

## TERMS AND CONDITIONS

*The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.*

The issue of the €100,000,000 2.00 per cent. Equity Linked Bonds due 2021 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any Further Bonds (as defined below)), having as underlying ordinary shares of Sogefi S.p.A. (the “**Issuer**”), was (save in respect of any Further Bonds) authorised by a resolution (*delibera*) of the Board of Directors of the Issuer dated 13 May 2014. The Issuer has entered into a Paying, Transfer and Conversion Agency Agreement dated 21 May 2014 (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 21 May 2014 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 Shareholder Event Notice Deadline (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) and, on or 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 remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will procure that no Material Subsidiary will, create or permit to subsist any pledge, mortgage, charge, lien or other encumbrance or security interest (each a “**Security**”), other than a Permitted Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Specified Indebtedness of any person or any guarantee or indemnity in respect thereof, unless the Issuer shall, in the case of the creation of Security, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (a) the benefit of such Security is extended to secure on a *pari passu* and *pro rata* basis the Issuer’s obligations under the Bonds; or
- (b) there is provided for the Issuer’s obligations under the Bonds such other security or such guarantee or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Bondholders.

In these Conditions:

“**Group**” means the Issuer and its consolidated Subsidiaries;

“**Latest Consolidated Accounts**” means, at any date, the then latest annual audited consolidated accounts of the Group prepared in accordance with then prevailing Italian generally accepted accounting principles or, as the case may be, accounting principles issued by the International Accounting Standards Board;

“**Permitted Encumbrance**” means:

- (a) any lien arising by operation of law in the ordinary course of business;
- (b) any Security existing at 14 May 2014 (including any additional Security required to be given pursuant to that Security) so long as such security secures only that indebtedness which it secured at such date (together with interest thereon);
- (c) any Security created after 14 May 2014 on any asset acquired by the person creating such Security and securing only indebtedness incurred for the sole purpose of financing or re-financing that acquisition provided that the principal amount of such indebtedness so secured does not exceed the cost of that acquisition; and
- (d) any Security created by any company upon the whole or any part of its undertaking or assets and subsisting at the time such company merges or consolidates with the Issuer or any Material Subsidiary or at the time it becomes a Material Subsidiary or at the time it sells all or substantially all of its assets to the Issuer or any Material Subsidiary and not created in contemplation thereof provided that the principal amount of indebtedness secured by such Security shall not be increased.

“**Material Subsidiary**” means at any time any Subsidiary of the Issuer where (i) the aggregate revenues of, or attributable to, such Subsidiary as shown by the then most recent audited annual accounts of such Subsidiary constitutes 10 per cent. or more of the consolidated revenues of the Issuer

and its consolidated Subsidiaries as shown by the Latest Consolidated Accounts or (ii) the total assets of such Subsidiary as shown by the then most recent audited annual accounts of such Subsidiary constitutes 10 per cent. or more of the consolidated total assets of the Issuer and its consolidated Subsidiaries as shown by the Latest Consolidated Accounts, provided that if a Subsidiary itself has Subsidiaries and produces, in respect of any year, audited consolidated accounts of such Subsidiary and its consolidated Subsidiaries, the reference above to the revenues or the total assets of such Subsidiary shall be construed as a reference to the consolidated revenues or consolidated total assets, as the case may be, of such Subsidiary and its consolidated Subsidiaries, and the reference to the then most recent audited accounts of such Subsidiary shall be construed as a reference to the then most recent audited annual consolidated accounts of such Subsidiary and its consolidated Subsidiaries and provided further that any Subsidiary to which is transferred the whole or substantially the whole of the assets and undertaking of a Material Subsidiary shall become a Material Subsidiary.

A certificate signed by two Directors of the Issuer that, in their opinion, a company is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

“**Specified Indebtedness**” means any present or future indebtedness for borrowed money in the form of or represented by notes, debentures or other similar debt securities which (with the consent of the Issuer) are, or are capable of being quoted, listed or ordinarily dealt in on any regulated stock exchange or other securities market (including securities markets located outside the European Union); and

“**Subsidiary**” means, in respect of any entity at any particular time, any company or corporation in which, as provided by Article 2359, paragraph 1, no. 1 and no. 2, of the Italian Civil Code:

- (a) the majority of the votes capable of being voted in an ordinary shareholders’ meeting are held directly or indirectly, by such entity; or
- (b) such entity holds, directly or indirectly, a sufficient number of votes to give it a dominant influence (*influenza dominante*) in an ordinary shareholders’ meeting of such company or corporation.

### 3 Definitions

In these Conditions, unless otherwise provided:

“**Additional Cash Alternative Amount**” has the meaning provided in Condition 6(k).

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

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

“**Additional Redemption Settlement Shares**” has the meaning provided in Condition 7(i).

“**Authorised Denomination**” has the meaning provided in Condition 1(a).

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

“**business day**” means (save in relation to Condition 8(g)), 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 the Volume Weighted Average Price on such dealing day 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 second dealing day following the Cash Alternative 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(k).

“**Cash Alternative Election Date**” has the meaning provided in Condition 6(k).

“**Cash Alternative Election Notice**” has the meaning provided in Condition 6(k).

“**Cash Payment Amount (Nominal Value)**” means, in respect of any Nominal Value Settlement Shares, an amount in euro calculated by the Calculation Agent in accordance with the following formula:

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

where:

CPA = the Cash Payment Amount (Nominal Value)

S = the number of Nominal Value Settlement Shares

$P_n$  = the Volume Weighted Average Price of an Ordinary Share on the nth dealing day of the Nominal Value Calculation Period

N = 20, being the number of dealing days in the Nominal Value 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 Nominal Value 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).

“**Cash Payment Date**” means the fifth TARGET Business Day following the last day of the Nominal Value Calculation Period.

“**Cash Settlement Amount**” has the meaning provided in Condition 7(i).

“**Cash Settled Shares**” means, in respect of (i) the exercise of Conversion Rights by a holder, such number of Ordinary Shares (which 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(k) 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 but rounded, if necessary, to three decimal places, with 0.0005 being rounded up) determined by dividing the aggregate 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 be deemed to have occurred each time that (whether or not approved by the Board of Directors of the Issuer) any person or persons acting together or any person or persons acting on behalf of such person(s) (other than an Exempt Person) has/have acquired control of the Issuer (other than as a result of a Permitted Reorganisation) and where “**control**” means the acquisition or holding or legal or beneficial ownership or control, whether directly or indirectly, of more than 50 per cent. of the Voting Rights of the Issuer, and “**controlled**” shall be construed accordingly.

“**Change of Control Conversion Price**” has the meaning provided in Condition 6(b)(x).

“**Closing Date**” means 21 May 2014.

“**Controlling Company**” has the meaning provided in Condition 10.

“**Controlling Group**” has the meaning provided in Condition 10.

“**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).

“**Conversion Shares**” has the meaning provided in Condition 7(i).

“**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, where Ordinary Shares are to be issued or transferred and delivered, 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 on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding 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 tax and disregarding 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 tax and disregarding 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).

**“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) 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 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
- (d) 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 (c) 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 Persons**” means CIR S.p.A. – Compagnie Industriali Riunite, COFIDE - Gruppo De Benedetti S.p.A. and/or Carlo De Benedetti & Figli Sapa, or any other entity resulting from any reconstruction, amalgamation, reorganisation, merger, consolidation or other similar arrangement in respect of any of CIR S.p.A. – Compagnie Industriali Riunite, COFIDE - Gruppo De Benedetti S.p.A. or Carlo De Benedetti & Figli Sapa.

“**Extraordinary Resolution**” has the meaning provided in Condition 14(a).

“**Fair Bond Value**” has the meaning provided in Condition 7(b)(ii).

“**Fair Bond Value Calculation Period**” has the meaning provided in Condition 7(b)(ii).

**“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 or assets which are publicly traded in a market of adequate liquidity (as determined by the Calculation Agent), (a) for Securities or Spin-Off Securities, the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities; and (b) for options, warrants or other rights or assets, the arithmetic mean of the daily closing prices of such options, warrants or other rights, in each case 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; (iv) in the case of Securities, Spin-Off Securities, options, warrants or other rights which are not publicly traded in a market of adequate liquidity (as aforesaid), an amount as 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.

**“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).

A **“Free Float Event”** shall be deemed to have occurred if at any time the Free Float of the Issuer falls below 20 per cent. of the issued and outstanding Ordinary Shares and does not revert to, and remain, at least 20 per cent. of the issued and outstanding Ordinary Shares of the Issuer within 90 calendar days of the first date on which it falls below such 20 per cent. threshold.

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

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

**“Group”** has the meaning provided in Condition 2.

**“Group Reorganisation”** means a group reorganisation or analogous proceeding (a **“reorganisation”**) which effects the interposition of one or more limited liability companies (**“Newco”**) between the Shareholders of the Issuer immediately prior to the reorganisation (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 reorganisation 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 reorganisation; (iii) immediately after completion of the reorganisation, 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 reorganisation (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 reorganisation; and (v) immediately after completion of the reorganisation 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 reorganisation.

“**Indebtedness for Borrowed Money**” has the meaning provided in Condition 10.

“**Independent Financial Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise, which may be the initial Calculation Agent, appointed by the Issuer at its own expense.

“**Interest Payment Date**” has the meaning provided in Condition 5(a).

“**Interest Period**” has the meaning provided in Condition 5(a).

“**Italian Stock Exchange**” means the *Mercato Telematico Azionario* organised and managed by *Borsa Italiana S.p.A.*

“**Latest Consolidated Accounts**” has the meaning provided in Condition 2.

“**Long-Stop Date**” means 30 September 2014.

“**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**” has the meaning provided in Condition 2.

“**Maturity Date**” means 21 May 2021.

“**material part of the undertaking or assets of any Person**” has the meaning provided in Condition 10.

“**Nominal Value Calculation Period**” means a period of 20 consecutive dealing days commencing on the dealing day following the relevant Conversion Date.

“**Nominal Value Settlement Shares**” means, in respect of any conversion of Bonds if Conversion Rights apply (and no Cash Alternative Election has been made), the number of Ordinary Shares as determined by the Calculation Agent by subtracting (a) the actual number of Ordinary Shares to be delivered to the relevant Bondholder in connection with such conversion pursuant to these Conditions from (b) the number of Ordinary Shares that would, but for the restriction in Condition 6(f) on any adjustment of the Conversion Price to below the nominal value of the Ordinary Shares, have been deliverable to the relevant Bondholder in connection with such conversion pursuant to these Conditions.

“**Notice Cut-off Date**” has the meaning provided in Condition 7(i).

“**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 €0.52 each.

“**Parity Value**” means, in respect of any dealing day, the amount calculated by the Calculation Agent as follows:

$$PV = N \times VWAP$$

where

PV = the Parity Value

N = the number of Ordinary Shares that would fall to be issued or delivered on the exercise of Conversion Rights in respect of a Bond assuming Conversion Rights to be exercisable on such dealing day and the Conversion Date to be such dealing day

VWAP = the Volume Weighted Average Price of an Ordinary Share on such dealing day.

“**Permitted Encumbrance**” has the meaning provided in Condition 2.

“**Permitted Reorganisation**” means a Group Reorganisation where, immediately after completion of the relevant reorganisation, 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.

“**Permitted Transaction**” has the meaning provided in Condition 10.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

“**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.

“**Physical Settlement Notice**” has the meaning provided in Condition 6(a).

“**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 in good faith shall prescribe.

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

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

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

“**Redemption Settlement Shares**” has the meaning provided in Condition 7(i).

“**Reference Date**” means, in relation to a Retroactive Adjustment or a Share Settlement Retroactive Adjustment, the date on which the relevant Retroactive Adjustment or, as the case may be, the relevant Share

Settlement Retroactive Adjustment 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, the Italian Stock Exchange 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.

A “**Relevant Event**” shall occur if (a) a Change of Control occurs or (b) a Free Float Event occurs;

“**Relevant Event Notice**” has the meaning provided in Condition 6(g).

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

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

“**Relevant Person**” has the meaning provided in Condition 7(i).

“**Relevant Stock Exchange**” means the Italian Stock Exchange or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the Italian Stock Exchange, 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).

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

“**Security**” has the meaning provided in Condition 2.

“**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).

“**Share Settlement Averaging Period**” has the meaning provided in Condition 7(i).

“**Share Settlement Date**” has the meaning provided in Condition 7(i).

“**Share Settlement Notice**” has the meaning provided in Condition 7(i).

“**Share Settlement Option**” has the meaning provided in Condition 7(i).

“**Share Settlement Option Notice**” has the meaning provided in Condition 7(i).

“**Share Settlement Retroactive Adjustment**” has the meaning provided in Condition 7(i).

“**Shareholder Event Notice**” has the meaning provided in Condition 7(b)(ii).

“**Shareholder Event Notice Deadline**” has the meaning provided in Condition 7(b)(ii).

“**Shareholder Event Redemption Date**” has the meaning provided in Condition 7(b)(ii).

“**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).

“**Specified Indebtedness**” has the meaning provided in Condition 2.

“**Specified Proportion**” has the meaning provided in Condition 7(i).

“**Spin-Off**” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) 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 Group Reorganisation, 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, including, without limitation, securities issued upon a de-merger of the Issuer in accordance with Article 2506 and ff. of the Italian Civil Code.

“**Subsidiary**” has the meaning provided in Condition 2.

“**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).

“**Valuation Date**” has the meaning provided in Condition 7(i).

“**Volume Weighted Average Price**” means, on any dealing day, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, 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 SO IM Equity HP (or any successor page) (setting Weighted Average, or its successor setting Weighting Average Line, or any other successor setting and using values not adjusted for any event occurring after such

dealing day; 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), Spin-Off Security, option, warrant or other right or asset) from the principal stock exchange or securities market on which such Security, Spin-Off Security, option, warrant or other right or asset is 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, option, warrant or other right or asset, 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, or as an Independent Financial Adviser might otherwise determine in good faith to be 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, 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.

#### **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 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 2.00 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 21 May and 21 November in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 21 November 2014.

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**”) during the period referred to in these Conditions.

If the Shareholder Resolutions are passed, 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(k) 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 as 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 €5.3844 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 number of Reference Shares minus the number of 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 Shareholder Event Notice Deadline (or, if earlier, the occurrence of a Change of Control) (provided that the Physical Settlement Date does not occur prior to the Shareholder Event Notice Deadline), 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 which on such date is scheduled to fall 32 dealing days prior to the Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the 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 Maturity Date or, if the 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 to be made on an Interest Payment Date 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 and including the date which, on such date, is scheduled to be the seventh dealing day preceding such shareholders' meeting 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 and including the date which, on such date, is scheduled to be the seventh dealing day preceding such shareholders' meeting up to and including the date immediately preceding the first date on which Ordinary Shares are traded ex the relevant Dividend on the Relevant Stock Exchange (the "**Further Restricted Period**").

Notwithstanding the above, neither the Restricted Period nor the Further Restricted Period may exceed a period of 40 calendar days. For the avoidance of doubt, if the first date on which Ordinary Shares are traded ex the relevant Dividend on the Relevant Stock Exchange falls more than 40 calendar days after the start of the Further Restricted Period, such Further Restricted Period shall be deemed to end 40 calendar days after the first day of the Further Restricted Period. Conversion Notices that are received during a Restricted Period or a Further 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.

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 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 Conversion 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 Reference Date.

*(b) Adjustment of Conversion Price*

Upon the occurrence 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 declare, announce, make or pay any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

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 Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (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 Dividend 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.

- (B) 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.
- (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, as the case may be, the Settlement Date falls during the Relevant Event Period, the adjusted Conversion Price (the “**Change of Control Conversion Price**”) shall 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 the relevant Settlement Date, as the case may be

- CP = means 37.50 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 Maturity Date
- t = means the number of days from and including the Closing Date to but excluding the Maturity Date

- (xi) In the event of uncertainty as to whether 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; and
- (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.

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(k), if the Conversion Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or subdivision 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 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, the Issuer shall pay to the relevant Bondholder an additional amount (the “**Additional Cash Redemption Amount**”) as determined by the Calculation Agent and 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.

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*

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, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer and the Bondholders, save in the case of manifest error.

Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent, 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 and subject to any determinations by an Independent Financial Adviser) 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 be able to rely on, and 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 written opinion.

The Calculation Agent is acting exclusively as an agent for the Issuer. 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 the Bondholders.

(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.

(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 by any Subsidiary or any other person acting on its behalf, that would otherwise result in an adjustment to the Conversion Price to below such nominal value (for so long as the Ordinary Shares have an express nominal value) or any minimum level permitted by applicable laws or regulations.

In the event that any adjustment to the Conversion Price in accordance with this Condition 6 would, but for the restriction in this Condition 6(f), cause the Conversion Price to be reduced to below the nominal value of the Ordinary Shares (for so long as the Ordinary Shares have an express nominal value), (i) the Conversion Price shall instead be reduced to the nominal value of the Ordinary Shares, and (ii) the Issuer shall give notice of such fact, and of the adjustments that would, but for the restriction in this Condition 6(f), have been made to the Conversion Price, to the Bondholders in accordance with Condition 15 promptly after the determination thereof.

In addition, in the event that any adjustment to the Conversion Price in accordance with this Condition 6 would, but for the restriction in Condition 6(f) above, cause the Conversion Price to be reduced to below the nominal value of the Ordinary Shares (for so long as the Ordinary Shares have an express nominal value), then upon any subsequent conversion of a Bond, the Issuer shall deliver to the relevant Bondholder a combination of (i) Ordinary Shares, determined in accordance with these Conditions by reference to the Conversion Price as adjusted in accordance with this Condition 6 (and reflecting the restriction on such adjustment resulting from Condition 6(f)) and (ii) an amount of cash equal to the relevant Cash Payment Amount (Nominal Value).

The Issuer will pay the relevant Cash Payment Amount (Nominal Value) to the relevant Bondholder on the relevant Cash Payment Date in accordance with instructions contained in the relevant Conversion Notice.

(g) *Relevant Event*

Within 14 calendar days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 15 (a “**Relevant Event Notice**”). The Relevant Event Notice shall contain a statement informing Bondholders of their entitlement (if any) to exercise their Settlement Rights or, as appropriate, Conversion Rights as provided in these Conditions; and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 7(e).

The Relevant Event Notice shall also specify:

- (i) all information material to Bondholders concerning the Relevant Event;
- (ii) if the Relevant Event is a Change of Control, 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 Relevant Event 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 Relevant Event Notice;
- (iv) the last day of the Relevant Event Period; and
- (v) the Put Date.

(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 seven business days following the relevant Conversion Date (or, in the case of any Additional Ordinary Shares, by not later than seven business days following the relevant Reference Date).

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 Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference 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 Conversion Date or, as the case may be, the relevant Reference 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 or Settlement*

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) *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 Alternative 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 by the Calculation Agent; 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, as determined by the Calculation Agent,

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 or where the relevant adjustment could not be made in full by virtue of the provisions of Condition 6(f), no Additional Ordinary Shares shall be delivered and the Issuer shall instead pay to the relevant Bondholder an additional amount (the “**Additional Cash Alternative Amount**”) as determined by the Calculation Agent and 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 relevant adjustment had been made in full.

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 Maturity Date, subject as provided in Condition 7(i). The Bonds may only be redeemed at the option of the Issuer prior to the 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 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 5 June 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, as verified by the Calculation Agent if so requested by the Issuer in its sole discretion; 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 (the "**Shareholder Event Notice Deadline**") that it will redeem all but not some only of the Bonds on the date falling 3 dealing days (assuming for this purpose that the Relevant Stock Exchange is the Italian Stock Exchange) 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 14 May 2014, 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. 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.

(d) *Optional Redemption, Shareholder Event Notice and Tax Redemption Notices*

Any Optional Redemption Notice, Shareholder Event Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date, the Shareholder Event 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, Shareholder Event 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 Relevant Event*

Following the occurrence of a Relevant Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount, together with accrued and unpaid interest to such date. 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 “**Put Exercise Notice**”), at any time during the Relevant Event Period. 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. The “**Put Date**” shall be the fourteenth calendar day after the expiry of the Relevant Event 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 Put Exercise Notice.

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

(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 or Settlement 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.

(i) *Share Settlement Option*

Notwithstanding any provisions of this Condition 7 and subject to the Physical Settlement Notice having been given by the Issuer to the Bondholders pursuant to Condition 6(a), the Issuer may elect to

satisfy its obligation to redeem Bonds pursuant to Condition 7(a) by exercising its option (the “**Share Settlement Option**”) with respect to all, but not some only, of the Bonds to be redeemed on the Maturity Date, provided that (i) the Ordinary Shares are listed on the Relevant Stock Exchange as at the date of the Share Settlement Option Notice (as defined below); (ii) the Free Float is not less than 20 per cent. of the issued and outstanding Ordinary Shares on each of the 10 consecutive dealing days ending on the dealing day prior to the date of the Share Settlement Option Notice; (iii) no Event of Default, or any event that with the passage of time would become an Event of Default, shall have occurred and be continuing as at the date of the relevant Share Settlement Option Notice; and (iv) no offer which could lead to a Change of Control is continuing on the date of the Share Settlement Option Notice referred to below. To exercise its Share Settlement Option, the Issuer shall give a notice to such effect (the “**Share Settlement Option Notice**”) to the Bondholders in accordance with Condition 15. Such Share Settlement Option Notice may be given on or after the day immediately following the last day of the Conversion Period and not later than the date which is, on such date, scheduled to be 28 dealing days prior to the Maturity Date.

Where the Issuer shall have exercised the Share Settlement Option, the Issuer shall, in lieu of redeeming the relevant Bonds in cash, effect redemption in respect of each Bond by:

- (i) delivering to or as directed by the relevant Bondholder a proportion (the “**Specified Proportion**”) between 1 per cent. and 100 per cent. of the Conversion Shares in respect of such Bond as specified in the Share Settlement Option Notice;
- (ii) making payment of an amount in cash equal to the amount (if any) by which the principal amount of such Bond exceeds 97 per cent. of the product of (x) the Specified Proportion and (y) the arithmetic average of the Parity Value in respect of such Bond on each of the dealing days in the Share Settlement Averaging Period (such amount being the “**Cash Settlement Amount**”) as determined by the Calculation Agent; and
- (iii) making or procuring payment to the relevant Bondholder in cash of any accrued and unpaid interest in respect of such Bond up to the Maturity Date.

The Calculation Agent shall determine the Cash Settlement Amount to be delivered and will notify the Issuer no later than 15.00 (Milan time) on the Milan business day following the last day of the Share Settlement Averaging Period.

In the event that the sum of the (x) “normal value” of the Ordinary Shares to be delivered in respect of each Bond pursuant to this Condition 7(i) (to be determined on the Maturity Date in the manner prescribed by Italian taxation law) and (y) the Cash Settlement Amount is less than the principal amount of such Bond, the Issuer shall pay such further cash amount per Bond as shall be necessary to ensure that the value per Bond or delivered upon redemption is not less than the principal amount of such Bond (and the term “Cash Settlement Amount” shall be construed accordingly).

In these Conditions:

“**Conversion Shares**” means, in respect of any Bond, the number of Ordinary Shares (rounded down, if necessary, to the nearest whole number) as determined by the Calculation Agent by dividing the principal amount of such Bond by the Conversion Price in effect on the Valuation Date.

“**Redemption Settlement Shares**” means, in respect of any Bond, the number of Ordinary Shares (rounded down, if necessary, to the nearest whole number) as determined the Calculation Agent by multiplying the Conversion Shares by the Specified Proportion.

“**Share Settlement Averaging Period**” means the period of 20 dealing days ending on and including the Valuation Date, provided that, if, on the date the Share Settlement Option Notice is given, a day falling in the Share Settlement Averaging Period is scheduled to be a dealing day but such day subsequently is not a dealing day, the Share Settlement Averaging Period shall not, as a result, be extended, and shall begin on the date which was, as of the date of the Share Settlement Option Notice, expected to be the first dealing day in the Share Settlement Averaging Period and end on the Valuation Date (or the date on which the Valuation Date is deemed to fall) as aforesaid.

“**Share Settlement Date**” means in the case of a delivery of Redemption Settlement Shares upon redemption following exercise of the Share Settlement Option, the date falling seven dealing days after the Valuation Date.

“**Valuation Date**” means the date scheduled on the date of the Share Settlement Option Notice to fall seven dealing days prior to the Maturity Date.

If the Issuer does not deliver a relevant Share Settlement Option Notice in the manner and by the time set out in this Condition 7(i) the relevant Bonds shall be redeemed for cash on the Maturity Date in accordance with the provisions of Condition 7(a) as appropriate and payment in respect thereof shall be made in accordance with Condition 8.

If the Issuer elects to exercise the Share Settlement Option, the following provisions shall apply:

- (i) In order to obtain delivery of the relevant Redemption Settlement Shares upon redemption, the relevant Bondholder must deliver a duly completed notice substantially in form set out in the Agency Agreement (the “**Share Settlement Notice**”) a copy of which may be obtained from the specified office of any Paying, Transfer and Conversion Agent, to the specified office of any Paying, Transfer and Conversion Agent at least 10 dealing days prior to the Maturity Date of the Bonds (the “**Notice Cut-off Date**”). If such delivery is made on a day which is a business day in the relevant place of delivery but is not a dealing day or is made after the end of normal business hours at 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 business day in such place which is a dealing day.
- (ii) Subject as provided herein, the relevant Redemption Settlement Shares and (if any) the Cash Settlement Amount will be delivered and/or paid in accordance with the instructions given in the Share Settlement Notice and accrued and unpaid interest will be paid in accordance with Condition 8 on the Share Settlement Date, provided that the Share Settlement Notice is delivered not later than the Notice Cut-off Date.
- (iii) If the Share Settlement Notice is not delivered to a Paying, Transfer and Conversion Agent on or before the Notice Cut-off Date, then (1) on the Share Settlement Date the relevant Redemption Settlement Shares will be delivered to an independent institution with appropriate expertise as a financial institution or provider of custody services (the “**Relevant Person**”) selected by the Issuer in its sole discretion, (2) on the Share Settlement Date the Cash Settlement Amount (if any) will be paid to the persons shown in the Register on the Valuation Date and (3) any accrued and unpaid interest will be paid in accordance with Condition 8 on the Share Settlement Date. The Issuer shall procure that the relevant Redemption Settlement Shares shall be sold by or on behalf of the Relevant Person as soon as practicable based on advice from a reputable financial institution, investment or commercial bank or broker selected by the Issuer in its sole discretion and (subject to any necessary consents being obtained and to the deduction by or on behalf of the Relevant Person of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue or registration and transfer taxes and

duties (if any) and any fees or costs reasonably incurred by or on behalf of the Relevant Person in connection with the allotment and sale thereof) the net proceeds of such sale, converted if necessary into euro by the Relevant Person, together with all Cash Settlement Amounts (if any) shall be distributed rateably to the holder of the relevant Bond in accordance with Condition 8. The amount of such net proceeds of sale and all Cash Settlement Amounts (if any) payable to a holder pursuant to this sub-paragraph (iii) and any interest paid as aforesaid shall be treated for all purposes as the full amount due from the Issuer in respect of the relevant Bond.

- (iv) A Share Settlement Notice once delivered, shall be irrevocable. Failure to properly complete and deliver a Share Settlement Notice may result in such notice being treated as null and void and the Issuer shall be entitled to effect settlement in accordance with sub-paragraph (iii) above. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the Principal 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.
- (v) No fraction of an Ordinary Share shall be delivered upon redemption of the Bonds in accordance with this Condition 7(i) and the Issuer shall not be under any obligation to make any payment to Bondholders in respect of any such fractions and any such fraction will be rounded down to the nearest whole multiple of an Ordinary Share.

If more than one Bond is to be redeemed by a Bondholder pursuant to any one Share Settlement Notice, the Redemption Settlement Shares to be delivered and any sum payable to that Bondholder shall be calculated on the basis of the aggregate principal amount of such Bonds.

- (vi) Ordinary Shares (including any Additional Redemption Settlement Shares (as defined below)) issued or transferred and delivered pursuant to this Condition 7(i) will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Valuation Date or, in the case of Additional Redemption Settlement Shares, on the relevant Reference 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 Redemption Settlement 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 Valuation Date or, as the case may be, the relevant Reference Date but subject as provided in paragraph (ix) below. Ordinary Shares to be issued or transferred and delivered as contemplated by this Condition 7(i) shall be deemed to be issued or transferred and delivered as of the Valuation Date or, in the case of any Additional Redemption Settlement Shares, as of the relevant Reference Date.
- (vii) A Bondholder or the Relevant Person must pay (in the case of the Relevant Person by means of deduction from the net proceeds of sale referred to in sub-paragraph (iii) above or from amounts otherwise available to the Relevant Person for such purpose) directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on the relevant Redemption Settlement Shares (other than any taxes or capital, issue and registration and transfer taxes or duties payable in Italy in respect of the issue or transfer and delivery of the Redemption Settlement Shares pursuant to this Condition 7(i) (including any Additional Redemption Settlement 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), and such Bondholder or the Relevant Person (as the case may be) must pay (in the case of Relevant

Person, by way of deduction from the net proceeds of sale as aforesaid or from amounts otherwise available to the Relevant Person for the purpose) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest thereon in connection with such redemption. 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 and Relevant Person in respect of any payment thereof and any penalties payable in respect thereof.

- (viii) Redemption Settlement Shares to be issued or transferred and delivered to Bondholders (including any Additional Redemption Settlement Shares) will be issued or transferred and 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 Share Settlement Notice or, as the case may be, as specified by the Relevant Person, on the Share Settlement Date (or, in the case of Additional Redemption Settlement Shares, not later than seven Milan business days following the Reference Date).

If the Ordinary Shares are not a participating security in Monte Titoli S.p.A. at the relevant time, the Redemption Settlement Shares to be delivered pursuant to this Condition 7(i) (including any Additional Redemption Settlement Shares) will be delivered in such manner as may be in accordance with market practice, and as notified by the Issuer to Bondholders.

The Issuer shall not be responsible or liable to any person for any delay in the delivery of any Redemption Settlement Shares arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Share Settlement Notice.

- (ix) If the Valuation Date 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 any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii), but before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “**Share Settlement Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the relevant Bondholder on or prior to the date falling 7 Milan business days following the relevant Reference Date, in accordance with the instructions contained in the relevant Share Settlement Notice or, as the case may be, to the Relevant Person, such additional number of Ordinary Shares (if any) (the “**Additional Redemption Settlement Shares**”) as, together with the Ordinary Shares issued or to be transferred and delivered on redemption of the relevant Bond (together with any fraction of a Ordinary Share not so issued or transferred or delivered), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on redemption of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Valuation Date, as determined by the Calculation Agent. Where such Additional Redemption Settlement Shares are to be issued to the Relevant Person, they shall be issued or transferred and delivered to the Relevant Person on or prior to the date falling 7 Milan business days following the relevant Reference Date and the provisions of paragraph (iii) relating to the sale of Redemption Settlement Shares shall apply mutatis mutandis. If the relevant adjustment cannot be made in

full by virtue of Condition 6(f), no such adjustment shall be made and instead the Issuer will pay in respect of each Bond the Market Price in respect of the Additional Redemption Settlement Shares. Such amount shall be paid no later than following 7 Milan business days after the relevant Reference Date.

## 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 S.A./N.V. (“**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*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations but without prejudice to Condition 9.

(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 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 or any law implementing or complying with, or introduced in order to conform to, such Directive 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.

(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) by or on behalf of a non-Italian resident legal entity or individual which is resident in a country which, for the purposes of Decree No. 239 does not allow for a satisfactory exchange of information with the tax authorities of the Republic of Italy.

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:** the Issuer fails to pay any amount of principal, interest or any other amount in respect of the Bonds on the due date for payment thereof and such default continues for a period of 7 days in respect of payments of any amount of principal or any other amount (other than interest) in respect of the Bonds or 14 days in respect of payments of any amount of interest in respect of the Bonds;
- (b) **Non delivery of Ordinary Shares:** the Issuer fails to deliver Ordinary Shares when required to do so upon exercise of Conversion Rights or upon exercise of the Share Settlement Option and such failure continues for a period of 7 days;
- (c) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under these Conditions or in respect of the Bonds and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Bondholder, has been delivered to the Issuer or to the Specified Office of the Principal Paying, Transfer and Conversion Agent;
- (d) **Cross acceleration of Issuer or Material Subsidiary:**
  - (i) any Indebtedness for Borrowed Money of the Issuer (other than the Bonds) or of any Material Subsidiary (in either case being Indebtedness for Borrowed Money of an aggregate principal amount of €20,000,000 or more, or its equivalent in any other currency) becomes due and repayable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described);
  - (ii) (A) any Indebtedness for Borrowed Money of the Issuer (other than the Bonds) or of any Material Subsidiary (in either case being Indebtedness for Borrowed Money of an aggregate principal amount of €20,000,000 or more, or its equivalent in any other currency) is not paid when due and such failure to make payment shall continue for more than the grace period, if



any, applicable thereto; or (B) any security given by the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and any step is taken to enforce it (in either case relating to Indebtedness for Borrowed Money of an aggregate principal amount of €20,000,000 or more, or its equivalent in any other currency); or

- (iii) any guarantee or indemnity in respect of Indebtedness for Borrowed Money in an aggregate principal amount of €20,000,000 or more, or its equivalent in any other currency, given by the Issuer or any Material Subsidiary is not honoured when due;
- (e) **Winding up, etc:** a resolution is passed or a petition is presented by the Issuer to a court of competent jurisdiction for the Issuer or any Material Subsidiary to be wound up or dissolved, except for the purposes of, or pursuant to, an amalgamation, merger, demerger, reconstruction, consolidation, voluntary solvent winding-up or other similar arrangement (not arising out of the bankruptcy or insolvency of the relevant entity) (i) which is, or is part of, a Permitted Transaction; or (ii) under which, in respect of any Material Subsidiary, all of the assets of the Material Subsidiary are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or the Material Subsidiary on an arm's length basis; or (iii) on terms previously approved by an Extraordinary Resolution of the Bondholders;
- (f) **Unsatisfied judgment:** a distress, execution or seizure is levied or enforced upon or sued out against any material part of the assets of the Issuer or a Material Subsidiary and is not discharged within 60 days thereof;
- (g) **Cessation of Business:** the Issuer or any Material Subsidiary (otherwise than (i) for the purposes of an amalgamation, merger, demerger, reconstruction, consolidation, voluntary solvent winding-up or other similar arrangement (not arising out of the bankruptcy or insolvency of the relevant entity) which is, or is part of, a Permitted Transaction or (ii) in respect of a Material Subsidiary only, where all of the assets of such Material Subsidiary are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or such Material Subsidiary on an arm's length basis) ceases or announces its intention to cease to carry on or to dispose of the whole or substantially the whole of its business provided that (x) the business of the Issuer shall be deemed to include the business of its Subsidiaries and (y) a sale or disposal by the Issuer of a Material Subsidiary for full value on an arm's length basis shall not constitute an Event of Default for the purposes of this Condition 10(g) unless the business conducted by such Material Subsidiary comprises the whole or substantially the whole of the business of the Group;
- (h) **Involuntary Insolvency, etc:** the Issuer or any Material Subsidiary is, or is deemed by law or by a court to be, insolvent or bankrupt or unable to pay its debts as and when they fall due, or stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, or if (i) proceedings shall have been initiated against the Issuer or any Material Subsidiary under any applicable bankruptcy or insolvency law or any encumbrancer takes possession or a trustee or a receiver is appointed of the whole or any material part of the assets or undertaking of the Issuer or any Material Subsidiary and (ii) such proceedings or appointment shall not have been discharged or stayed within a period of 60 days (such period commencing, in the case of the Issuer or any Material Subsidiary incorporated under Italian law, on the date of the first hearing of the relevant petition or application); or
- (i) **Voluntary Insolvency, etc:** the Issuer or any Material Subsidiary initiates or formally consents to proceedings relating to any of them under any applicable bankruptcy or insolvency law (including, without limitation, controlled management and reprieve of payment) or makes a general conveyance or assignment for the benefit of, or enters into any general composition with, its creditors;

then any Bond may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Principal 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 without further action or formality.

In these Conditions:

“**Controlling Company**” means CIR S.p.A.;

“**Controlling Group**” means the consolidated Subsidiaries of the Controlling Company (but excluding the Controlling Company);

“**Indebtedness for Borrowed Money**” means any indebtedness of any person for moneys borrowed or raised;

“**material part of the undertaking or assets of any Person**” means an aggregate amount equal to or greater than 10 per cent. of the aggregate value of such undertaking or assets (as the case may be) of such Person shown by the most recent audited accounts (where applicable, on a consolidated basis) of such Person;

“**Permitted Transaction**” means:

- (i) in respect of the Issuer or any Material Subsidiary, any “ *fusione* ” (such expression bearing the meaning ascribed to it by the laws of Italy) or any other amalgamation, demerger, reorganisation or restructuring whilst solvent of the Issuer or such Material Subsidiary which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the rights and obligations of the Issuer or of such Material Subsidiary (including, in relation to the Issuer, all of the obligations of the Issuer under or in respect of the Bonds) will be assumed in accordance with applicable Italian law by another person which, immediately before such assumption, was a member of the Group; or
- (ii) in respect of the Issuer, any “ *fusione* ” (such expression bearing the meaning ascribed to it by the laws of Italy) or any other amalgamation, demerger, reorganisation or restructuring whilst solvent of the Issuer which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the rights and obligations of the Issuer (including all of the obligations of the Issuer under or in respect of the Bonds) will be assumed in accordance with applicable Italian law by another Person which, immediately before such assumption, was a member of the Controlling Group and which continues all or substantially all of the business previously carried out by the Issuer; or
- (iii) in respect of any Material Subsidiary, under which all or substantially all of the assets of the Material Subsidiary are transferred to the Issuer or any of its other Subsidiaries (which shall thereby become a Material Subsidiary for the purposes of these Conditions).

Provided that, where any such event relates to the Issuer:

(a) if such event is, or is part of, a Group Reorganisation it shall only be a Permitted Transaction if it is also, or is part of, a Permitted Reorganisation; and

(b) in all other cases, such event shall only be a Permitted Transaction if the Ordinary Shares of the person that assumes the obligations of the Issuer under or pursuant to the Bonds are either (x) admitted to trading on the Relevant Stock Exchange; or (y) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market in the European Union.

## 11 Undertakings

- (a) The Issuer undertakes to use all reasonable endeavours to obtain by not later than 19 August 2014 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 Group Reorganisation, 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 Group Reorganisation; 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 Group Reorganisation), 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 Group Reorganisation, take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the reorganisation, 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 use all reasonable endeavours to 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. In the event that a Change of Control occurs and as a result of the application of the Change of Control Conversion Price referred to in Condition 6(b)(x), the Issuer no longer has available sufficient authorised but unissued Ordinary Shares for such purpose, the Issuer shall as soon as reasonably practicable propose to a general meeting of shareholders resolutions approving and confirming such increase its authorised share capital and disapplication of any preferential subscription rights to enable it to comply with its obligations under this Condition 11(x).

## **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, Waiver 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.

All meetings of Bondholders are held in accordance with applicable provisions of Italian law in force at the time (including, without limitation, Legislative Decree no. 58 of 24 February 1998, as amended) and the Issuer's by-laws in force from time to time. Meetings can be held in a single meeting or in multiple meetings, pursuant to Italian law.

A meeting may be convened by the Board of 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.

If the meeting has not been convened following such request of the Bondholders, the same may be convened by a decision of a competent court in accordance with Article 2367 of the Italian Civil Code.

A meeting of Bondholders will be validly held if (a) there are one or more persons present, being or representing Bondholders holding at least one half of the aggregate principal amount of the outstanding Bonds or (b) in the case of a second meeting following adjournment of the first meeting for want of quorum, there are one or more persons present, being or representing Bondholders holding more than one third of the aggregate principal amount of the outstanding Bonds or (c) in the case of any subsequent meeting following any further adjournments for want of quorum or single meeting, as the case may be, there are one or more persons present, being or representing Bondholders holding at least one fifth of the aggregate principal amount of the outstanding Bonds provided that the by-laws of the Issuer may from time to time require a higher quorum.

Notwithstanding the above, if the business of a meeting of Bondholders includes consideration of any of the following proposals: (i) to change the 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) (“**Group Reorganisation 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 or the 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 the greater of (i) 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 and (ii) one or more persons holding or representing not less than two thirds of the Bonds represented at the meeting, provided that the by-laws of the Issuer may from time to time require a higher quorum..

No consent or approval of Bondholders shall be required in connection with any Group Reorganisation 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 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 Group Reorganisation, 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 due. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form attached 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 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(i) inclusive shall be deemed to apply in addition to the guarantor.

## **15 Notices**

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. 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 manner, on the date of the first such publication 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 and/or 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 meetings of Bondholders and the appointment of a Bondholders' 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 Sogefi Filtration Ltd at its registered office for the time being currently at Crown Business Park, Tredegar, Gwent, NP22 4EF 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.

(d) *Registered Office*

The Issuer has its registered office at Via Ulisse Barbieri 2, Mantova.