such Relevant Fiscal Year.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

“Effective Date” means, in respect of this sub-paragraph (b)(iii)(B), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange.

“Extraordinary Dividend” means any Cash Dividend (the **“Relevant Dividend”**) paid or made in respect of a fiscal year of the Issuer, (each a **“Relevant Fiscal Year”**), if (a) the Fair Market Value of the Relevant Dividend per Ordinary Share or (b) the sum of (i) Fair Market Value of the Relevant Dividend per Ordinary Share and (ii) an amount equal to the aggregate of the Fair Market Value or Values of any other Cash Dividend or Cash Dividends per Ordinary Share paid or made in respect of the Relevant Fiscal Year, exceeds the Threshold Amount in respect of such Relevant Fiscal Year, and in that case the Extraordinary Dividend shall be the Relevant Dividend.

“Threshold Amount” means in respect of any Relevant Fiscal Year €0.024.

- (C) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Effective Date.
- (D) In making any calculations for the purposes of this Condition 6(b)(iii), such adjustments (if any) shall be made as the Calculation Agent may determine in good faith to be appropriate to reflect any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of Ordinary Shares in issue during the Relevant Fiscal Year in question or any change in the fiscal year of the Issuer.
- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing securities so issued), in each case in circumstances whereby such Ordinary Shares, options, warrants, other rights or any such Securities are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law and at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total

number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (b)(iv), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), in each case in circumstances whereby such Securities, options, warrants or rights are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (b)(v), the first date on which the Ordinary Shares are traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall for this purpose include any Further Bonds), in

each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(vi), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term shall for this purpose exclude any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this sub-paragraph (b)(vii), the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (b)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before the Effective Date (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as the Calculation Agent shall consider appropriate for any previous adjustment under this sub-paragraph (b)(viii) or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this sub-paragraph (b)(viii), the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (b)(viii), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in

connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (where such securities are not also offered to Bondholders) except where the Conversion Price falls to be adjusted under sub-paragraphs (b)(ii), (b)(iii), (b)(iv), (b)(vi) or (b)(vii) above or (b)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under sub-paragraph (b)(v) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(iii), the first date on which the Ordinary Shares are traded ex- rights on the Relevant Stock Exchange.

- (x) If a Change of Control shall occur, then upon any exercise of Conversion Rights or Settlement Rights where the Conversion Date or Settlement Date falls during the Change of Control Period, the Conversion Price (the “**Change of Control Conversion Price**”) shall, for the purposes of such exercise of Conversion Rights or Settlement Rights only, be determined as set out below:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

where:

COCCP = means the Change of Control Conversion Price

OCP = means the Conversion Price in effect on the relevant Conversion Date or Settlement Date, as the case may be

CP = means 32.5 per cent. (expressed as fraction)

c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date

- (xi) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 6(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion

Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (a) where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise or will give rise to an adjustment to the Conversion Price occurs or will occur within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
- (b) in addition, such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once; and
- (c) other than pursuant to Condition 6(b)(i), no adjustment shall be made that would result in an increase to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (b)(iv), (b)(vi), (b)(vii) and (b)(viii), the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or

rights as at the relevant Effective Date, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date; and
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

For the avoidance of doubt, the issue, transfer or delivery of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price pursuant to Condition 6(b).

(c) *Retroactive Adjustments*

- (i) Subject as provided in Condition 6(l), if the Delivery Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii), (iv), (v) or (ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), but the relevant Conversion Date fell before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b) (such adjustment, a "**Retroactive Adjustment**") in circumstances where a Cash Alternative Election is not made in respect of the relevant exercise of Conversion Rights, then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Bond as if the relevant adjustment to the

Conversion Price had been made and become effective immediately prior to the relevant Conversion Date, as determined by the Calculation Agent.

- (ii) If there is a Retroactive Adjustment to the Conversion Price following the exercise of Settlement Rights by a Bondholder in circumstances where had Conversion Rights been exercisable such Bondholder would upon their exercise have been entitled to receive Additional Ordinary Shares had the reference to "Delivery Date" in the first line of Condition 6(c)(ii) been deemed to refer to "Conversion Date", the Issuer shall pay to the relevant Bondholder an additional amount (the "**Additional Cash Redemption Amount**") equal to the Market Price of such number of Ordinary Shares equal to that by which the number of Ordinary Shares by reference to which the Cash Alternative Amount shall have been determined would have been increased if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Settlement Date, as determined by the Calculation Agent.

The Issuer will pay the Additional Cash Redemption Amount not later than 5 TARGET Business Days following the relevant Reference Date or, if later, on the date on which the related Cash Alternative Amount is to be paid, by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Settlement Notice.

- (d) *Decisions and determinations of an Independent Financial Adviser or Calculation Agent*

Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent at the request of the Issuer, and/or to the extent so specified in the Conditions only, in good faith by an Independent Financial Adviser. Adjustments to the Conversion Price so calculated by the Calculation Agent or, where applicable, an Independent Financial Adviser and any other determinations made by the Calculation Agent or, where applicable, an Independent Financial Adviser pursuant to these Conditions shall be final and binding (in the absence of bad faith or manifest error) on the Issuer, the Bondholders and the other Agents. The Calculation Agent may consult, at the expense of the Issuer, on any matter (including but not limited to, any legal matter), any legal or other professional adviser and it shall not be liable and shall incur no liability as against the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

The Calculation Agent is acting hereunder exclusively as an agent for and upon request from the Issuer and in accordance with the Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Financial Adviser appointed in connection with the Bonds (acting in such capacity), shall have any relationship of agency or trust with, and shall not be liable to and shall incur no liability as against, the Bondholders.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer, the Calculation Agent and an Independent Financial Adviser (if other than the Calculation Agent), a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Calculation Agent, save in the case of manifest error.

(e) *Share or Option Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees or directors (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme (an "Option Scheme").

(f) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of €0.0001, shall be rounded down to the nearest whole multiple of €0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made by reason of this paragraph (f) and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 15 as soon as practicable after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value (if any) of the Ordinary Shares. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws or regulations.

(g) *Change of Control*

Within 14 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 15 (a "Change of Control Notice"). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their Settlement Rights or, as appropriate, Conversion Rights as provided in these Conditions and their entitlement, subject to the right of the Issuer to procure the delivery of a Confirmation Opinion, to exercise their rights to require redemption of their Bonds pursuant to Condition 7(e).

The Change of Control Notice shall also specify:

- (i) all information material to Bondholders concerning the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price applicable pursuant to Condition 6(b)(x) during the Change of Control Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Change of Control;

- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;
- (iv) the last day of the Change of Control Period;
- (v) the Confirmation Opinion Deadline; and
- (vi) the Change of Control Put Date.

The Issuer shall also, if it delivers or procures the delivery of a Confirmation Opinion to the Principal Paying, Transfer and Conversion Agent on or prior to the Confirmation Opinion Deadline, give notice of such fact to the Bondholders in accordance with Condition 15 within five calendar days of the delivery of such Confirmation Opinion. If no such Confirmation Opinion is delivered to the Principal Paying, Transfer and Conversion Agent on or prior to the Confirmation Opinion Deadline, the Issuer shall give notice of such fact to the Bondholders in accordance with Condition 15 within five calendar days of the Confirmation Opinion Deadline.

(h) *Procedure for exercise of Settlement Rights and Conversion Rights*

Settlement Rights or, as appropriate, Conversion Rights may be exercised by a Bondholder during the Settlement Period or the Conversion Period, respectively, by delivering the relevant Bond to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of settlement (a "**Settlement Notice**") or, as appropriate, conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Settlement Rights or, as appropriate, Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Settlement Notice or Conversion Notice is delivered is located.

If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Settlement Notice or Conversion Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Paying, Transfer and Conversion Agents and the relevant Bondholder.

Settlement Rights or, as appropriate, Conversion Rights may only be exercised in respect of an Authorised Denomination.

A Settlement Notice or a Conversion Notice, once delivered, shall be irrevocable.

The settlement date in respect of a Bond (the "**Settlement Date**") or the conversion date in respect of a Bond (the "**Conversion Date**") shall be the business day in Milan immediately following the date of the delivery of the relevant Bond and the Settlement Notice or Conversion Notice as provided in this Condition 6(h).

The Issuer will pay the Cash Alternative Amount no later than 5 TARGET Business Days following the end of the relevant Cash Alternative Calculation Period by transfer to a euro account with a bank in the city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Settlement Notice.

A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on such exercise (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Italy in respect of the issue or transfer and delivery of any Ordinary Shares in respect of such exercise (including any Additional Ordinary Shares), including without limitation any such taxes payable in Italy pursuant to Article 1, paragraphs 491 to 500, of Law No. 228 of 24 December 2012, as amended and/or any other applicable provision, which shall be paid by the Issuer). If the Issuer shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Ordinary Shares to be delivered on exercise of Conversion Rights (including any Additional Ordinary Shares) will be delivered in uncertificated form through Monte Titoli S.p.A., unless, at the time of issue, the Ordinary Shares are not a participating security in Monte Titoli S.p.A. Where Ordinary Shares are to be issued through Monte Titoli S.p.A., they will be delivered to the account specified by the relevant Bondholder in the relevant Conversion Notice by not later than the relevant Delivery Date (or, in the case of any Additional Ordinary Shares, by not later than the relevant Additional Delivery Date).

The Delivery Date in respect of a Bond shall be (i) the last dealing day on the MTA of the calendar month in which the relevant Conversion Notice was delivered to the Paying, Transfer and Conversion Agent if the relevant Conversion Notice is delivered on or before the 15th calendar day of the calendar month, or (ii) the 10th dealing day of the calendar month immediately following the calendar month in which the relevant Conversion Notice was delivered, if the Conversion Notice is delivered to the Paying, Transfer and Conversion Agent from the 16th calendar day up to and including the last calendar day of any calendar month.

The Additional Delivery Date in respect of the Additional Ordinary Shares shall be (i) the last dealing day on the MTA of the calendar month in which the relevant Retroactive Adjustment occurs, if such Retroactive Adjustment occurs on or before the 15th calendar day of the calendar month; (ii) the 10th dealing day of the calendar month immediately following the calendar month in which the relevant Retroactive Adjustment occurs, if such Retroactive Adjustment occurs from the 16th calendar day up to and including the last calendar day of any calendar month; or (iii) the date of issue of Ordinary Shares, if the Retroactive Adjustment results from the issue of Ordinary Shares.

If the Ordinary Shares are not a participating security in Monte Titoli S.p.A. at the relevant time, the Ordinary Shares to be delivered on exercise of Conversion Rights (including any Additional Ordinary Shares) will be delivered in such manner as may be in accordance with market practice, and as notified by the Issuer to Bondholders.

(i) *Ordinary Shares*

- (i) Ordinary Shares issued or transferred and delivered on exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Delivery Date or, in the case of Additional Ordinary Shares, on the relevant Additional Ordinary Shares Delivery Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Delivery Date or, as the case may be, the relevant Additional Ordinary Shares Delivery Date.
- (ii) Save as provided in Condition 6(j), no payment or adjustment shall be made on exercise of Settlement Rights or, as appropriate, Conversion Rights for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Settlement Date or, as appropriate, Conversion Date relating to such Bonds (or, if such Settlement Date or, as appropriate, Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(j) *Interest on Conversion*

If any notice requiring the redemption of the Bonds is given pursuant to Condition 7(b) on or after the fifteenth London business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any Dividend or distribution payable in respect of the Ordinary Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 5(a) on Bonds in respect of which Settlement Rights or, as appropriate, Conversion Rights shall have been exercised and in respect of which the Settlement Date or, as appropriate, Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Settlement Date or, as appropriate, Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Settlement Date or, as appropriate, Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Settlement Date or, as appropriate, Conversion Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions given by the relevant Bondholder in the relevant Settlement Notice or, as appropriate, Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

The Issuer or any Subsidiary of the Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *Cash Alternative Election*

(i) Upon exercise of a Conversion Right, the Issuer may make an election (a "**Cash Alternative Election**") by giving notice (a "**Cash Alternative Election Notice**") to the relevant Bondholder by not later than the date (the "**Cash Election Date**") falling four dealing days following the relevant Conversion Date to the address specified in the relevant Conversion Notice (or, if a fax number or email address is provided in the relevant Conversion Notice to such fax number or email address). The Cash Alternative Election Notice shall specify:

- (1) the Conversion Price in effect on the relevant Conversion Date and the number of Reference Shares in respect of such exercise of Conversion Rights;
- (2) the number of Cash Settled Shares in respect of the relevant exercise of Conversion Rights and by reference to which the Cash Alternative Amount is to be calculated; and
- (3) if the number of Cash Settled Shares is less than the number of Reference Shares in respect of the relevant exercise of Conversion Rights, the number of Ordinary Shares to be issued or transferred to and delivered by the Issuer to the relevant Bondholder in respect of such exercise,

and so that the aggregate of the number of Cash Settled Shares and the number of Ordinary Shares to be issued and transferred by the Issuer to the relevant Bondholder in respect of any such exercise of Conversion Rights shall be equal to the number of Reference Shares in respect of such exercise.

(ii) If there is a Retroactive Adjustment to the Conversion Price following the exercise of Conversion Rights by a Bondholder, in circumstances where a Cash Alternative Election is or was made in respect of such exercise, the Issuer shall pay to the relevant Bondholder an additional amount (the "**Additional Cash Alternative Amount**") equal to the Market Price of such number of Ordinary Shares as is equal to the number of Additional Ordinary Shares that would have been required to be issued or transferred and delivered to the relevant Bondholder had a Cash Alternative Election not been made in respect of the relevant exercise of Conversion Rights (and on the basis that the reference to "Delivery Date" in the first line of Condition 6(c)(ii) had been deemed to refer to "Conversion Date").

The Issuer will pay the Additional Cash Alternative Amount not later than 5 TARGET Business Days following the relevant Reference Date or, if later, on the date on which the related Cash Alternative Amount is to be paid, by transfer to a euro account with a bank in a city in which banks have access to the TARGET system in accordance with instructions contained in the relevant Conversion Notice.

7 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or settled or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b) or 7(c).

(b) *Redemption at the Option of the Issuer*

(i) *Soft Call and Clean-up Call*

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 15, the Issuer may at any time redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date:

- (A) at any time on or after 15 August 2018 (the "**First Call Date**") if, on each of not less than 20 dealing days in any period of 30 consecutive dealing days ending not more than 7 days prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of an Ordinary Share for such dealing day exceeds 130 per cent. of the Conversion Price in effect on each such dealing day; or
- (B) at any time if, prior to the date the relevant Optional Redemption Notice is given, Settlement Rights and/or Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds).

(ii) *Redemption following non-passing of Shareholder Resolutions*

If the Shareholder Resolutions are not passed by the Long-Stop Date, the Issuer may give notice (a "**Shareholder Event Notice**") to the Bondholders in accordance with Condition 15 no later than 10 dealing days after the Long-Stop Date that it will redeem all but not some only of the Bonds on the date falling 3 dealing days after the end of the Fair Bond Value Calculation Period (the "**Shareholder Event Redemption Date**") at the greater of (x) 102 per cent. of their principal amount, together with accrued but unpaid interest to (but excluding) the Shareholder Event Redemption Date and (y) 102 per cent. of the Fair Bond Value of the Bonds, together with accrued but unpaid interest to (but excluding) the Shareholder Event Redemption Date.

"**Fair Bond Value**" means the price calculated by an Independent Financial Adviser as being the average of the prices of the Bonds on each dealing day during the Fair Bond Value Calculation Period.

"**Fair Bond Value Calculation Period**" means the period of 5 consecutive dealing days commencing on the dealing day following the date of the Shareholder Event Notice.

"Shareholder Resolutions" means one or more resolutions duly passed, approved or adopted at a General Meeting of Shareholders of the Issuer approving and confirming the increase in share capital of the Issuer and disapplication (for the purposes of the relevant capital increase) of any preferential subscription rights to enable the issue of a sufficient number of new Ordinary Shares to satisfy the exercise of Conversion Rights in full (assuming a Physical Settlement Notice has been given).

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a **"Tax Redemption Notice"**) to the Bondholders redeem (subject to the second following paragraph) all but not some only of the Bonds for the time being outstanding on the date (the **"Tax Redemption Date"**) specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 July 2015, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying, Transfer and Conversion Agent (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective).

On the Tax Redemption Date the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of interest to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts of such interest on such Bonds shall be made subject to the deduction or withholding of any Italian taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional Redemption and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date which shall be a Milan business day, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Settlement Rights or, as appropriate, Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the Option of Bondholders upon a Change of Control*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued and unpaid interest to such date, provided that the Issuer has not procured the delivery of a Confirmation Opinion to the Principal Paying, Transfer and Conversion Agent on or prior to the Confirmation Opinion Deadline. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "**Change of Control Put Exercise Notice**"), at any time during the Change of Control Put Exercise Period. The "**Change of Control Put Date**" shall be the fourteenth calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a euro account with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall, subject as provided above, redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

"**Change of Control Put Exercise Period**" means the period commencing on the date falling 7 calendar days after the Confirmation Opinion Deadline and ending on the last day of the Change of Control Period.

"**Confirmation Opinion**" means a written opinion of an Independent Financial Adviser which states that the relevant Change of Control is not, in its opinion, materially prejudicial to the interests of Bondholders, whether by reason of its actual or potential effect on the condition (financial or other), results of operations, credit standing, business or prospects of the Issuer or its actual or potential effect on the liquidity or trading price of the Ordinary Shares.

"**Confirmation Opinion Deadline**" means the date falling 30 calendar days after the occurrence of the Change of Control.

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange or securities market on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the

Issuer may at any time purchase any Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 14.

(g) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Subject to the requirements (if any) of any stock exchange or securities market on which the Bonds may be admitted to listing and/or trading at the relevant time and subject to compliance with all applicable laws and regulations, Bonds purchased by the Issuer or any of its Subsidiaries may be held or re-sold by the Issuer or submitted for cancellation by the Issuer or its Subsidiaries, in each case, at the Issuer's discretion.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

8 Payments

(a) *Principal*

Payment of principal and interest in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date.

(b) *Other amounts*

Payments of all amounts other than as provided in Condition 8(a) will be made as provided in these Conditions.

(c) *Record Date*

"Record Date" means the fifth day before the due date for the relevant payment.

The Bonds on issue will be represented by a global Bond (the "Global Bond") registered in the name of a common depository for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg").

All payments in respect of Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

Payment instructions (for value on the due date or, if that is not a TARGET Business Day, for value the first following day which is a TARGET Business Day) will be initiated on the TARGET Business Day preceding the due date for payment (for value the next TARGET Business Day).

(e) *Payments subject to fiscal laws*

Save as provided in Condition 9, all payments in respect of the Bonds are subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a business day.

(g) *Business Days*

In this Condition, "business day" means a day (other than a Saturday or Sunday) on which the TARGET System is operating.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time to vary or terminate the appointment of any Paying, Transfer and Conversion Agent and Registrar and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent, (ii) maintain a Paying, Transfer and Conversion Agent (which may be the Principal Paying, Transfer and Conversion Agent) with a specified office in a European Union member state (if any) that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 and (iii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 15. The Issuer reserves the right under the Calculation Agency Agreement at any time to vary or terminate the appointment of the Calculation Agent and appoint additional or other Calculation Agents, provided that it will maintain a Calculation Agent, which shall be a financial institution of international repute or an independent financial adviser with appropriate expertise. Notice of any change in the Calculation Agent will promptly be given by the Issuer to the Bondholders in accordance with Condition 15.

(i) *No charges*

Neither the Registrar nor the Paying, Transfer and Conversion Agents shall make or impose on a Bondholder any charge or commission in relation to any payment or conversion in respect of the Bonds.

(j) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9 Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, Italy or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in relation to any payment in respect of any Bond:

- (a) to a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Italy otherwise than merely by holding the Bond or by the receipt of any amounts in respect of the Bond; or
- (b) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of the Bond by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (c) in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") have not been met or complied with, except where such procedures have not been met or complied with due to actions or omissions of the Issuer or its agents; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) to a non-Italian resident other than a non-Italian resident who either (i) is resident in country that allows an adequate exchange of information with Italy (a mandatory list of those countries is contained in the Decree of the Minister of Finance dated September 4, 1996) or (ii) is included in one of the following categories: (a) entities or international bodies established according to international treaties implemented in Italy; (b) institutional investors, although not subject to tax, established in a country which satisfies the requirement under (i); or (c) central banks or bodies which manage also the official reserves of a country.

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be

payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Agency Agreement.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 7(c).

10 Events of Default

If any of the following events (each an "Event of Default") occurs:

- (a) **Non-Payment/Non-Delivery:** default is made for more than 5 Milan business days in the payment on the due date of principal or interest or any other amount (including, without limitation, any Cash Alternative Amount, Additional Cash Redemption Amount or Additional Cash Alternative Amount) that may be due in respect of any of the Bonds or the delivery of Ordinary Shares on exercise of Conversion Rights; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds which default is incapable of remedy or is not remedied within 60 days after notice of such default shall have been given to the Issuer by the holder of a Bond or by the Principal Paying, Transfer and Conversion Agent; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or any Material Subsidiary of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or the relevant Material Subsidiary; or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period (as initially agreed); or (iii) the Issuer or any Material Subsidiary of the Issuer fails to pay when due any amount payable by it under any present or future guarantee for any moneys borrowed or raised, provided that the aggregate amount of each relevant indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €20 million or its equivalent amount in any other currency; or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is enforced against all or a substantial part of the property, assets or revenues of the Issuer or any Material Subsidiary of the Issuer, present or future, and is not discharged or stayed within 90 days, provided that this paragraph (d) shall not apply to any proceedings against the Issuer or a Material Subsidiary brought by a third party other than an administrative or judicial authority where the Issuer can demonstrate that any such proceedings are being contested or opposed by the Issuer or the Material Subsidiary in good faith, diligently and by appropriate proceedings in a competent court; or
- (e) **Security Enforced:** (i) all conditions necessary for any mortgage, charge, pledge, lien or other formal encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary of the Issuer, present or future, on or against all or a substantial part of the property, assets or revenues of the Issuer or any Material Subsidiary, to become enforceable and to be executed against the Issuer or any Material Subsidiary have occurred, and (ii) any formal step to duly enforce and execute it is taken in accordance with applicable laws (including the taking of possession or the appointment of a receiver, administrative receiver or other similar person), unless the Issuer can demonstrate that any such proceedings are being contested or opposed in accordance

with the terms provided for by applicable law by the Issuer or the Material Subsidiary in good faith, diligently and by appropriate proceedings in a competent court; or

- (f) **Insolvency:** the Issuer or any Material Subsidiary incorporated in Italy is declared insolvent pursuant to Section 5 of the Royal Decree 267 of 1942, as subsequently amended, or in the case of the Issuer or a Material Subsidiary not incorporated in Italy, is declared unable to pay its debts as they fall due pursuant to any applicable regulations; or
- (g) **Winding-up:** any corporate action or legal proceedings are taken in relation to:
- (i) the several suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or any Material Subsidiary (other than a voluntary solvent liquidation or pursuant to a Permitted Reorganisation of such persons); or
 - (ii) a composition, assignment or arrangement with all creditors of any of the Issuer or any Material Subsidiary (*including without limitation concordato preventivo or concordato fallimentare*); or
 - (iii) the bankruptcy of, or the appointment of a liquidator, receiver, administrator, administrative receiver or other similar officer in respect of, the Issuer or any Material Subsidiary, or all or a substantial part of the assets of the Issuer or any Material Subsidiary in connection with any insolvency proceedings (*including without limitation amministrazione controllata, amministrazione straordinaria and any other similar proceeding*); or
 - (iv) any analogous procedure is taken in any jurisdiction in respect of the Issuer or any Material Subsidiary

provided that any such corporate action or legal proceedings which is not initiated, approved or consented to by the Issuer or any Material Subsidiary, as the case may be, is not discharged or stayed within 90 days (unless such proceedings are frivolous or vexatious and contested in good faith and appropriately and do not result in court orders); or

- (h) **Authorisation and Consents:** the Issuer becomes unable for any reason whatsoever (i) to lawfully enter into, exercise its rights and perform and comply with its obligations under the Bonds, or (ii) to ensure that those obligations are legally binding and enforceable; or
- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to above; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds,

then any Bond may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Paying, Transfer and Conversion Agent be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest (if any) without further action or formality.

11 Undertakings

- (a) The Issuer undertakes to use all reasonable endeavours to obtain by not later than 3 November 2015 and thereafter maintain the listing of the Bonds on an internationally recognised, regularly operating, regulated or non-regulated, stock exchange as determined by the Issuer.. The Issuer will forthwith give notice to the Bondholders in accordance with Condition 15 of the listing or delisting of the Bonds by any of such stock exchanges or securities markets.
- (b) Whilst any Settlement Right or Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution:
 - (i) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or Securities on a capitalisation of profits or reserves; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Dividend in cash; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

- (ii) not modify the rights attaching to the Ordinary Shares with respect to voting (provided that nothing in this Condition 11 shall prevent modification to the quorum requirements in respect of general meetings of the holders of Ordinary Shares), dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
 - (i) the issue of equity share capital to employees or former employees or directors (including directors holding or formerly holding executive office or the personal service company of any such person) (or the spouse or relative of any such person) whether of the Issuer or any of its

Subsidiaries or associated companies by virtue of their office or employment pursuant to an employee, director or executive share or option or incentive schemes; or

- (ii) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (iii) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (iii) procure that, other than the Bonds, no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
 - (iv) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
 - (v) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or

- (ii) by means of a purchase or redemption or buy back of share capital of the Issuer to the extent permitted by applicable law; or
- (iii) pursuant to a Newco Scheme; or
- (iv) by way of or involving a transfer to reserves as permitted under applicable law; or
- (v) where the reduction does not involve any distribution of assets; or
- (vi) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed; or
- (vii) where the reduction is required by applicable law; or
- (viii) to create distributable reserves; or
- (ix) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase, redeem or buy back its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (vi) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associates of the offeror) and/or any parties acting together with the offeror or any associates of the offeror to acquire the whole or a majority of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice, unless prohibited by applicable law, of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to enable Bondholders to exercise Conversion Rights so as to be able to tender the Ordinary Shares issued on such exercise of Conversion Rights in such offer or scheme and/or procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds;
- (vii) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the Scheme of Arrangement, at its option, either (a) Newco is substituted under the Bonds and the Agency Agreement as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in these Conditions and the Agency Agreement; or (b) Newco becomes a guarantor under the Bonds and, in

either case, that (i) such amendments are made to these Conditions as may be determined by an Independent Financial Adviser to be necessary to ensure that the Bonds may be settled by reference to or, as appropriate, converted into or exchanged for, ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and (ii) the ordinary shares of Newco are:

- (A) admitted to the Relevant Stock Exchange; or
 - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market in the European Union;
- (viii) use reasonable endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights, if any, will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (ix) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing on the Relevant Stock Exchange; and
- (x) at all times following the giving of a Physical Settlement Notice keep available for issue or delivery, free from pre-emptive rights out of its authorised but unissued capital, sufficient authorised but unissued Ordinary Shares (after taking account as appropriate of Ordinary Shares held by the Issuer in treasury and which are available for delivery as aforesaid) to enable the exercise of all Conversion Rights, and all rights of subscription and exchange for Ordinary Shares, to be satisfied in full.

12 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

13 Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Substitution

(a) Meetings of Bondholders

The Agency Agreement contains provisions for convening meetings of Bondholders to consider any matter affecting their interests relating to the Bonds including provisions governing the passing of resolutions by Bondholders and the modification of any provisions of these Conditions.

A meeting may be convened by the directors of the Issuer or any Bondholders' Representative (*rappresentante comune*) appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code and shall be convened by any of them upon the request of Bondholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Bonds.

The quorum to validly hold, and to pass any resolution in, any meeting of Bondholders will be as provided by the Issuer's by-laws and the applicable Italian laws and regulations relating to the meetings of shareholders.

If the business of a meeting of Bondholders includes consideration of any of the following proposals: (i) to change the Final Maturity Date, the First Call Date (other than deferring the First Call Date) or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount, or interest on, the Bonds, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Bonds, (v) to modify the provisions relating to, or cancel, the Settlement Rights or Conversion Rights (other than pursuant to or as a result of any amendments to these Conditions made pursuant to and in accordance with the provisions of Condition 11(b)(vii) ("*Newco Scheme Modification*"), and other than a reduction to the Conversion Price), or (vi) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 7(b), (c) or (e), (vii) to change the governing law of the Bonds, the Agency Agreement or the Calculation Agency Agreement, (viii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution (as defined below) or any other resolution, or (ix) any other matter provided under Article 2415, paragraph 1, item 2 of the Italian Civil Code, then the resolution will have to be sanctioned by a resolution (an "**Extraordinary Resolution**") to be approved in all circumstances by at least one-half of the principal amount of the Bonds for the time being outstanding in accordance with Article 2415, para. 1(2) and para. 3, of the Italian Civil Code.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Agency Agreement will take effect as if it were an Extraordinary Resolution or, as the case may be, any other resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

No consent or approval of Bondholders shall be required in connection with any Newco Scheme Modification.

Any resolution duly passed at a meeting of Bondholders shall be binding on all the Bondholders, whether or not they were present at the meeting at which such resolution was passed.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement or the Calculation Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

(c) *Substitution*

The Issuer, or any previous substituted company, may, in the event of a Newco Scheme, without the consent of the Bondholders, substitute for itself as principal debtor under the Bonds Newco, provided that no payment in respect of the Bonds is at the relevant time overdue. The substitution shall be made by a deed poll (the "Deed Poll"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if (i) Newco shall, by means of the Deed Poll, agree to indemnify each Bondholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of Newco's residence for tax purposes and, if different, of its incorporation with respect to any Bond and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of Newco under the Deed Poll and the Bonds shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Bonds represent valid, legally binding and enforceable obligations of Newco and, in the case of the Deed Poll, of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) Newco shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Bondholders shall have been delivered to them (care of the Principal Paying, Transfer and Conversion Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 14(c) and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Bondholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Bondholders, will be available for inspection at the specified office of the Paying, Transfer and Conversion Agents. References in Condition 10 to obligations under the Bonds shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in this Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Condition 10(c) - 10(j) inclusive shall be deemed to apply in addition to the guarantor.

15 Notices

All notices regarding the Bonds will be valid if published in one leading daily newspaper in the United Kingdom (which is expected to be the *Financial Times*) or, if this is not possible, in one other leading English language newspaper with general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or securities market or other relevant authority on which the Bonds are for the time being listed and/or traded. Any such notice shall be deemed to

have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner.

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is deposited with a common depositary for Euroclear Bank SA/NV ("Euroclear") and/or Clearstream, Luxembourg, société anonyme ("Clearstream, Luxembourg"), notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and such notices shall be deemed to have been given to Bondholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg.

16 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and the first date on which settlement rights and/or conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) Governing Law

The Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 14(a) and the provisions of the Agency Agreement which relate to the convening of a Bondholders' meeting and the appointment of a Bondholder's Representative are subject to compliance with Italian law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

The Issuer has irrevocably appointed Law Debenture Corporate Services Limited at its registered office for the time being currently at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Principal Paying, Transfer and Conversion Agent

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich, Howald – Hesperange

L – 2085 Luxembourg

Fax +352 2696 9757

Attention : Global Trust Services

Registrar

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich, Howald – Hesperange

L – 2085 Luxembourg

Fax +352 2696 9757

Attention : Global Trust Services

4. ADMISSION TO TRADING

4.1 ADMISSION TO TRADING

Application has been made to Borsa Italiana for the Bonds to be admitted to trading on ExtraMOT market - Professional Segment (ExtraMOT PRO).

The decision of Borsa Italiana and the first day of trading of the Bonds on the Professional Segment (ExtraMOT PRO) of the ExtraMOT Market, together with any relevant information concerning the trading, will be announced by Borsa Italiana through the publication of a notice pursuant to Sec. 11.6 of the guidelines contained in the Regulation of the ExtraMOT Market.

The notice will be available on the Borsa Italiana's website (www.borsaitaliana.it) and on the Issuer's website (www.benistabili.it).

4.2 OTHER REGULATED MARKET AND MULTILATERAL TRADING SYSTEMS

On the date of this Admission Document, the Bonds are not listed on another regulated market or multilateral trading system or Italian or foreign equivalent and at the date of this Admission Document the Issuer does not contemplate to apply for admission to listing of the Bonds on other regulated markets or multilateral trading systems other than the ExtraMOT Market.

4.3 INTERMEDIARIES IN TRANSACTIONS ON THE SECONDARY MARKET

There are no intermediaries the Issuer has mandated to act as liquidity provider on the secondary market.