



Astaldi S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€130,000,000 4.50 per cent. Equity Linked Notes due 31 January 2019

The issue price of the €130,000,000 4.50 per cent. Equity Linked Notes due 31 January 2019 (the "**Notes**") of Astaldi S.p.A. (the "**Issuer**" or "**Astaldi**") is 100 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled as provided under the terms and conditions of the Notes ("**Conditions**"), the Notes will be redeemed at their principal amount on 31 January 2019 ("**Maturity Date**"). With effect from 31 January 2014 (the "**Period Start Date**") until the earlier of the date of redemption of a Note and the Maturity Date, the holders of the Note ("**Noteholders**") may exercise their conversion right and receive, at the option of the Issuer upon conversion of their Notes, new and/or existing ordinary shares of the Issuer, cash or a mix of cash and new and/or existing ordinary shares of the Issuer - See "*Terms and conditions of the Notes - Settlement and Conversion*" and "*Terms and conditions of the Notes - Alternative Settlement Decision*".

The Notes will bear interest from 31 January 2013 at the rate of 4.50 per cent. per annum payable semi-annually in arrear on 31 January and 31 July of each year commencing on 31 July 2013. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at their principal amount together with accrued interest, in the event of certain tax changes as described under "*Terms and Conditions - Redemption and Purchase - Redemption for tax reasons*" as well as in certain other circumstances (see "*Terms and Conditions- Redemption and Purchase*").

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market (the "**Euro MTF Market**").

The Notes are in bearer form in principal amounts of €100,000 and are initially represented by a global certificate (the "**Global Certificate**"), without interest coupons, which has been deposited on the Closing Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Interests in the Global Certificate will be exchangeable for definitive bearer Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while represented by the Global Certificate*".

An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 1.

The date of this Offering Circular is 31 May 2013

This Offering Circular comprises a prospectus for the purposes of the Luxembourg Act dated 10 July 2005. It does not constitute a prospectus for the purposes of Article 3 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”).

This Offering Circular may only be used for the purpose for which it has been published.

To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Offering Circular should be read and construed on the basis that such documents are incorporated and form part of the Offering Circular.

The Issuer has not authorized the making or provision of any information or representation regarding the Issuer, the Group, the Notes or the Ordinary Shares that is not contained in or not consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any other person.

This Offering Circular (a) is not intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any other person that any recipient of this Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Offering Circular does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes or the Ordinary Shares.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or constitute any representation that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the affairs or condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. For a description of certain of these restrictions, see “*Subscription and Sale*”.

CERTAIN DEFINED TERMS

References to the "**Issuer**" are to Astaldi S.p.A.; references to the "**Group**" are to the Issuer and its consolidated subsidiaries.

References to "**Italy**" are to the Republic of Italy; references to "**EUR**", "**€**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and references to "**USD**", "**U.S. dollars**" or "**US\$**" are to the lawful currency of the United States.

Except where indicated, references to "**IFRS**" in this Offering Circular are to International Financial Reporting Standards as adopted by the European Commission for use by companies listed on markets in the European Union (see "Summary Financial Information Relating to the Group").

INFORMATION FROM PUBLIC SOURCES

Certain information included in the sections “*Risk Factors*” and “*Business of the Group*” derives from information and data publicly released by official sources and other sources that are believed to be reliable. Astaldi has not independently verified such information, does not guarantee their accuracy and completeness and accepts no responsibility in respect of such information, other than that this information has been accurately reproduced and that, accordingly, as far as Astaldi is aware and is able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

TABLE OF CONTENTS

| | |
|---|-----|
| CERTAIN DEFINED TERMS | II |
| INFORMATION FROM PUBLIC SOURCES..... | III |
| RISK FACTORS..... | 1 |
| DOCUMENTS INCORPORATED BY REFERENCE..... | 8 |
| TERMS AND CONDITIONS OF THE NOTES..... | 9 |
| SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE..... | 55 |
| USE OF PROCEEDS..... | 57 |
| BUSINESS OF THE GROUP..... | 58 |
| THE ISSUER..... | 75 |
| SUMMARY CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE GROUP..... | 78 |
| TAXATION..... | 79 |
| DESCRIPTION OF THE ORDINARY SHARES | 92 |
| SUBSCRIPTION AND SALE..... | 98 |
| GENERAL INFORMATION | 100 |

RISK FACTORS

Investing in the Notes involves risks. Prospective investors should carefully consider the risks described below before making an investment decision. The occurrence of any of these risks could have a material adverse effect on the Issuer's or the Group's business, financial condition or results of operations. Moreover, if any of these risks occur, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil the payment obligations under the Notes may decrease, in which case the holders of the Notes may lose all or part of their investment. The risks and uncertainties described below and elsewhere in this Offering Circular are not the only ones facing the Group. Additional risks and uncertainties which are not currently known to the Issuer, or that the Issuer currently believes are immaterial, may also impair the business operations of the Issuer or the Group and have a material adverse effect on their business, financial condition or results of operations. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of their financial consequences on the business, financial condition or results of operations of the Issuer or the Group. Capitalised terms used under the caption "Risk Factors relating to the Notes" but not previously defined have the meanings assigned to them in "Terms and Conditions of the Notes".

Risk Factors Relating to the Issuer and the Group

The global economic downturn may cause the Group's customers to cancel, postpone or scale back existing or future projects

Although Astaldi has diversified its client portfolio, expanding more recently its business in the private sector as well as opening to new markets which have not suffered as much the global downturn, the majority of the Group's revenues is derived from public and regulated sectors which are currently affected by the global current economic downturn. Notwithstanding such sectors typically have a more flexible response to the immediate effects of the downturn, a persistent or harsher global economic crisis may result in governments facing significantly reduced tax revenue and budget deficits, which could prevent them from funding capital investment and asset maintenance projects. Moreover, governments or local public authorities may call off or vary projects not already contracted, or exercise their right to terminate contracts or vary their terms in order to reduce costs. The global economic downturn has also caused a credit crunch and some customers of the Group may require large liquidity in order to fund the commencement, continuation and/or expansion of capital investment and asset maintenance projects, including those that are served by the Group's operations. Therefore, some of the Group's customers may choose to call off, postpone or scale back their capital investment, which would impact the Group's existing and future backlog. Furthermore, should there be any further downturn or if current economic conditions do not improve, the Group may experience difficulties to finance private-public partnerships ("PPPs") or other infrastructure projects. Such actions and events may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The sectors in which the Issuer and the Group operate are dependent on the investment policies of public commitments

The core businesses of the Group are dependent on the governments' and local public authorities' policies with regard to investment in transport, civil and social infrastructures through direct contracts, joint ventures and PPPs. A substantial part of the Group's revenue is typically derived from contracts with public sector customers and in order to counterbalance this risk, Astaldi has diversified its client portfolio increasing more contracts with private clients. Even so, the governments and local public authorities of the countries where the Group operates may decide in the future to change certain of their policies and programmes, including reducing present or future investment transport infrastructure or other areas in which the Group would expect to compete for work. Said governments and authorities could also change their procurement methodologies, which could have an adverse impact on the Group, if the new methodologies entail additional commercial risks or involve reduced margins. Accordingly, if there are changes in governmental policies, programmes or procurement methodologies, the Group may be unable to maintain the level of its backlog or the profitability thereto with a potential material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group operates in various international markets which may have inherent risks

As of 31 December 2012 the Group generated 60.7% of its operating revenues from activities conducted outside Italy. In particular, the Group is active in Europe (including Turkey), the Americas (North, South and Latin America), the Maghreb (Algeria) and Middle-East, which at the same date accounted, respectively, for 33.9%, 15.3%, 8.1% and 3.4% of the total operating revenues of the Group. Operating in such markets include political risks relating to governmental actions or policies, such as embargoes or the seizure of assets or bank accounts,

or to riots, terrorism and armed conflicts; social risks, such as strike action or civil disturbances; economic and financial risks arising from currency devaluation, currency shortages or payment default. Even though the Group has in place a policy on risk management, the occurrence of any of the foregoing circumstances, could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is exposed to the risks associated to legal proceedings

Due to the nature of its business, the Issuer and its subsidiaries are involved in a number of legal, regulatory and arbitration proceedings involving claims by and against them arising out of the ordinary course of their business. While it is not feasible to predict or determine the ultimate outcome of these proceedings, whenever there are circumstances that give rise to well-founded expectations by third parties that the Issuer or its subsidiaries are responsible for or have to take on responsibility vis-à-vis the fulfilment of any obligation, the Group has made consistent allocations to risk provisions, recognized in liabilities in the Group's financial statements. However, the Group bases its estimates on the effect of the outcome of litigation on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. Accordingly, in the event that the provisions relating to litigation are insufficient, any losses or expenditures deriving from such limited coverage could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group faces risks deriving from the estimates on timing and costs made when bidding on contracts

A substantial part of the Group's activities is carried out on the basis of contracts that involve payment determined at the date in which the contract is awarded. Therefore, success of the Group will depend on identifying key issues and risks with respect to potential projects and ensuring that the contractual arrangements in relation to each project adequately safeguard the Group against such risks (such as pricing, availability of raw materials and labour costs). All prospective acquisitions and bids undergo a risk classification procedure. All bids are assessed by a Proposal Review Committee made up of competent specialists. Risk managers watch over projects from bid preparation through contract award to handover to the client. Risk is fairly distributed among the contract parties. Projects are not approved until there are binding offers from subcontractors for key trades and materials. Escalator clauses can be used to reduce the risk of price increases. This approach supports the Group in its aim to further reduce risk in the construction business through partnership-based contracting models. Nevertheless, unanticipated increases in costs in relation to these and other areas may reduce profit margins to the extent that such increases cannot be passed on to customers or along the supply chain. The contracts agreed by the Group usually also involve delivery in accordance with specified milestones on agreed delivery dates and payment of penalties in case of delay (usually calculated on the basis of the number of days of delay). In connection with its investment in PPP concessions, the Group may be exposed, to the extent not mitigated by specific instruments, to the risk that inflation will reduce its profitability in circumstances where the Group's on-going costs increase by inflation beyond that by which revenue increases. If the risk management strategies employed by the Group fail to identify key risks or accurately estimate costs and timetables, or do not adapt quickly enough to new risks or other changes in the market, this could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is exposed to risks connected to the quantification and cashing of claims

Frequently the Group incurs costs higher than expected, attributable, directly or indirectly, to its clients. In such cases, the Group issues claims seeking the payment by the client of the higher costs, in addition to the payments already due under the relevant contracts. The recognition, quantification and cashing of such claims generally requires the Group to follow elaborate procedures and often recourse to court of law or arbitration proceedings.

Although the management of the Issuer believes that the procedures in place can effectively manage present and future claims, in the event such claims be granted for amounts substantially lower than those expected by the Issuer, there could be a potential material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group operates through consortium, joint ventures and minority partnerships which exposes it to liability based on acts or omissions of its partners

The Group carries a majority of its activities through partnerships with other primary operators, through consortium, joint ventures and partnership companies. These partnership structures may potentially expose the Group to the risk related to the performance of the other partners. Further, the Group may be dependent on the expertise of such partners in assessing certain of the costs of the contract. In the event that such partners are

unable to perform as required or provide the expected expertise, the Group may be unable to perform their obligations under the contract or may be subject to unexpected increased costs. Further, any disagreements between the Group and its third-party partners with regard to the terms or procedures or management of any project may impede the Group's ability to complete the development of certain projects on time.

In addition, the Group may be jointly and severally liable for the acts or omissions of their partners. Therefore, non-fulfilment by the other partners could result in non-collection of amounts owed, in the Group having to find a replacement or undertaking the task itself, which could result in time delays and additional costs, or in the Group being called to satisfy requests of fulfilment or of compensation, which could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is exposed to risks connected to the carrying out of the works through sub-contractors and suppliers

The Group participates in projects as general contractor or subcontractor, either as a member of a consortium, joint venture or other form of group participation. As a consequence, the Group depends upon the continued availability and satisfactory performance of third parties, including subcontractors and suppliers, for many aspects of the works delivered. Although contracts with sub-contractors and suppliers usually provide for indemnification if such parties were not to perform their obligations satisfactorily, such indemnification may not cover the financial losses in attempting to fulfil the contract. Therefore, if subcontractors or suppliers of the Group underperform or fail to perform their obligations under a contract, the Group could be financially responsible, with a potential material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

Additionally, when the Group serves as a subcontractor on a project it is dependent on the effective performance of the relevant contractor for whom it works. If a contractor fails to adequately manage projects, the Group may be unable to perform its duties in relation to the project. Further, if a contractor fails to secure payment from a customer for amounts due in connection with a project, the Group may experience a delay in receiving payment for work it has completed. Therefore, ineffective management of a project by a contractor for whom the Group is carrying out work could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group faces risk related to the trends in the price of raw materials

The fluctuation, which in some cases may be considerable, in the price of some raw materials may entail an increase in the costs of production. Even though the Group tends to neutralize such fluctuations through diversified procurement policies, framework agreements with strategic suppliers, contractual price review clauses and the use of *ad hoc* action by local governments, the possible occurrence of such fluctuations could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is exposed to potential liabilities and reputational risks deriving from failures of its health safety and environmental policies

The Group is involved in significant and complex construction projects which require the continuous monitoring and management of health, safety and environmental risks. While the Group has adopted strict health, safety and environmental policies and procedures in order to minimize such risks, there can be no assurance that a failure in such policies and procedures will not occur. Any failure in health and safety practices or environmental risk management procedures that results in serious harm to employees, subcontractors, the public or the environment could subject the Group to investigations, prosecutions and/or civil litigation, each of which could be costly for the business in terms of fines, settlements and management time. Such a failure could also subject the Group to adverse publicity and have an impact on its reputation and its ability to win new business, with a potential material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group faces liability and reputational risks in case of accidents in relation to its projects

The Group provides professional design and construction services for complex works. If a catastrophic event, such as the collapse of a bridge, tunnel or building or a derailment, occurred at one of the projects in relation to which the Group has provided professional design, construction or engineering services, the Group may be held liable if such an event is found to be caused by professional negligence. Such liability may be increased if the event would result in the personal injury or death of one or more employees of the Group, employees of other

subcontractors working on the project or members of the public, or in environmental harm, and/or extensive damage to third party property. Such incidents could subject the Group to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm. Liability and the adverse publicity thereto could lead to a loss of business and could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is exposed to risks stemming from a limited number of customers

Each year a significant portion of the Group's operating revenue is generated from contracts with a limited number of clients. In particular, for the year ended 31 December 2012, approximately 60% of the Group's revenues were generated from its first ten clients. Although such concentration of clients like governments and public entities is customary in the industry in which the Group operates, any changes in infrastructure investment policies or the allocation of resources set aside by main customers could have an adverse effect on the Issuer's and/or Group's financial condition or results of operations.

Additionally, the Group may either be contractually required to, or the management of the Issuer decide to, accommodate requests of customers to cancel, delay or adjust the scope of any given project. To the extent that such cancellation, delay or adjustment regards one or more large projects, this could have an adverse effect on the Issuer's and/or Group's financial condition or results of operations.

The Group may suffer uninsured losses or material losses in excess of insurance coverage

Even though the Group has an insurance cover which it believes is adequate for its business, the scope of the insurance policy coverage may be insufficient to cover all the risks which may from time to time arise. Further, it is possible for claims to fall outside the scope of the coverage, exceed the monetary limit of the relevant policy, for the underwriters to fail, or for coverage to be vitiated, in any case leaving the Group exposed to a portion or even the entirety of the relevant claim. In any of these circumstances where the Group faces liabilities not covered by insurance, such liabilities may have an adverse effect on the Issuer's and/or the Group's cash flow or profitability.

The Group operates in mature industries that are experiencing heightened competition and consolidation. As a result the Group may experience significant pricing pressure

The Group operates in highly competitive markets. The principal factors affecting competition in the relevant industries include product reliability, technological proficiency, ease of system configuration, applications expertise, adoption of international standards, engineering support and local presence and price. The Group successfully competes relying on technical and project management expertise, competitive pricing, availability of raw materials and labour as well as on reputation. Nevertheless, in response to the recent economic downturn, there has been a significant reduction in privately-funded work being commissioned, and consequently a number of the Group's competitors are turning to public sector work to try to improve their backlog. In these increasingly competitive markets, If the Group's competitors were to offer more favourable pricing, payment or other contractual terms, warranties or functionality which the Group do not currently provide, the Group might need to lower prices or offer other favourable terms in order to compete successfully, which could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group is subject to the covenants deriving from committed loans

As of 31 December 2012, the Group has taken out committed loans with several credit institutions for an outstanding approximate amount of EUR 800 million. Please see "*Business of the Group – Material Loans*".

Non-compliance with the above mentioned covenants, if not recovered within the grace period specified within the agreements, may entail the termination of the relevant loan and therefore the acceleration, by the financing banks, of loan repayments. The occurrence of such event could have adverse effects on the economic and financial situation of the Issuer and/or the Group. In addition, the need to maintain within certain limits the ratio between net financial position and Group equity and the ratio between net financial position and EBITDA, could limit the possibility to execute certain activities or investments without the prior approval of the banks (such approval cannot be unreasonably withheld), causing the loss of business or investment opportunities for the Issuer and/or the Group, with a potential material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

In the current economic downturn it may be more difficult for the Group to have access to credit

The credit crisis that has affected the banking system and the financial markets and the subsequent worsening of macroeconomic conditions, including a global reduction in consumption and industrial production, has given rise to restricted conditions for accessing credit, reduced liquidity in the financial markets and severe volatility in stock and bond markets. Limitations to the Group's ability to raise the funds necessary to carry out its activities on terms which are favourable or difficulties in obtaining financings on terms which are favourable could have an adverse effect on the Issuer and/or Group activities and on their economic and financial situation.

Risks related to the trend of the exchange rates

As of 31 December 2012, the Group's activities in countries outside the Euro-area¹ accounted for over 60 per cent. of the Group's operating revenues. The Group seeks to mitigate such exposure to foreign currency exchange risk by managing the level of its cash inflows and outflows denominated in foreign currencies and through hedging instruments. However, sharp fluctuations in exchange rates in the short-medium term could involve an increase in costs, which could have an adverse effect on the Issuer's and the Group's business, financial condition and results of operations. A recent example of the exchange rate risk is the devaluation of the Venezuelan bolivar in February 2013. In fact, the official exchange rate changed from 4.3 bolivars to the dollar to 6.3. Even so, Astaldi has been able to contain losses thanks to the Group's long experience within Venezuela and its knowledge of the market. Astaldi has a "local market" business model which has taken into account such phenomena when representing margins. When assessing its projects the Astaldi Group uses a cost to cost criteria and takes into consideration risk coefficients as well as implemented specific procedures that tend to neutralise as far as possible any devaluation consequences.

The Group faces counterparty risks

Certain customers and joint venture partners, either in the private or in the public sector, may become insolvent or elect to default under their contracts. This risk is increased in the current economic downturn. In case of default on payment obligations the Group may be unable to collect the amounts owed, in which case some or all of such amounts would need to be written off. Furthermore, if a counterparty, becomes insolvent or is otherwise unable to meet its obligations in connection with a particular project, the Group will need to find a replacement to carry out that party's obligations or, alternatively, fulfil the obligations itself, which may (but will not always) increase the costs and cause delays. A default by a financial counterparty in respect of contracts, such as bank facilities, could also impose costs on the Group the need to replace such facilities, incurring in additional costs thereto. Accordingly, any significant defaults or performance delays on the part of commercial and financial counterparties could increase costs or liabilities for the Group, which would adversely impact its profitability and financial condition.

The Group is subject to various and complex regulation

The jurisdictions in which the Group operates impose a number of complex, demanding and evolving legal, administrative and regulatory requirements which relate to, among other matters, administrative laws, tax laws, planning, building, land use, fire, health and safety, environment and employment.

Further, national and local laws and regulations relating to such matters are often complex and fragmentary, and their application and interpretation by the relevant authorities is sometimes unpredictable and inconsistent. This causes difficulties and uncertainties for companies operating in the sector, and may give rise to litigation, all of which and may have a material adverse effect on the Group's business, financial condition and results of operations.

Violations of or changes in relevant law, regulations or policies, or the interpretation thereof, may delay or increase the cost of ongoing projects or subject the Group to penalties, fines, criminal prosecutions, civil claims or other unforeseen costs.

Risk Factors Relating to the Notes

The Notes may not be a suitable investment for all investors

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

¹ In this context Euro-area means those countries which have adopted the Euro as their currency.

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

The Notes are not rated

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

The Notes may be redeemed prior to maturity

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

Noteholders will bear the risk of fluctuation in the price of the Ordinary Shares

Following the delivery of the Passing of Shareholder Resolutions Notice by the Issuer on 15 May 2013, the Notes are convertible into new and/or existing Ordinary Shares as determined by the Issuer from 31 January 2014 onwards. The market price of the Notes is therefore expected to be affected by fluctuations in the market price of the Ordinary Shares. Trading prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Astaldi Group, the results of operations and political, economic, financial and other factors. Any decline in the price of the Ordinary Shares may have an adverse effect on the market price of the Notes. Future issues or sales of the Ordinary Shares may significantly affect the trading price of the Notes or the Ordinary Shares. The future issue or sales of Ordinary Shares by the Issuer or any majority shareholder(s), or the perception that such issues or sales may occur, may significantly affect the trading price of the Notes and the Ordinary Shares.

Noteholders will have no rights as shareholders until they acquire the Ordinary Shares upon conversion of the Notes

Unless and until a Noteholder acquires the Ordinary Shares upon conversion of its Notes, it will have no right with respect to the Ordinary Shares, including any voting rights or rights to receive any dividends or other distributions with respect to the Ordinary Shares. Noteholders who acquire Ordinary Shares upon conversion will be entitled to exercise their rights as a shareholder only as to actions for which the applicable record date occurs after the relevant Delivery Date. However, the Conditions provide for a dividend protection mechanism before the conversion of the Notes.

Dilution of Noteholders' rights

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

No active trading market for the Notes

The Notes are new securities for which there is no established trading market when issued, and one may never develop. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, Astaldi's results of operations and the market price of the Ordinary Shares. Although application has been made

for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of that exchange, there is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Risk Factors Relating to the Market Generally

No prior market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Group's financial condition, performance and prospects. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices.

Although application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, there is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Risks related to the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or to or for the account or benefit of a U.S. person except pursuant to Rule 903 of Regulation S. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

Interest rate risks

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

Risks related to credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes or the Issuer's senior unsecured indebtedness. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the consolidated audited financial statements of the Issuer as of and for the years ended on 31 December 2012 and 2011 prepared in accordance with IFRS, together in each case with the audit report thereon. Such documents are incorporated into, and form part of, this Offering Circular, save that any statement contained therein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information contained in the aforementioned annual financial statements and interim reports, but not included in the cross-reference tables set out below, is not incorporated by reference in this Offering Circular and should be read for information purposes only.

(a) The auditors' report and consolidated audited financial statements of the Issuer as of and for the year ended on 31 December 2012:

| | |
|--|----------------|
| Consolidated Income Statement..... | Page 117 |
| Consolidated Statement of Comprehensive Income..... | Page 118 |
| Consolidated Statement of Financial Position..... | Pages 119 -120 |
| Consolidated Statement of Changes in Equity..... | Page 121-123 |
| Consolidated Statement of Cash Flows..... | Page 124 -125 |
| Notes to the consolidated financial statements | Page 126 -257 |
| Auditors' Report | Page 432 -433 |

(b) The auditors' report and consolidated audited financial statements of the Issuer as of and for the year ended on 31 December 2011:

| | |
|--|----------------|
| Separate Consolidated Income Statement..... | Page 116 |
| Consolidated Statement of Comprehensive Income..... | Page 117 |
| Consolidated Statement of Financial Position..... | Page 118 - 119 |
| Consolidated Statement of Changes in Equity..... | Page 120 - 121 |
| Consolidated Statement of Cash Flows..... | Page 122 - 123 |
| Notes to the consolidated financial statements | Page 124 - 189 |
| Auditors' Report | Page 202 - 204 |

Copies of documents incorporated by reference in this Offering Circular may be obtained free of charge from the registered office of the Issuer in via Giulio Vincenzo Bona 65, 00156 Rome, Italy and are made available for viewing on the website of the Issuer (www.astaldi.com) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The issue of the €130,000,000 4.50 per cent. Equity Linked Notes due 31 January 2019 (the "**Notes**"), having as underlying ordinary shares of Astaldi S.p.A. (the "**Issuer**"), was authorised by a resolution of the board of directors of the Issuer passed on 23 January 2013.

Pursuant to these terms and conditions (the "**Conditions**"), following approval of 23 April 2013 Issuer's shareholders' meeting of a dedicated capital increase for the issue of new ordinary shares to serve as underlying to the Notes, with effect from 31 January 2014 (the "**Period Start Date**") until the earlier of the date of redemption of a Note and the Maturity Date (as defined below), the holders of the Note ("**Noteholders**") may exercise their conversion right and receive, at the option of the Issuer upon conversion of their Notes, new and/or existing ordinary shares of the Issuer, cash or a mix of cash and new and/or existing ordinary shares of the Issuer - See Condition 11 "*Settlement and Conversion*" and Condition 14 "*Alternative Settlement Decision*" below.

Certain provisions of these Conditions are summaries of the Trust Deed (as defined below) and the Agency Agreement (as defined below) and subject to their detailed provisions. The Noteholders and the Couponholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee (as defined below), being at the date hereof 55 Moorgate, London EC2R 6PA, United Kingdom and at the Specified Offices of each of the Paying and Conversion Agents.

The following is the text of the Terms and Conditions of the Notes:

1. **Introduction**

- (a) *The Notes:* The expression the "**Notes**" refers to the Euro 130,000,000 4.50 per cent. Equity-Linked Notes due 31 January 2019 of Astaldi S.p.A. (the "**Issuer**").
- (b) *Trust Deed:* The Notes are subject to, and have the benefit of, a trust deed dated 31 January 2013 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (c) *Agency Agreement:* The Notes are also the subject of an agency agreement dated 31 January 2013 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying and conversion agent (the "**Principal Paying and Conversion Agent**", which expression includes any successor principal paying and conversion agent appointed from time to time in connection with the Notes), the paying and conversion agents named therein (together with the Principal Paying and Conversion Agent, the "**Paying and Conversion Agents**", which expression includes any successor or additional paying and conversion agents appointed from time to time in connection with the Notes) and the Trustee.
- (d) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof 55 Moorgate, London EC2R 6PA, United Kingdom and at the Specified Offices of each of the Paying and Conversion Agents, the initial Specified Offices of which are set out below.

2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Additional Cash Amount**" has the meaning given in Condition 28(b) (*Retroactive Adjustments - Adjustment to the Conversion Rights*);

"**Additional Shares**" has the meaning given in Condition 28 (*Retroactive Adjustments*);

"**Aggregate Consideration**" has the meaning given in Condition 29 (*Aggregate Consideration and Consideration per Share*);

"**Alternative Settlement Decision**" has the meaning given in Condition 14(a) (*Alternative Settlement Decision - Issuer's Election*);

"**Alternative Settlement Decision Date**" means the date falling five Exchange Business Days after the relevant Conversion Date;

"**Alternative Settlement Decision Notice**" has the meaning given in Condition 14(b) (*Alternative Settlement Decision - Alternative Settlement Decision Notice*);

"**Bonus Issue**" means any issue of 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) which does not constitute a Dividend;

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

"**Calculation Agent**" means BNP Paribas Securities Services, Luxembourg Branch;

"**Capitalisation Undertaking**" means an undertaking to inject equity into a Project Bond Subsidiary (including, for the purposes of this definition, any injection of subordinated debt) necessary to provide such Project Bond Subsidiary with the equity sufficient to sustain certain costs or comply with financial covenants assumed by such company;

"**Cash Alternative Amount**" means, in respect of any Shares (including for this purpose any fraction of a Share) which, in the absence of an Alternative Settlement Decision, would have fallen to be delivered upon any exercise of Conversion Rights, an amount calculated in accordance with the following formula:

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

where:

CAA = the Cash Alternative Amount;

$\sum_{i=1}^n F_i$ means the sum of a series of numbers, each of which numbers is found by inserting a value for i in the function F over the range from and including i=1 to and including i=n;

S = the number of Shares (including, for this purpose, any fraction of a Share) to which the relevant Noteholder would have been entitled upon exercise of the Conversion Rights in the absence of an Alternative Settlement Decision;

P_n = the Volume Weighted Average Price per Share on the nth Exchange Business Day of the Cash Alternative Calculation Period; and

N = the number of Exchange Business Days in the Cash Alternative Calculation Period

"Cash Alternative Calculation Period" means the period of 20 consecutive Exchange Business Days commencing on the second Exchange Business Day following the relevant Alternative Settlement Decision Date;

"Cash Dividend" means any Dividend which is to be paid or made in cash (in whatever currency) *provided that:*

- (i) any Dividend determined to be a Cash Dividend pursuant to sub-paragraph (iii) of the definition of "Dividend" shall constitute a Cash Dividend;
- (ii) a Dividend falling within sub-paragraphs (v) or (vi) of the definition of "Dividend" shall not constitute a Cash Dividend; and
- (iii) a Dividend falling within sub-paragraph (ii) of the definition of "Spin-Off" shall not constitute a Cash Dividend;

"Cash Redemption Amount" means an amount calculated in accordance with the following formula and which shall be payable to a Noteholder upon an exercise of a Settlement Right:

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

where:

CRA = the Cash Redemption Amount;

S = the number of Shares (including, for this purpose, any fraction of a Share but rounded, if necessary, to five decimal places, with 0.000005 being rounded up) determined by dividing the principal amount of the relevant Notes in respect of which the Settlement Rights shall have been exercised by the relevant Noteholder by the Conversion Price in effect on the relevant Settlement Date;

P_n = the Volume Weighted Average Price of a Share on the nth Exchange Business Day of the Cash Redemption Calculation Period; and

N = 20, being the number of Exchange Business Days in the Cash Redemption Calculation Period,

provided that if any Dividend or other entitlement in respect of the Shares is announced on or prior to the relevant Settlement 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 relevant Settlement Date and if on such Exchange Business Day in the Cash Redemption 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 Share as at the date of the first public announcement of such Dividend or entitlement (or, if that is not an Exchange Business Day, the immediately preceding Exchange Business Day);

"Cash Redemption Calculation Period" means the period of 20 consecutive Exchange Business Days commencing on the relevant Settlement Date (or the next Exchange Business Day if such date is not an Exchange Business Day);

"Change of Control Cash Amount" has the meaning given in Condition 16(d) (*Change of Control - Adjustment to the Conversion Price*);

"Change of Control Event" has the meaning given in Condition 16(c) (*Change of Control - Change of Control Event*);

"Change of Control Event Notice" has the meaning given in Condition 16(d) (*Change of Control - Adjustment to the Conversion Price*);

"Change of Control Period" means the period commencing on the occurrence of a Change of Control Event and ending 60 calendar days following the Change of Control Event or, if later, 60 calendar days following the date on which a Change of Control Event Notice is given;

"Change of Control Event Put Date" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Change of Control Event Put Option Period" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Change of Control Restricted Period" has the meaning given in Condition 11(b) (*Settlement and Conversion - Settlement Period and Conversion Period*);

"Concession" means any right owned from time to time by the Issuer, Astaldi Concessioni S.r.l. or any of their respective Subsidiaries to design, construct, manage, own, acquire, develop, lease, operate or otherwise realise any infrastructure, building or other development;

"Consideration per Share" has the meaning given in Condition 29 (*Aggregate Consideration and Consideration per Share*);

"Consolidated EBITDA" means, in accordance with principles of International Accounting Standards and on the basis of the consolidated financial statements of the Issuer, for any period, the Consolidated Profits Before Interest and Tax for that period before any amount attributable to the amortisation and depreciation and any impairment losses on assets;

"Conversion Date" has the meaning given in Condition 12(d) (*Procedure for exercise of Settlement Rights or Conversion Rights – Settlement Date and Conversion Date*);

"Conversion Expenses" has the meaning given in Condition 12(b) (*Procedure for exercise of Settlement Rights or Conversion Rights - Conversion Expenses*);

"Conversion Notice" means a notice of conversion in the form (for the time being current) obtainable from the Specified Office of any Paying and Conversion Agent;

"Conversion Period" has the meaning given in Condition 11(b) (*Settlement and Conversion - Settlement Period and Conversion Period*);

"Conversion Price" has the meaning given in Condition 11(d) (*Settlement and Conversion - Conversion Price*);

"Conversion Rights" has the meaning given in Condition 11(a) (*Settlement and Conversion - Settlement Rights and Conversion Rights*);

"Current Market Price" means, in respect of a Share at a particular date, the arithmetic average of the Officially Published closing prices per Share for the five consecutive Exchange Business Days ending on the Exchange Business Day immediately preceding such date (the **"Relevant Period"**), *provided that*:

- (i) if at any time during the Relevant Period the Shares shall have been quoted ex-Dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-Dividend (or cum-any other entitlement), then:
 - (A) if the Shares to be delivered do not rank for the Dividend (or entitlement) in question, the quotations on the dates on which the Share shall have been quoted 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 that Dividend (or entitlement) per Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the Republic of Italy); or

- (B) if the Shares to be delivered do rank for the Dividend (or entitlement) in question, the quotations on the dates on which the Shares shall have been quoted ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to have been the amount thereof increased by such similar amount; and
- (ii) if on each of the five (5) Exchange Business Days during the Relevant Period the Shares have been quoted cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or entitlement) which has been declared or announced but the Shares to be delivered do not rank for that Dividend (or entitlement) the quotations 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 that Dividend (or entitlement) per Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the Republic of Italy); and
- (iii) if such closing prices are not available on each of the five (5) Exchange Business Days during the Relevant Period, then the arithmetic average of such closing prices which are available in the Relevant Period shall be used (subject to a minimum of two such closing prices); and
- (iv) if only one or no such closing prices is available in the Relevant Period, then the Current Market Price shall be Determined by an Expert;

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (1) number of days in the Regular Period in which the relevant period falls and (2) two;

"Decree 239" has the meaning given in Condition 9 (*Taxation*);

"Determined by an Expert" means determined in good faith by an Expert;

"Dividend" means any dividend or distribution of any kind whatsoever attributable to Shareholders whether of cash or other property and however described *provided that*:

- (i) a Spin-Off shall constitute a Dividend;
- (ii) a distribution or payment to Shareholders upon or in connection with a reduction of capital shall constitute a Dividend;
- (iii) 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 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 or capitalisation in question shall be treated as a Cash Dividend of the greater of:
 - (A) such cash amount; and
 - (B) the Current Market Price of such Shares or, as the case may be, the Fair Market Value of such other property or assets (as at the date of the first public announcement of such Dividend or capitalisation (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);
- (iv) subject as provided in (iii) above, a Bonus Issue shall not constitute a Dividend;

- (v) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any of its Subsidiaries shall only constitute a Dividend if the weighted average price per Share (before expenses) on any one day in respect of such purchases or redemptions or buy backs (translated, if not in euros, into euros at the Screen Rate on such day) exceeds by more than 5 per cent. the average of the Officially Published closing prices of the Shares on the Relevant Exchange on the five Exchange Business Days immediately preceding such day, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into euros as provided above) exceeds the product of (a) 105 per cent. of the average closing price of the Shares determined as provided above and (b) the number of Shares so purchased, redeemed or bought back *provided, however, that* where an announcement (excluding, for the avoidance of doubt, 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 Shares at some future date at a specified price, the relevant five Exchange Business Days shall be the five Exchange Business Days immediately preceding the date of such announcement; and
- (vi) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary receipts (or any other receipts or certificates) representing Shares, the provisions of (v) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be Determined by an Expert;

"Effective Date" has, for the purposes of any Condition in which such expression is used, the meaning given in the relevant Condition;

"Excess Shares" has the meaning given in Condition 16(d) (*Change of Control - Adjustment to the Conversion Price*);

"Exchange Business Day" means any day that is a trading day on the Relevant Exchange other than a day on which the Relevant Exchange is scheduled to close prior to its regular weekday closing time;

"Existing Shareholders" means, in relation to a Newco Scheme, the Shareholders of the Issuer immediately prior to the Scheme;

"Expert" means, in relation to any matter to be Determined by an Expert, an independent investment bank and/or a firm of accountants which is, in either case, of international repute, appointed to act as an expert for the purposes of such matter in accordance with these Conditions and the Trust Deed;

"Extraordinary Dividend" has the meaning given in Condition 17 (*Dividends*);

"Extraordinary Resolution" has the meaning given in the Trust Deed;

"Fair Market Value" means:

- (i) with respect to a Cash Dividend or other cash amount the amount of such cash; and
- (ii) with respect to any other property on any date, the fair market value of that property as of that date as Determined by an Expert,

provided, however, that in any such case:

- (A) where Spin-Off Securities, options, warrants or other rights are publicly traded in a market which is Determined by an Expert to have adequate liquidity, the fair market value of such Spin-Off Securities, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such Spin-Off Securities, options, warrants or other rights during the period of five trading days on the relevant market commencing on such date (or, if later, the first such trading day such Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter

period as such Spin-Off Securities, options, warrants or other rights are publicly traded;

- (B) any Cash Dividend declared or paid in a currency other than euros shall be translated into euros at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid the Cash Dividend in euros;
- (C) any other amount or value in a currency other than euros shall be translated into euros at the Screen Rate on that date; and
- (D) the amount or value shall be determined on a gross basis disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit;

"Fair Note Value" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Fair Note Value Calculation Period" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Financial Year" means, in respect of the Issuer, any accounting period in respect of which audited financial statements of the Issuer have been published or are expected to be published;

"Further Restricted Period" has the meaning given in Condition 11(b) (*Settlement and Conversion - Settlement Period and Conversion Period*);

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

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised;

"Interest Payment Date" means 31 January and 31 July in each year, the first Interest Payment Date being 31 July 2013;

"Issue Date" means 31 January 2013;

"Long-Stop Date" means 30 June 2013;

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

- (a) whose total assets (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets) at any relevant time represent no less than 5 per cent. of the total consolidated assets of the Group; or
- (b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that, as a result of such transfer, the relevant Subsidiary assets shall represent at least 5 per cent. of the total consolidated assets of the Group; or
- (c) whose Material Subsidiary EBITDA at any relevant time represents no less than 10 per cent of the Consolidated EBITDA of the Group;

The total assets of the Issuer and each Subsidiary will be calculated in accordance with IFRS, as shown in the most recent individual annual or six-month balance sheet of each of the Issuer or the relevant Subsidiary, as the case may be.

The total consolidated assets of the Group will be calculated in accordance with IFRS, as shown in the most recent consolidated audited balance sheet or consolidated unaudited balance sheet for the most recent six-month period of the Issuer (excluding the notes thereto).

"Material Subsidiary EBITDA" means, in accordance with principles of International Accounting Standards, for the financial period to which the relevant annual or six-month financial statements relate, with respect to the stand alone financial statements of the relevant member of the Group, Profits Before Interest and Tax for that financial period before any amount attributable to the amortisation and depreciation and any impairment losses on assets;

"Maturity Date" means 31 January 2019;

"Minimum Asset Requirement" has the meaning given in Condition 5(b) (*Undertakings – Minimum Assets*);

"MTA" means the *Mercato Telematico Azionario*, a market organized and managed by *Borsa Italiana*;

"Monte Titoli" means Monte Titoli S.p.A.;

"Newco Scheme" means a scheme of arrangement (or analogous proceeding) or other action or proceedings (the **"Scheme"**) which effects the interposition of a limited liability company (**"Newco"**) between the Existing Shareholders and the Issuer and which satisfies the following conditions:

- (i) only ordinary shares of Newco are issued to Existing Shareholders;
- (ii) immediately after completion of the Scheme Existing Shareholders are the only shareholders of Newco;
- (iii) immediately after completion of the Scheme Newco is (or wholly owned Subsidiaries of Newco are) the only shareholder (or shareholders) of the Issuer;
- (iv) all Subsidiaries of the Issuer immediately prior to the Scheme (other than Newco if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme; and
- (v) immediately after completion of the Scheme the Issuer (or Newco) holds, directly or indirectly, the same percentage of the equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme;

"Offer" means an offer to acquire Shares, whether expressed as a legal offer, an invitation to treat, a scheme with regard to such acquisition or in any other way, in circumstances where such offer is available to all Shareholders or all Shareholders other than any Shareholder who is the person making such offer (or any associate of such person) or who is excluded from the offer by reason of being connected with one or more specific jurisdictions *provided, however, that* a Newco Scheme shall not be an Offer for these purposes;

"Officially Published" means in relation to the Shares, published in accordance with the laws, rules or regulations governing publication of information to holders of equity securities admitted to listing, trading and/or quotation by Relevant Exchange;

"Passing of Shareholders Resolution Notice" has the meaning given in Condition 11(a) (*Settlement and Conversion - Settlement Rights and Conversion Rights*);

"Payment Business Day" means, in respect of any place of presentation of any Note or Coupon, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to in Condition 8 (*Payments*), on which the TARGET2 System is open;

"Period Start Date" has the meaning given in Condition 11(a) (*Settlement and Conversion - Settlement Rights and Conversion Rights*);

"Permitted Security Interest" means:

- (a) any Security Interest arising automatically by operation of law;

- (b) any Security Interest in existence in respect of any asset or property of the Issuer or any of its Subsidiaries on the Issue Date;
- (c) in the case of any entity which becomes a Subsidiary of any member of the Group (or which is merged into the Issuer or any Subsidiary) after the Issue Date, any Security Interest securing Relevant Indebtedness existing over its assets at the time it becomes such a Subsidiary provided that the Security Interest was not created in contemplation of, or in connection with, such entity becoming a Subsidiary and the amounts secured have not been increased in contemplation of or in connection with such entity becoming a Subsidiary;
- (d) any Security Interest created in substitution of or supplementing any Security Interest permitted under paragraphs (a) to (c) above over the same or substituted assets provided that (1) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest, (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced, as determined and confirmed in writing by the Issuer (acting reasonably), (3) in the case of a Security Interest being supplemented, such supplementing was provided for under the relevant contractual arrangements at the time of creation of the Security Interest and is required to comply with such contractual arrangements, and (4) the duration of the substitute Security Interest does not exceed the duration of the initial Security Interest; and
- (e) any Security Interest granted to (or for the benefit of) the holders of Project Bonds;

"Person" means 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;

"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;

"Previous Relevant Cash Dividend" has the meaning given in Condition 17 (*Dividends*);

"Project Bonds" means any future Relevant Indebtedness incurred by a Project Bond Subsidiary in the financing or refinancing by such Project Bond Subsidiary of a Concession, in respect of which the Person or Persons to whom any such indebtedness is or may be owed by such Subsidiary has or have no recourse whatsoever to any member of the Group for the repayment thereof other than:

- (a) recourse to all assets of such Project Bond Subsidiary;
- (b) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any Security Interest (i) given by such Project Bond Subsidiary over its assets (including such Concession or the income, assets, cash flow or other proceeds, deriving therefrom) or (ii) given by any shareholder or Quotaholder, including any member of the Group, in such Project Bond Subsidiary over its shares or Quotas in the capital of such Subsidiary) to secure such indebtedness;
- (c) recourse for amounts limited to the equity commitment obligations assumed by the Issuer or any Subsidiary (other than such Project Bond Subsidiary) in the Capitalisation Undertaking entered into in relation to such Concession,

provided that (A) the extent of such recourse under (b) above in respect of any party other than the relevant Project Bond Subsidiary is limited solely to the amount of any recoveries made on any such enforcement and (B) such Person or Persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of any member of the Group (other than the relevant Project Bond Subsidiary) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Group (other than the relevant Project Bond Subsidiary) or any assets (save for the

Security Interest granted by the relevant Project Bond Subsidiary over its assets or for any pledge over the shares or capital of the relevant Project Bond Subsidiary or for any obligation assumed under (c) above);

"Project Bond Subsidiary" means any Subsidiary of the Issuer or of an Issuer's Subsidiary:

- (a) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development, leasing and/or operation of a Concession; and
- (b) none of whose Indebtedness in respect of the financing of such ownership, acquisition, development, leasing and/or operation of a Concession is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary) in respect of the repayment thereof, except as expressly referred to in the definition of Project Bonds;

"Put Option Notice" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Put Option Receipt" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Quota" means a share in the capital of a *società a responsabilità limitata* or other corporate structure which provides for shares in capital to be represented by quotas;

"Quotaholder" means the holder of a Quota;

"Rate of Interest" means 4.50 per cent. per annum;

"Record Date" means, in respect of any entitlement to receive any dividend or other distribution declared, paid or made, or any rights granted, the record date or other due date for the establishment of the relevant entitlement;

"Regular Period" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date;

"Regulation S" means Regulation S under the United States Securities Act of 1933;

"Relevant Cash Dividend" has the meaning given in Condition 17 (*Dividends*);

"Relevant Currency" means Euro or, if at the relevant time or for the purposes of the relevant calculation or determination, Borsa Italiana is not the Relevant Exchange, the currency in which the Shares are quoted or dealt in on the Relevant Exchange at such time;

"Relevant Date" means, in relation to any payment in respect of a Note, whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET2 System by the Principal Paying and Conversion Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Exchange" means Borsa Italiana or, if the Shares are no longer admitted to listing, trading and/or quotation by Borsa Italiana the principal stock exchange or securities market by which the Shares are then admitted to listing, trading and/or quotation;

"Relevant Indebtedness" means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented or evidenced by, notes, bonds or other securities (excluding securities evidencing indebtedness arising under banking facilities) whether issued for cash or in whole or in part for a consideration other than cash, and which are capable, of being quoted, listed or ordinarily traded on any stock exchange, quotation system or recognised over-the-counter or other securities market, provided, however, that any indebtedness represented by notes or similar instruments, issued by consolidated or non-consolidated special purpose vehicles in connection with the securitisation of assets, and in respect of which recourse is limited to such assets,

shall not be deemed to constitute Relevant Indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include, whether of the Issuer or any of its Subsidiaries, (1) any mortgages, bank loans, guarantee or indemnification obligations in connection with the securitisation of assets, or (2) financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447bis and subsequent of the Italian Civil Code;

"Relevant Note" has the meaning given in Condition 15(e) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption*)

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

"Relevant Record Date" has the meaning given in Condition 15(e) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption*)

"Reserved Matter" means, in the context of any meeting of Noteholders, any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;
- (ii) to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under the Trust Deed);
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to change any aspect of the Settlement Rights or Conversion Rights;
- (v) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this definition of Reserved Matter;

"Restricted Period" has the meaning given in Condition 11(b) (*Settlement and Conversion - Settlement Period and Conversion Period*);

"Retroactive Adjustment Date" has the meaning given in Condition 28 (*Retroactive Adjustments*);

"Rights" means, in respect of any securities or assets, any options, warrants or other rights (other than Share-Related Securities) which by their terms of issue carry a right to subscribe for, purchase or otherwise acquire such securities or assets;

"Screen Rate" means, on any day, and, in respect of the translation or conversion of one currency into another currency, the rate of exchange between such currencies appearing on Reuters page ECB 37 on that day, or, if that page is not available or that rate of exchange does not appear on that page on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Issuer shall determine, with the prior written approval of the Trustee;

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

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, any security interest, under the laws of any jurisdiction;

"Settlement Date" has the meaning given in Condition 12(d) (*Procedure for exercise of Settlement Rights or Conversion Rights – Settlement Date and Conversion Date*);

"Settlement Notice" means a notice of settlement in the form (for the time being current) obtainable from the Specified Office of any Paying and Conversion Agent;

"Settlement Period" has the meaning given in Condition 11(b) (*Settlement and Conversion – Settlement and Conversion Period*);

"Settlement Rights" has the meaning given in Condition 11(a) (*Settlement and Conversion – Settlement Rights and Conversion Rights*);

"Share" means an ordinary share, currently of Euro 2.00 par value, in the share capital of the Issuer;

"Shareholder" means the person in whose name a Share is for the time being registered in the register of Share ownership maintained by or on behalf of the Issuer;

"Shareholder Event Notice" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Shareholder Event Put Date" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Shareholder Event Put Option Period" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"Shareholder Event Redemption Date" has the meaning given in Condition 7(e) (*Redemption and Purchase – Redemption following non-passing of the Shareholder Resolutions*);

"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 Shares to satisfy exercise of Conversion Rights in full;

"Share-Related Securities" means any securities (excluding the Notes but including any further Notes issued pursuant to Condition 45 (*Further Issues*)) which by their terms of issue:

- (i) carry a right to subscribe for, purchase or otherwise acquire Shares or any securities which by their terms of issue might be redesignated as Shares; or
- (ii) might be redesignated as Shares or be redesignated so as to carry a right to subscribe for, purchase or otherwise acquire Shares;

"Specified Office" has the meaning given in the Agency Agreement;

"Spin-Off" means:

- (i) a distribution of Spin-Off Securities or Rights in respect of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (ii) 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 pursuant to any arrangements with the Issuer or any of its Subsidiaries,

provided, however, that in the case of or in connection with a Newco Scheme the distribution, issue, transfer or delivery of ordinary shares in Newco to Existing Shareholders as a class shall not constitute a Spin-Off;

"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.

"Subsidiary" of any person means at any relevant time (i) a company more than 50 per cent. of the Voting Rights of which are owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other company in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, (a) also by way of shareholders' agreements, has at least a majority ownership in the share or quota capital with Voting Rights or (b) in any event a dominant influence in a shareholders'/quotaholders' meeting of any such company pursuant to Article 2359, paragraph 1, points 1 and 2, of the Italian Civil Code;

"TARGET Business Day" means any day on which the TARGET2 System is open;

"TARGET2 System" means the Trans-European Automated Real-time Gross settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"Tax Redemption Date" has the meaning given in Condition 7(b) (*Redemption and Purchase - Redemption for tax reasons*); and

"Threshold Amount" has the meaning given in Condition 17 (*Dividends*);

"Volume Weighted Average Price" means, in respect of a Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of a Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Share) from Bloomberg page AST.IM<equity>AQR or VWAP or (in the case of a Security (other than Shares) or Spin-Off Security) from the principal stock exchange or securities market on which such, Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by the Calculation Agent on such dealing day and translated, if not in the Relevant Currency, into the Relevant Currency 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 a Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

- (b) *Construction of certain references:* In these Conditions, unless otherwise specified or unless the context otherwise requires:
- (i) a reference to a business day in any place shall be construed as a reference to a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place;
 - (ii) the expression the "Notes" shall be construed so as to include any further notes issued pursuant to Condition 45 (*Further Issues*) and forming a single series with the Notes;
 - (iii) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
 - (iv) references to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be construed so as to include an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any jurisdiction or requirements of any recognised regulatory body or any stock exchange in any jurisdiction or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;
 - (v) "equity share capital" means, in relation to a company, 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 specified amount in a distribution;

- (vi) references to the "issue" of Shares shall include the transfer and/or delivery of Shares by the Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing;
- (vii) Shares held by the Issuer or any of its Subsidiaries, other than Shares traded through the authorised liquidity provider appointed under the Issuer's liquidity plan adopted in compliance with Consob resolution n. 16839/2008 and duly published, shall not be considered as or treated as "in issue"; and
- (viii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

THE DEBT SECURITY

3. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in denominations of Euro 100,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) 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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

4. **Status**

The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Undertakings**

(a) *Negative Pledge*

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

(b) *Minimum Assets*

So long as any Note remains outstanding, the Issuer shall ensure that the aggregate total assets of the Issuer and its Material Subsidiaries (or, where the Material Subsidiary in question prepares consolidated accounts, its total consolidated assets), taken as a whole, shall exceed 70% of the total consolidated assets of the Group (the "**Minimum Asset Requirement**"). The total assets of the Issuer and the Material Subsidiaries will be calculated in accordance with IFRS, as shown in the most recent individual annual or six-month balance sheet of each of the Issuer or the relevant Material Subsidiary (or, where the Material Subsidiary in question prepares consolidated accounts, its most recent consolidated accounts or six-month reports) as the case may be. The total consolidated assets of the Group will be calculated in accordance with IFRS, as shown in the most recent consolidated audited balance sheet or the consolidated unaudited balance sheet for the most recent six-month period of the Issuer (excluding the notes thereto).

Within 30 days of approval by the Issuer of (i) the annual consolidated financial statements and (ii) the consolidated financial statements for the six-month period, the Issuer shall procure that the accounting

firm opining on or certifying such financial statements will deliver a certificate to the Trustee certifying that the Issuer as at the date of such financial statements was in compliance with the Minimum Asset Requirement.

6. **Interest**

- (a) *Interest commencement and rate:* The Notes bear interest from the Issue Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*).
- (b) *Cessation of interest accrual:* Each Note will cease to bear interest from the due date for redemption, subject as provided in Condition 6(c) (*Interest - Principal Amount not paid on due date*), Condition 15(d) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest*) and Condition 15(e) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption*).
- (c) *Principal Amount not paid on due date:* If, upon due presentation of any Note on the due date for redemption, payment of principal is improperly withheld or refused, such Note will continue to bear interest at the Rate of Interest (both before and after judgment) until the Relevant Date.
- (d) *Coupon amount:* The amount of interest payable on each Interest Payment Date in respect of each Note shall be Euro 2,250. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, converted, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date, subject as provided in Condition 8 (*Payments*).
- (b) *Redemption for tax reasons:* Subject as provided in Condition 7(c) (*Redemption and Purchase - Noteholders' tax option*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption (the "**Tax Redemption Date**"), if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 24 January 2013; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, 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 if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee:

- (A) a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

- (B) an opinion addressed to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Subject as provided in Condition 7(c) (*Redemption and Purchase - Noteholders' tax option*), upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

- (c) *Noteholders' tax option:* If the Issuer shall give a redemption notice pursuant to Condition 7(b) (*Redemption and Purchase - Redemption for tax reasons*), each Noteholder will have the right to elect that its Note(s) shall not be redeemed and that the provisions of Condition 9 (*Taxation*) shall not apply in respect of any payment of interest to be made on such Note(s) which falls due after the Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 (*Taxation*) and payment of all amounts shall be made subject to the deduction or withholding of the relevant the Italian taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 7(c), the relevant Noteholder must present a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying and Conversion Agent (together with its Notes) by not later than 20 days prior to the Tax Redemption Date at the specified office of any Paying and Conversion Agent.
- (d) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with accrued interest to the date fixed for redemption:
- (i) at any time on or after 15 February 2016, *provided that* on each of not less than 20 Exchange Business Days in any period of 30 consecutive Exchange Business Days ending not earlier than the seventh day prior to the date on which the relevant notice of redemption is given by the Issuer to the Noteholders the Current Market Price of the Shares (adjusted as provided below) shall have exceeded 130 per cent. of the Conversion Price in effect on such Exchange Business Day; or
- (ii) at any time if prior to the date on which the relevant notice of redemption is given by the Issuer less than 15 per cent. in principal amount of the Notes originally issued (including any further notes consolidated and forming a single series with the Notes at such date) remain outstanding.

In order to exercise such option the Issuer shall give not less than 30 nor more than 90 days' notice to the Trustee and the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the date for redemption specified in such notice). Such notice shall specify (i) the date when the relevant redemption will take place, (ii) the Conversion Price in effect as at the date of the notice, (iii) the last day on which Settlement Rights or, as appropriate, Conversion Rights may be exercised by a Noteholder and (iv) whether or not any interest could be payable pursuant to Condition 15(e) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption*) upon conversion of a Note.

For the purpose of Condition 7(d)(i):

- (i) the provisos to the definition of Current Market Price shall not apply; and
- (ii) if on any Exchange Business Day during the 30 Exchange Business Day period the Shares have been quoted cum-Dividend (or cum any other entitlement), then the Current Market Price on the dates on which the Shares have been quoted cum-Dividend (or cum any other entitlement) shall be reduced by an amount equal to the Fair Market Value of that Dividend (or entitlement) per Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the Republic of Italy).

(e) *Redemption following non-passing of the Shareholder Resolutions:*

- (i) *Redemption at the option of the Issuer following non-passing of the Shareholder Resolutions:* If the Shareholder Resolutions are not passed by the Long-Stop Date, the Issuer may give notice (a "**Shareholder Event Notice**") in writing to the Trustee and to the Noteholders in accordance with Condition 46 (*Notices*) no later than 10 Exchange Business Days after the Long-Stop Date that it will redeem all but not some only of the Notes on the date falling 3 Exchange Business Days after the end of the Fair Note 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 Note Value of the Notes, together with accrued but unpaid interest to (but excluding) the Shareholder Event Redemption Date; provided that the Issuer will give notice to the Trustee in writing of the passing/non-passing of the Shareholder Resolutions no later than 5 (five) Exchange Business Days thereafter.

"**Fair Note Value**" means the price calculated by the Calculation Agent as being the average of the prices of the Notes on each dealing day during the Fair Note Value Calculation Period.

"**Fair Note Value Calculation Period**" means the period of 5 consecutive Exchange Business Days commencing on the dealing day following the date of the Shareholder Event Notice.

- (ii) *Redemption at the option of the Noteholders following non-passing of the Shareholder Resolutions:* If the Shareholder Resolutions are not passed by the Long-Stop Date, the Issuer shall, at the option of the holder of any Note redeem such Note on the Shareholder Event Put Date at a price equal to 100 per cent. of its principal amount together with interest accrued to such date. In order to exercise the option contained in this Condition 7(e)(ii), the holder of a Note must, during the Shareholder Event Put Option Period, deposit with any Paying and Conversion Agent such Note together with all unmatured Coupons relating thereto and a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying and Conversion Agent. The Paying and Conversion Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a "**Put Option Receipt**") to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(e)(ii), may be withdrawn; *provided, however, that* if, prior to the Shareholder Event Put Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Shareholder Event Put Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying and Conversion Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying and Conversion Agent in accordance with this Condition 7(e)(ii), the depositor of such Note and not such Paying and Conversion Agent shall be deemed to be the holder of such Note for all purposes.

"**Shareholder Event Put Date**" means the date which is the fourteenth day after the last day of the Shareholder Event Put Option Period.

"**Shareholder Event Put Option Period**" means the period of 60 days starting on the day after the Long-Stop Date.

- (f) *Redemption at the option of Noteholders Following a Change of Control:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Change of Control Put Date at a price equal to 100 per cent. of its principal amount together with interest accrued to such date. In order to exercise the option contained in this Condition 7(f), the holder of a Note must, during the Change of Control Put Option Period, deposit with any Paying and Conversion Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying and Conversion Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(f), may be withdrawn; *provided, however, that* if, prior to the Change

of Control Put Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Change of Control Put Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying and Conversion Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying and Conversion Agent in accordance with this Condition 7(f), the depositor of such Note and not such Paying and Conversion Agent shall be deemed to be the holder of such Note for all purposes.

"Change of Control Put Date" means the date which is the fourteenth day after the last day of the Change of Control Put Option Period.

"Change of Control Put Option Period" means the period of 60 calendar days starting on the day after the date on which the Issuer gives a Change of Control Event Notice in accordance with Condition 16(d) (*Change of Control - Adjustment to the Conversion Price*).

For the purposes of this Condition 7(f), the Trustee and the Calculation Agent shall be entitled to assume, unless otherwise informed by the Issuer in writing, that no Change of Control Event has occurred and shall incur no liability to any person for so doing.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7(a) (*Redemption and Purchase - Scheduled redemption*), Condition 7(b) (*Redemption and Purchase - Redemption for tax reasons*), Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer*), 7(e) (*Redemption and Purchase - Redemption following non-passing of the Shareholder Resolutions*) and Condition 7(f) (*Redemption and Purchase - Redemption at the option of Noteholders Following a Change of Control*).
- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes redeemed by the Issuer, and all Notes which are converted, and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with all applicable laws and regulations, Notes purchased by the Issuer or any of its Subsidiaries may be held or resold by the Issuer or submitted for cancellation by the Issuer or its Subsidiaries, in each case, at the Issuer's discretion.

8. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying and Conversion Agent outside the United States by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System.
- (b) *Interest:* Payments of interest shall, subject to Condition 8(f) (*Payments - Payments other than in respect of matured Coupons*), be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying and Conversion Agent outside the United States in the manner described in Condition 8(a) (*Payments - Principal*).
- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto, a sum equal to the aggregate amount of the missing unmatured Coupons will be deducted from the amount due for payment in respect of such Note; *provided, however, that*, if the gross amount available for payment is less than the amount due for payment in respect of such Note, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross

amount actually available for payment bears to the amount due for payment in respect of such Note. Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (*Payments - Principal*) against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (e) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (f) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying and Conversion Agent outside the United States.
- (g) *Partial payments:* If a Paying and Conversion Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying and Conversion Agent will endorse thereon a statement indicating the amount and date of such payment.

9. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, subject as provided in Condition 7(c) (*Redemption and Purchase - Noteholders' tax option*), the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) in respect of any Note, Receipt or Coupon presented for payment in the Republic of Italy; or
- (b) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a Noteholder or Couponholder who is:
 - (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or residence or other similar claim for exemption; or
 - (ii) liable to such taxes, duties, assessments or governmental charges by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note, Receipt or Coupon; or
- (c) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt and/or Coupon to another Paying Agent in a Member State of the EU; or
- (d) in respect of any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
- (e) where such withholding or deduction is imposed on a payment to an individual resident outside the Republic of Italy and is required to be made pursuant to (i) European Council Directive 2003/48/EC of 3 June 2003 or any other European Union Directive or Regulation on the taxation of savings income in the form of interest payments implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or (ii) any agreements entered into by the European Union in connection with such Directive or Regulation and relating to the taxation of savings income, or (iii) any law implementing or complying with, or introduced in order to conform to, such Directive or Regulation and relating to the taxation of savings income; or

- (f) in relation to any payment or deduction of any interest, premium or proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("**Decree 239**"), and in general in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with; or
- (g) in respect of any Note where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 (as amended); or
- (h) in respect of any Note where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973 (as amended); or
- (i) where such withholding or deduction is imposed pursuant to any legislative decrees implementing Law No. 80 of 7 April 2003.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 or any undertaking given in addition to or in substitution of this Condition 9 pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

10. **Events of Default**

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraph (i) (*Failure to take action, etc.*) below and, in relation only to a Material Subsidiary of the Issuer, paragraph (c) (*Cross-default of Issuer or Material Subsidiary*), (e) (*Security enforced*) or (f) (*Insolvency, etc.*), below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified, prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within five Payment Business Days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 60 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-default of Issuer or Material Subsidiary*:
 - (i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
 - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds Euro 20 million (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an amount in excess of Euro 20 million (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 90 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee having regard to the aggregate assets of the Issuer and its Material Subsidiaries) part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (f) *Insolvency, etc.*: (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Material Subsidiaries or the whole or a substantial (in the opinion of the Trustee having regard to the aggregate assets of the Issuer and its Material Subsidiaries) part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made), (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than for the purposes of or pursuant to a Newco Scheme or, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to a Newco Scheme or, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed.

SETTLEMENT RIGHTS AND EQUITY OPTION

11. **Settlement and Conversion**

(a) *Settlement Rights and Conversion Rights*

Subject as provided in these Conditions, each Note shall initially entitle the holder to require the Issuer to redeem such Note, on or after the first anniversary of the Issue Date (the "**Period Start Date**"), at the relevant Cash Redemption Amount subject to the terms and conditions provided herein (the "**Settlement Rights**").

The Issuer shall, within five Milan business days of the registration of the Shareholder Resolutions with the competent registrar, give notice (the "**Passing of Shareholder Resolutions Notice**") in writing to the Trustee and to the Noteholders in accordance with Condition 46 (*Notices*), that the Settlement Rights relating to the Notes shall terminate and instead Conversion Rights shall apply. In the event that

- (i) the Shareholder Resolutions are not passed by the Long-Stop Date, Conversion Rights will not apply and Settlement Rights shall apply from the Period Start Date until the earlier of the date of redemption of a Note and the Maturity Date; and
- (ii) the Shareholder Resolutions are passed by the Long-Stop Date, Settlement Rights will not apply and Conversion Rights shall apply from the Period Start Date until the earlier of the date of redemption of a Note and the Maturity Date.

Subject as provided in these Conditions, if the Issuer shall have given a Passing of Shareholder Resolutions Notice, each Note shall entitle the holder to convert such Note on or after the Period Start Date into fully-paid Shares (the "**Conversion Rights**").

- (b) *Settlement Period and Conversion Period:* Subject to and as provided in these Conditions, the Settlement Rights or (provided that the Issuer has published a Passing of Shareholder Resolutions Notice) the Conversion Rights in respect of a Note may be exercised, at the option of the holder thereof, at any time from the Period Start Date (or, if earlier, the occurrence of a Change of Control Event or the date of any notice from the Trustee declaring the Notes to be immediately due and payable pursuant to Condition 10 (*Events of Default*), as the case may be) subject to any applicable fiscal or other laws or regulations and as hereinafter provided, to the close of business (at the place where the relevant Note is delivered for conversion) on the date falling seven Exchange Business Days prior to the Maturity Date (both days inclusive) or, if such Note shall have been called for redemption before the Maturity Date then up to (and including) the close of business (at the place aforesaid) on the day which is seven Exchange Business Days before the date fixed for redemption thereof, *provided, however, that:*
 - (A) if the Issuer shall default in making payment in full in respect of such Note on the date fixed for redemption thereof, the Settlement Rights or, as appropriate, Conversion Rights shall extend up to and including the date upon which the full amount of the moneys payable in respect of such Note has been duly received by the Trustee or the Principal Paying and Conversion Agent and notice of such receipt has been given to the Noteholders in accordance with Condition 46 (*Notices*) or, if earlier, up to and including the day which is ten days before the Maturity Date; and
 - (B) in any such case, if the last day for exercise of Settlement Rights or, as appropriate, Conversion Rights would otherwise be a day which is not a business day in the place where the Settlement Notice or Conversion Notice in respect of the Note is deposited, the last day for exercise of Settlement Rights or, as appropriate, Conversion Rights shall be the immediately preceding business day in such place.

In any event (i) Settlement Rights shall not be exercisable in the event that the Shareholder Resolutions are passed by the Long-Stop Date, and (ii) Settlement Rights or, as appropriate, Conversion Rights may not be exercised on or after the date any Put Option Notice pursuant to 7(e)(ii) (*Redemption and Purchase - Redemption at the option of Noteholders following non-passing of the Shareholder Resolutions*) or Condition 7(f) (*Redemption and Purchase - Redemption at the option of Noteholders Following a Change of Control*) is given.

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

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

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

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

The periods during which Settlement Rights or, as appropriate, Conversion Rights may (subject as provided herein) be exercised by a Noteholder are referred to as the "**Settlement Period**" and "**Conversion Period**", respectively. For the avoidance of doubt, (a) in the event that the Shareholder Resolutions are not passed by the Long-Stop Date, there will be no Conversion Period and the Settlement Period shall continue until the earlier of the date of redemption of a Note and the Maturity Date and (b) in the event that the Shareholder Resolutions are passed by the Long-Stop Date, there will be no Settlement Period and the Conversion Period shall continue until the earlier of the date of redemption of a Note and the Maturity Date.

- (c) *Conversion ratio*: The number of Shares to be delivered upon exercise of the Conversion Rights attaching to any Note shall be determined by dividing the principal amount of the Note by the Conversion Price in effect on the Conversion Date.
- (d) *Conversion Price*: The Conversion Price in effect on the Issue Date is Euro 7.3996. The Conversion Price in effect on any subsequent date shall be the Conversion Price in effect on the Issue Date subject to any subsequent adjustment in accordance with these Conditions and the expression "Conversion Price" shall be construed accordingly.
- (e) *Fractions of a Share*: Fractions of a Share will not be delivered on conversion and no cash payment or other adjustment will be made in lieu thereof. However, if more than one Note is to be converted at any one time by the same Noteholder such that the Shares to be delivered upon conversion thereof are to be registered in the same name, the number of Shares which shall be delivered upon conversion thereof shall be calculated on the basis of the aggregate principal amount of the Notes so to be converted and rounded down to the nearest whole number of Shares.
- (f) *Shares delivered on exercise of Conversion Rights*: The Shares to be delivered upon exercise of Conversion Rights will either be newly issued by the Issuer or will be, at the sole discretion of the Issuer, existing Shares of the Issuer, in each case with the rights and benefits referred to in Conditions 15(a) (*Rights Arising on exercise of Settlement Rights or Conversion Rights– Rights in respect of Shares delivered upon conversion*), 15(b) (*Rights Arising on exercise of Settlement Rights or Conversion Rights– Dividends and other distributions*) and 15(c) (*Rights Arising on exercise of Settlement Rights or Conversion Rights– Voting Rights*), provided that the Issuer will treat all Noteholders converting their Notes on the same Conversion Date equally.

12. **Procedure for exercise of Settlement Rights or Conversion Rights**

- (a) *Deposit of Note:* To exercise the Settlement Rights or (provided that the Issuer has published a Passing of Shareholder Resolutions Notice) the Conversion Rights attaching to any Note, the Noteholder must:
- (i) complete, execute and deposit at the Noteholder's own expense during normal business hours on any business day during the Settlement Period or Conversion Period, as appropriate, at the Specified Office of any Paying and Conversion Agent a Settlement Notice or Conversion Notice (in duplicate), as appropriate;
 - (ii) at the same time deposit the relevant Note at the Specified Office of the same Paying and Conversion Agent; and
 - (iii) pay to the Issuer (or to such person as the Issuer may direct) any applicable Conversion Expenses.

A Settlement Notice or, as appropriate, Conversion Notice once deposited shall not be withdrawn without the consent in writing of the Issuer.

- (b) *Conversion Expenses:* The Issuer will pay or, as the case may be, reimburse a Noteholder for, all stamp, issue, registration or other similar taxes and duties (if any) arising in the Republic of Italy on the issue of Shares on conversion of the Notes, their transfer and delivery to or to the order of the converting Noteholder or, as the case may be, the Trustee (including without limitation, in case of delivery of existing shares, any such taxes payable in Italy pursuant to Article 1, paragraphs 491 to 500, of Law no. 228 of 24 December 2012, as amended) (subject as provided in Condition 13 (*Settlement*)), any expenses of obtaining a listing for such Shares on the Relevant Exchange and all charges of the Paying and Conversion Agents in connection therewith as provided in the Agency Agreement. Subject thereto, as conditions precedent to conversion, the Noteholder must pay to the Issuer (or to such person as the Issuer may direct) all stamp, issue, registration or other similar taxes and duties (if any) ("**Conversion Expenses**") arising on conversion which may be payable:
- (i) in the country in which the Specified Office of the relevant Paying and Conversion Agent is located (if not the Republic of Italy); and
 - (ii) in any other jurisdiction,

as a result of the issue, transfer or delivery of Shares or any other property or cash upon conversion to or to the order of the converting Noteholder.

- (c) *U.S. certification:* Upon exercising the Conversion Rights attaching to any Note, the Noteholder shall be required to represent and agree in the Conversion Notice that at the time of execution and deposit of such Conversion Notice it or the person who has the beneficial interest in that Note is not in the United States (within the meaning of Regulation S) and it, or such person, purchased such Note, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S. No Shares will be delivered to a Noteholder unless the Noteholder satisfies the foregoing conditions.
- (d) *Settlement Date and Conversion Date:* The settlement date in respect of a Note (the "**Settlement Date**") or the conversion date in respect of a Note (the "**Conversion Date**") shall be the Milan business day following the satisfaction of the conditions specified in Condition 12(a) (*Procedure for exercise of Settlement Rights or Conversion Rights - Deposit of Note*) and shall fall within the Settlement Period or Conversion Period, as the case may be. Any Settlement Notice or Conversion Notice delivered in circumstances where the relevant Settlement Date or Conversion Date, as applicable, shall not fall within the Settlement Period or Conversion Period, as applicable, shall be deemed not to have been delivered and shall be null and void.
- (e) *Specified account:* Upon exercise of Settlement Rights or, as appropriate, Conversion Rights, a Noteholder shall in the relevant Settlement Notice or, as appropriate, Conversion Notice, specify a euro account with a bank in a city in which banks have access to the TARGET2 System to which any cash amount payable on or in respect of the exercise of Settlement Rights or, as appropriate,

Conversion Rights by that Noteholder shall be credited and the Issuer shall pay such sum to the relevant Noteholder in accordance with any such directions.

- (f) *Unmatured Coupons*: If any Note deposited upon exercise of Settlement Rights or, as appropriate, Conversion Rights is not deposited together with all Coupons relating to it which mature on or after the relevant Settlement Date or, as appropriate, Conversion Date, then the relevant holder will be required to pay the aggregate amount of the missing unmatured Coupons as a condition precedent to the exercise of the relevant Settlement Rights or, as appropriate, Conversion Rights. Each amount so paid will be repaid in the manner specified in Condition 8 (*Payments*) against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time after the relevant Settlement Date or, as appropriate, Conversion Date and before the expiry of ten years after the Relevant Date in respect of the relevant Note (whether or not a Coupon would otherwise have become void pursuant to Condition 40 (*Prescription*)), but not thereafter

13. **Settlement**

- (a) *Settlement Rights*: The Issuer will pay the Cash Redemption Amount no later than five TARGET Business Days following the end of the relevant Cash Redemption Calculation Period by transfer to a euro account with a bank in a city in which banks have access to the TARGET2 System in accordance with instructions contained in the relevant Settlement Notice.
- (b) *Conversion Rights*: Shares to be delivered on conversion of the Notes will be delivered in uncertificated form through Monte Titoli, unless, at the time of issue, the Shares are not capable of delivery through Monte Titoli. Where Shares are to be delivered through Monte Titoli, they will be delivered to the account specified by the relevant Noteholder in the relevant Conversion Notice by not later than seven Milan business days following the relevant Conversion Date.

14. **Alternative Settlement Decision**

- (a) *Issuer's Election*: Upon exercise of a Conversion Rights, the Issuer may make a decision (an "**Alternative Settlement Decision**") that the relevant Conversion Rights will be satisfied by:
 - (i) payment to the relevant Noteholder of a sum in cash equal to the Cash Alternative Amount in respect of the Shares (including, for this purpose, any fractions of Shares) which, in the absence of any such Alternative Settlement Decision, would have fallen to be delivered to the relevant Noteholder; or
 - (ii) the combination of (A) delivery of a fraction of the Shares which fall to be delivered pursuant to Condition 11 (*Settlement and Conversion*), and (B) for the remaining Shares which, in the absence of such Alternative Settlement Decision, would have fallen to be delivered to the relevant Noteholder, payment to such Noteholder of a sum in cash equal to the Cash Alternative Amount in respect of such Shares (including, for this purpose, any fractions of Shares),

together, in each case, with any other amount payable by the Issuer to such Noteholder in respect of or relating to the relevant exercise.

- (b) *Alternative Settlement Decision Notice*: In order to make an Alternative Settlement Decision, the Issuer must give notice thereof (the "**Alternative Settlement Decision Notice**") to the relevant Noteholder (with a copy to the Trustee) on or prior to the Alternative Settlement Decision Date. Such notice shall set out (A) the number of Shares (if any) to be delivered and (B) the number of Shares in respect of which a Cash Alternative Amount shall be paid, in each case pursuant to Condition 14(a). Such notice shall be given in accordance with the directions specified in the relevant Conversion Notice.
- (c) *Payment of Cash Alternative Amount*: The Issuer shall pay the Cash Alternative Amount by not later than the fifth Exchange Business Day following the end of the Cash Alternative Calculation Period by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System in accordance with instructions contained in the relevant Conversion Notice.

15. **Rights Arising on exercise of Settlement Rights or Conversion Rights**

- (a) *Rights in respect of Shares delivered upon conversion:* Shares delivered upon exercise of Conversion Rights will be delivered with full title guarantee, will be fully paid, free from any liens, charges, encumbrances, pre-emptive rights or other third-party rights and, subject as provided in Conditions 15(b) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Dividends and other distributions*) and 15(c) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Voting Rights*) and to any mandatory provisions of applicable law:
- (i) such Shares will rank *pari passu* in all respects with all other Shares in issue on the Conversion Date; and
 - (ii) the holders of such Shares will be treated by the Issuer as Shareholders for all purposes with effect from and including the Conversion Date.
- (b) *Dividends and other distributions:* Shares delivered upon exercise of Conversion Rights will (subject to any mandatory provisions of applicable law) rank *pari passu* in respect of Dividends and other distributions declared, paid or made, or rights granted, with all other Shares in issue on the Conversion Date except that, in the case of newly issued Shares, such Shares will not rank for any Dividend or other distribution declared, paid or made on, or rights granted in respect of, the Shares for which the Record Date precedes the Conversion Date.
- (c) *Voting rights:* Shares delivered upon exercise of Conversion Rights will (subject to any mandatory provisions of applicable law) rank *pari passu* in respect of voting rights with all other Shares in issue on the Conversion Date except that, in the case of newly issued Shares, they will not rank for any voting rights where the entitlement to voting rights accrues to Shareholders by reference to a Record Date which precedes the Conversion Date.
- (d) *Interest:* Save as provided in Condition 15(e) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption*), upon exercise of Settlement Rights or Conversion Rights in respect of any Note:
- (i) if the Settlement Date or, as appropriate, Conversion Date falls on an Interest Payment Date, the Noteholder shall not be entitled to receive the payment of interest otherwise due on such Interest Payment Date; and
 - (ii) in any other case, the Noteholder shall cease to be entitled to any interest accrued on the relevant Note since the Interest Payment Date immediately preceding such Settlement Date or, as appropriate, Conversion Date (or, if such Settlement Date or, as appropriate, Conversion Date falls on or before the first Interest Payment Date, since the Issue Date),
- and, in either case, no payment or adjustment shall be made on exercise of Settlement Rights or Conversion Rights for any such interest accrued since the Interest Payment Date immediately preceding such Settlement Date or, as appropriate, Conversion Date (or, if such Settlement Date or, as appropriate, Conversion Date falls on or before the first Interest Payment Date, since the Issue Date). Upon the Settlement Date or, as appropriate, Conversion Date of any Note, all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof (for this purpose treating any Coupon expressed to be payable on or after the relevant Settlement Date or, as appropriate, Conversion Date as an unmatured Coupon), subject as provided in Condition 12(f) (*Procedure for exercise of Settlement Rights or Conversion Rights - Unmatured Coupons*).
- (e) *Interest upon exercise of Settlement Rights or Conversion Rights due to early redemption:* If:
- (i) any notice requiring the redemption of any Notes is given pursuant to Condition 7(b) (*Redemption and Purchase - Redemption for tax reasons*) or Condition 7(d) (*Redemption and Purchase - Redemption at the option of the Issuer*) on or after (or within 15 days before) the Record Date (the "**Relevant Record Date**") in respect of any dividend payable in respect of the Shares;

- (ii) such notice specifies a date for redemption falling on or before the Interest Payment Date next following the Relevant Record Date; and
- (iii) the Settlement Date or, as appropriate, Conversion Date in respect of any Note the subject of any such notice (a "**Relevant Note**") falls after the Relevant Record Date and on or before the Interest Payment Date next following the Relevant Record Date,

then interest shall accrue on each Relevant Note from and including the preceding Interest Payment Date (or, if the relevant Settlement Date or, as appropriate, Conversion Date falls on or before the first Interest Payment Date, from and including the Issue Date) to but excluding the Relevant Record Date. Any such interest shall be paid not later than 14 days after the relevant Settlement Date or, as appropriate, Conversion Date by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System, in accordance with instructions given by the relevant Noteholder.

ADJUSTMENTS TO THE CONVERSION PRICE

16. **Change of Control**

- (a) *Offer:* If an Offer is made in respect of the Shares, the Issuer shall give notice of such Offer to the Noteholders, with a copy to the Trustee, at the same time as, or immediately after any notice thereof is sent to its Shareholders indicating that details concerning such Offer may be obtained from the Specified Offices of the Paying and Conversion Agents.
- (b) *Extension of Offer to Noteholders:* Where an Offer in respect of the Shares 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, the Issuer shall use its reasonable endeavours to procure that the Offer is extended to the holders of any Shares delivered during the period in which such Offer is open for acceptance (as determined in accordance with any relevant laws, rules, regulations and voluntary codes applicable to such Offer) as a result of the exercise of Conversion Rights and/or to the Noteholders.
- (c) *Change of Control Event:* In these Conditions, a "**Change of Control Event**" occurs if an Offer in respect of the Shares has become or been declared unconditional in all respects and the Issuer becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror, or an event occurs which has a like or similar effect.
- (d) *Adjustment to the Conversion Price:*

If and whenever a Change of Control Event shall occur the Issuer shall forthwith give notice to the Noteholders (a "**Change of Control Event Notice**"), with a copy to the Trustee, of such event and, in relation to each Note for which the Conversion Date occurs after the date of such Change of Control Event Notice but on or prior to the 60th day following the date of such Change of Control Event Notice, the Conversion Price shall be determined by the Calculation Agent in accordance with the following formula:

$$\text{Conversion Price} = \frac{\text{OCP}}{(1 + (\text{CP} \times a/b))}$$

where:

- OCP = the Conversion Price in effect on the date of the Change of Control Event Notice;
- CP = the conversion premium of 35 per cent.
- A = the number of days from and including the date of the Change of Control Event Notice to but excluding the Maturity Date; and

B = the number of days from and including the Issue Date to but excluding the Maturity Date.

Notwithstanding anything to the contrary in these Conditions, if Conversion Rights are exercised in respect of the Notes in circumstances where the Conversion Price is to be determined as provided in this Condition 16, then the relevant Noteholder will not be entitled to receive that number of Shares (the "**Excess Shares**") in excess of the number of Shares it would have been entitled to receive if the Conversion Price had not been adjusted as provided in this Condition 16 and in lieu thereof shall be entitled to receive an amount (the "**Change of Control Cash Amount**") determined by multiplying the number of Excess Shares by the Current Market Price of the Shares on the Conversion Date *provided, however, that* the Current Market Price for these purposes shall be determined on the basis of a Relevant Period consisting of the ten consecutive Exchange Business Days beginning on the Exchange Business Day immediately following the Conversion Date.

(e) *Change of Control Event Notice:* Any Change of Control Event Notice shall inform Noteholders of their entitlement to exercise the Settlement Rights or, as appropriate, Conversion Rights in accordance with these Conditions and shall specify, as applicable:

- (i) all information material to Noteholders concerning the Change of Control Event;
- (ii) the Conversion Price in relation to each Note for which the Conversion Date occurs on the date of such notice to the Noteholders; and
- (iii) the Conversion Price in relation to each Note for which the Conversion Date occurs after the date of such notice to the Noteholders but on or prior to the 60th day following the date of such notice to the Noteholders;

provided that, if a Change of Control Event occurs 10 days or less prior to the Maturity Date, the Noteholders will be notified of the Change of Control Event but no Settlement Right or Conversion Right will be exercisable and Conditions 16(e)(ii) and (iii) will not be applicable.

17. **Dividends**

- (a) *Adjustment Event:* If and whenever the Issuer shall distribute any Extraordinary Dividend or any Non-Cash Dividend to the Shareholders, the Conversion Price shall be subject to adjustment in accordance with this Condition 17.
- (b) *Extraordinary Dividend:*

An "**Extraordinary Dividend**" means a Cash Dividend which exceeds the Threshold Amount. A Cash

Dividend (the "**Relevant Cash Dividend**") will exceed the Threshold Amount if (and only if) the aggregate of the Fair Market Value of:

- (i) the Relevant Cash Dividend; and
- (ii) all other Cash Dividends attributable to the same Financial Year of the Issuer as the Relevant Cash Dividend,

exceeds the Threshold Amount.

For the purposes of this Condition 17:

"**Threshold Amount**" means Euro 0.25 per Share; and

"**Previous Relevant Cash Dividends**" means, in respect of any Cash Dividend (the "**Relevant Cash Dividend**"), the aggregate on a per Share basis of all previous Cash

Dividends (excluding the Relevant Cash Dividend) attributable to the same Financial Year of the Issuer as the Relevant Cash Dividend.

For these purposes, if any relevant Financial Year is of any duration other than 12 months, the Fair Market Value of any Cash Dividend attributable to such Financial Year shall be multiplied by a fraction of which the numerator is 12 and the denominator is the number of months in such Financial Year.

- (c) *Effective Date:* For the purposes of this Condition 17, the "**Effective Date**" means the first date on which the Shares are traded ex-the relevant Dividend on the Relevant Exchange or, in the case of a purchase, redemption or buy back of Shares or any depositary receipts (or any other receipts or certificates) representing Shares, the date such purchase, redemption or buy back is made or, in the case of a Spin-Off, the first date on which the Shares are traded ex-the relevant Spin-Off on the Relevant Exchange or (in any such case), if later, the date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.
- (d) *Adjustment to the Conversion Price for Extraordinary Dividend:* If and whenever the Issuer shall distribute any Extraordinary Dividend to the Shareholders, in relation to each Note for which the Conversion Date has not occurred prior to 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 by the Calculation Agent:

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

where:

- A = the Current Market Price of one Share on the Effective Date;
- B = the Fair Market Value on the Effective Date of the portion of the Extraordinary Dividend attributable to one Share;
- C = the amount (if any) by which the Threshold Amount exceeds any Previous Relevant Cash Dividends and which, for the avoidance of doubt, shall be equal to the Threshold Amount if the Previous Relevant Cash Dividends are zero and shall be zero if the Previous Relevant Cash Dividends are equal to or greater than the Threshold Amount;

- (e) *Adjustment to the Conversion Price for Non-Cash Dividend:* If and whenever the Issuer shall distribute any Non-Cash Dividend to the Shareholders, in relation to each Note for which the Conversion Date has not occurred prior to 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 by the Calculation Agent:

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

where:

- A = the Current Market Price of one Share on the Effective Date; and
- B = the Fair Market Value on the Effective Date of the portion of the Non-Cash Dividend attributable to one Share.

- (f) *Dividend per Share:* For the purposes of this Condition 17, the portion of a Dividend attributable to one Share shall be determined by dividing the Fair Market Value of the Dividend by the number of Shares entitled to receive the Dividend (or, in the case of a purchase, redemption or buy back of Shares or any depositary receipts (or other receipts or certificates) representing Shares, by the number of Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Shares, or any Shares represented by depositary receipts (or other receipts or certificates), purchased, redeemed or bought back).
- (g) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 17 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

18. **Bonus Issues**

- (a) *Adjustment event:* If and whenever the Issuer shall make any Bonus Issue, the Conversion Price shall be subject to adjustment in accordance with this Condition 18.
- (b) *Effective Date:* For the purposes of this Condition 18, the "**Effective Date**" means the date of issue of the relevant Shares.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A = the number of Shares in issue immediately before the issue of such Shares; and
- B = the number of Shares in issue immediately after the issue of such Shares.

- (d) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 18 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

19. **Alteration to Nominal Value**

- (a) *Adjustment event:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be subject to adjustment in accordance with this Condition 19.
- (b) *Effective Date:* For the purposes of this Condition 19, the "**Effective Date**" means the date on which such alteration becomes effective.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

A = the number of Shares in issue immediately before such alteration; and

B = the number of Shares in issue immediately after such alteration.

- (d) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 19 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

20. **Shares, Rights and Share-Related Securities Issued to Shareholders**

- (a) *Adjustment event:* If and whenever the Issuer shall issue, grant or offer Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities to all or substantially all of the Shareholders as a class by way of rights as a result of which, in each case, Shareholders have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the Effective Date, the Conversion Price shall be subject to adjustment in accordance with this Condition 20.
- (b) *Effective Date:* For the purposes of this Condition 20, the "*Effective Date*" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

A = the number of Shares in issue on the Effective Date;

B = the number of Shares which the Aggregate Consideration would purchase at the Current Market Price of the Shares on the Effective Date; and

C = (1) in the case of an issue, grant or offer of Shares, the number of Shares comprised in the issue, grant or offer; or

(2) in the case of an issue, grant or offer of Share-Related Securities or Rights, the maximum number of Shares which could be issued upon exercise in full of the Rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities or Rights at the initial price or rate.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue, grant or offer of the relevant Share-Related Securities, Rights in respect of Shares or Rights in respect of Share Related Securities the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share Related Securities or Rights 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 then, for the purposes of this Condition 20, "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 subscription, purchase or acquisition had taken place on the Specified Date.

- (e) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 20 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

21. Issue of Other Securities to Shareholders

- (a) *Adjustment event:* If and whenever the Issuer shall issue any securities (other than Shares, Share-Related Securities, Rights in respect of Shares, Rights in respect of Share-Related Securities or Spin-Off Securities) to all or substantially all of the Shareholders as a class by way of rights or the Issuer shall issue or grant any Rights in respect of any securities (other than Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities or Spin-Off Securities) or assets to all or substantially all of the Shareholders as a class, the Conversion Price shall be subject to adjustment in accordance with this Condition 21.
- (b) *Effective Date:* For the purposes of this Condition 21, "**Effective Date**" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A = the Current Market Price of one Share on the Effective Date; and
- B = the Fair Market Value on the Exchange Business Day immediately preceding the Effective Date of the portion of the rights attributable to one Share.

- (d) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 21 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

22. Issues of Shares at Below Current Market Price

- (a) *Adjustment event:* If and whenever the Issuer shall issue, wholly for cash, any Shares or the Issuer shall issue or grant, wholly for cash or for no consideration, Rights in respect of Shares or Rights in respect of Share-Related Securities as a result of which, in each case, persons to whom the Shares or Rights are issued or granted have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be subject to adjustment in accordance with this Condition 22. However, if any such issue or grant also falls within the terms of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*) or constitutes an issue of Shares consequent upon the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares, the Conversion Price shall not be subject to adjustment in accordance with this Condition 22.
- (b) *Effective Date:* For the purposes of this Condition 22, the "**Effective Date**" means the date of issue of such Shares or, as the case may be, the issue or grant of such Rights.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the

Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A = the number of Shares in issue on the date of the first public announcement of the terms of such issue or grant;
- B = the number of Shares which the Aggregate Consideration would purchase at the Current Market Price of the Shares on the date of the first public announcement of the terms of such issue or grant; and
- C = (1) in the case of an issue of Shares, the number of Shares issued; or
(2) in the case of an issue or grant of Rights, the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares and, if applicable, Share-Related Securities pursuant to the terms of such Rights and, if applicable, Share-Related Securities at the initial price or rate.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue or grant of the relevant Rights in respect of Shares or Rights in respect of Share-Related Securities the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares and, if applicable, Share-Related Securities pursuant to the terms of such Rights and, if applicable, Share-Related Securities 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 then, for the purposes of this Condition 22, "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 subscription, purchase or acquisition had taken place on the Specified Date.
- (e) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 22 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

23. **Share-Related Securities Issued Other than to Shareholders**

- (a) *Adjustment event:* If and whenever the Issuer or any Subsidiary or (pursuant to arrangements with the Issuer or any of its Subsidiaries) any other person or entity shall issue, wholly for cash or for no consideration, any Share-Related Securities or shall grant to any existing securities so issued such rights as to make such securities Share-Related Securities as a result of which, in each case, persons to whom the Share-Related Securities or such rights are issued or granted have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the date of the first public announcement of the terms of issue of such Share-Related Securities or the terms of such grant, the Conversion Price shall be subject to adjustment in accordance with this Condition 23. However, if any such issue or grant also falls within the terms of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*), Condition 21 (*Issue of Other Securities to Shareholders*) or Condition 22 (*Issues of Shares at Below Current Market Price*), the Conversion Price shall not be subject to adjustment in accordance with this Condition 23.
- (b) *Effective Date:* For the purposes of this Condition 23 the "**Effective Date**" means the date of issue of the Share-Related Securities or the grant of the relevant rights.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the

Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A = the number of Shares in issue on the date of the first public announcement of the terms of such issue or grant;
- B = the number of Shares which the Aggregate Consideration would purchase at the Current Market Price of the Shares on the date of the first public announcement of the terms of such issue or grant; and
- C = the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue of the relevant Share-Related Securities or date of grant of such rights the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities 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 then, for the purposes of this Condition 23, "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 subscription, purchase or acquisition had taken place on the Specified Date.
- (e) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 23 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

24. **Amendment of Terms of Rights or Share-Related Securities**

- (a) *Adjustment event:* If and whenever the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of any Rights or Share-Related Securities are amended (other than in accordance with their terms of issue (including terms as to adjustment of such rights)) so that following such amendment the Consideration per Share is (1) reduced and (2) less than 95 per cent. of the Current Market Price of the Shares on the date of the first public announcement of the proposals for such amendment, the Conversion Price shall be subject to adjustment in accordance with this Condition 24.
- (b) *Effective Date:* For the purposes of this Condition 24, "**Effective Date**" means the date of amendment of such rights.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A is the number of Shares in issue on the date of the first public announcement of the proposals for such amendment;

- B is the number of Shares which the Aggregate Consideration (calculated taking account of the amended rights) would purchase at the Current Market Price of the Shares on the date of the first public announcement of the proposals for such amendment (or, if lower, at the subscription, purchase or other acquisition price before the relevant amendment); and
 - C the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities at the amended subscription, purchase or acquisition price or rate (but giving credit in such manner as shall be determined by the Calculation Agent to be appropriate for any previous adjustment under Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*), Condition 23 (*Share-Related Securities Issued Other than to Shareholders*) or this Condition 24).
- (d) *Formula:* If on the date (the "**Specified Date**") of such amendment the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities 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 then, for the purposes of this Condition 24, "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 subscription, purchase or acquisition had taken place on the Specified Date.
- (e) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 24 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

25. **Demerger**

- (a) *Adjustment event:* If and whenever the Issuer or any Subsidiary or (pursuant to arrangements with the Issuer or any of its Subsidiaries) any other person or entity shall offer any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them, the Conversion Price shall be subject to adjustment in accordance with this Condition 25. However, if any such offer also causes the Conversion Price to be adjusted within the terms of Condition 17 (*Dividends*), Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*) or Condition 21 (*Issue of Other Securities to Shareholders*) (or would cause the Conversion Price to be so adjusted if the relevant Consideration per Share was less than 95 per cent. of the Current Market Price per Share on the relevant day), the Conversion Price shall not be subject to adjustment in accordance with this Condition 25.
- (b) *Effective Date:* For the purposes of this Condition 25, the "**Effective Date**" means the first date on which the Shares are traded ex-rights on the Relevant Exchange.
- (c) *Adjustment to the Conversion Price:* In relation to each Note for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction by the Calculation Agent:

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

where:

- A = the Current Market Price of one Share on the Exchange Business Day immediately preceding the date of the first public announcement of such offer; and

B = the Fair Market Value, on the date of the first public announcement of such offer, of the portion of such offer attributable to one Share (or if such date is not an Exchange Business Day, the immediately preceding Exchange Business Day).

- (d) *Effect of adjustment:* The Conversion Price as adjusted pursuant to this Condition 25 shall apply, with effect from and including the Effective Date, to each Note for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

26. **Other Events; Contemporaneous Events**

- (a) *Adjustment event:* If the Issuer determines (after consultation with the Expert) or the Expert certifies to the Trustee that it is of the opinion that:
- (i) an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in Condition 17 (*Dividends*) to Condition 25 (*Demerger*) (even if the relevant event or circumstance is specifically excluded from the operation of Condition 17 (*Dividends*) to Condition 25 (*Demerger*)); or
 - (ii) more than one event which gives rise or may give rise to an adjustment to the Conversion Price has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result,
 - (iii) one event which gives rise or may give rise to more than one adjustment to the Conversion Price has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer shall, at its own expense, use all reasonable endeavours to procure that such adjustment (if any) to the Conversion Price as is fair and reasonable to take account thereof and the date on which such adjustment should take effect shall be determined by the Calculation Agent, *provided that* the Conversion Price may not be increased pursuant to this Condition 26.

- (b) *Effective Date:* Upon such determination, the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination and notice provided to the Trustee of such determination and adjustment.
- (c) *Certificate of Calculation Agent:* If any doubt shall arise as to any appropriate adjustment to the Conversion Price, the Issuer shall use all reasonable endeavours to procure that the appropriate adjustment shall be determined by the Calculation Agent and a certificate from the relevant Calculation Agent as to the appropriate adjustment to the Conversion Price shall, in the absence of manifest error, be conclusive and binding on all concerned.

27. **Minor Adjustments and No Adjustments**

- (a) *Rounding and adjustments of less than one per cent:* On any adjustment of the Conversion Price, the resultant Conversion Price, if not an integral multiple of one cent, shall be rounded down to the nearest whole cent. 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, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment but such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.
- (b) *Employee share schemes:* No adjustment shall be made to the Conversion Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of, or are subscribed, purchased or otherwise acquired by, employees or former employees (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary or any associated company of the Issuer pursuant to any employees' share scheme or plan (including a dividend reinvestment plan).

- (c) *Adjustments not permitted by law.* The Conversion Price may not be adjusted so that exercise of the Conversion Rights would require Shares to be delivered in circumstances not permitted by applicable law.

28. **Retroactive Adjustments**

- (a) *Adjustment Event.* If and whenever the Conversion Price is to be adjusted pursuant to any of Condition 17 (*Dividends*) to Condition 25 (*Demerger*) and the Conversion Date in relation to any Note is after the Record Date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but before the relevant adjustment becomes effective under the relevant Condition the Conversion Rights attaching to the relevant Note shall be subject to adjustment in accordance with this Condition 28.
- (b) *Adjustment to the Conversion Rights.* Upon the date on which the relevant adjustment becomes effective under the relevant Condition (the "**Retroactive Adjustment Date**") the Issuer shall procure either that
- (i) there shall be delivered to the converting Noteholder or in accordance with the instructions contained in the relevant Conversion Notice such additional number of Shares (the "**Additional Shares**") as, together with the Shares delivered or to be delivered on conversion of the relevant Note (together with any fraction of a Share not so delivered due to Condition 11(e) (*Conversion - Fractions of a Share*)), is equal to the number of Shares which would have been required to be delivered on conversion of such Note if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately before the relevant Conversion Date. In calculating the number of any such additional Shares the provisions of Condition 11(e) (*Conversion - Fractions of a Share*) shall apply *mutatis mutandis*; or
- (ii) if the Issuer makes an Alternative Settlement Decision in respect of any relevant Note, there shall be paid to the relevant Noteholder an additional amount (the "**Additional Cash Amount**") equal to the product of (1) the additional number of Shares (including for this purpose any fractions) that would have been delivered to the relevant Noteholder pursuant to (i) above in the absence of an Alternative Settlement Decision and (2) the Officially Published closing price per Share on the date on which relevant adjustment becomes effective under the relevant Condition (or if that is not an Exchange Business Day, on the next Exchange Business Day).
- (c) *Shares in uncertificated form.* If the Issuer does not make an Alternative Settlement Decision, such additional Shares will be delivered in uncertificated form through Monte Titoli, unless, at the time of issue, the Shares are not capable of delivery through Monte Titoli. Where Shares are to be delivered through Monte Titoli, they will be delivered to the account specified by the relevant Noteholder in the relevant Conversion Notice by not later than seven Milan business days following the relevant Retroactive Adjustment Date.
- (d) *Payment of Additional Cash Amount.* If the Issuer does make an Alternative Settlement Decision in respect of the Notes being converted, the relevant Additional Cash Amount will be paid not later than seven days following the date on which the relevant adjustment becomes effective under the relevant Condition by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System, in accordance with instructions contained in the relevant Conversion Notice.
- (e) *Rights Arising on Conversion.* In the case of any Additional Shares, each reference in Condition 15(a) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Rights in respect of Shares delivered upon conversion*) to Condition 15(c) (*Rights Arising on exercise of Settlement Rights or Conversion Rights- Voting Rights*) to the Conversion Date shall be deemed to be a reference to the relevant Retroactive Adjustment Date.

29. **Aggregate Consideration and Consideration per Share**

(a) *Applicability of this Condition:* For the purpose of calculating any adjustment to the Conversion Price pursuant to these Condition, in the case of any:

- (i) issue, grant or offer of Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities; or
- (ii) grant to any existing securities issued of such rights as to make such securities Share-Related Securities; or
- (iii) amendment of the terms of any Rights or Share-Related Securities (other than in accordance with their terms of issue),

the "**Aggregate Consideration**" and the "**Number of Shares**" shall be calculated or determined (if necessary) in accordance with the following provisions of this Condition 29 and the "**Consideration per Share**" shall, in each case, be the relevant Aggregate Consideration divided by the relevant Number of Shares.

(b) *Shares for cash:* In the case of an issue, grant or offer of Shares for cash:

- (i) the Aggregate Consideration shall be the amount of such cash, *provided that* in no such case shall any deduction be made for any commissions or any expenses paid or incurred by the Issuer for any underwriting of the issue or otherwise in connection therewith; and
- (ii) the Number of Shares shall be the number of Shares so issued, granted or offered.

(c) *Shares not for cash:* In the case of the issue, grant or offer of Shares for a consideration in whole or in part other than cash:

- (i) the Aggregate Consideration shall be the amount of such cash (if any) plus the consideration other than cash, which shall be deemed to be the Fair Market Value thereof or, if pursuant to applicable law such determination is to be made by application to a court of competent jurisdiction, the value thereof as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof; and
- (ii) the Number of Shares shall be the number of Shares so issued, granted or offered.

(d) *Issue of Share-Related Securities:* In the case of the issue, grant or offer of Share-Related Securities or Rights in respect of Share-Related Securities or the grant to any securities issued of such rights as to make such securities Share-Related Securities:

- (i) the Aggregate Consideration shall be:
 - (A) the consideration (if any) received by the Issuer for such Share-Related Securities and (if applicable) Rights or, as the case may be, such grant; plus
 - (B) the additional consideration (if any) to be received by the Issuer upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and

- (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) such exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate.
- (e) *Amendment of Share-Related Securities/Rights in respect of Share-Related Securities:* In the case of the amendment of the terms of any Share-Related Securities and/or Rights in respect of Share-Related Securities (in either case, other than in accordance with their terms of issue):
 - (i) the Aggregate Consideration shall be:
 - (A) the consideration (if any) received by the Issuer for such amendment; plus
 - (B) the additional consideration (if any) to be received by the Issuer upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate or (in the case of an amendment to the terms of such Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and

- (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) such exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate or (in the case of an amendment to the terms of such Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.
- (f) *Rights in respect of Shares:* In the case of the issue, grant or offer of Rights in respect of Shares or the amendment of the terms of any Rights in respect of Shares (other than in accordance with their terms of issue):
 - (i) the Aggregate Consideration shall be:
 - (A) the consideration received by the Issuer for any such Rights or, as the case may be, such amendment; plus
 - (B) the additional consideration to be received by the Issuer upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and

- (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.

- (g) *Currency translation:* If any of the consideration referred to in any of the preceding paragraphs of this Condition 29 is receivable in a currency other than euros, such consideration shall be translated into euros for the purposes of this Condition 29:
- (i) in any case where there is a fixed rate of exchange between euros and the relevant currency for the purposes of the issue, grant or offer of the Shares, Share-Related Securities or Rights, the exercise of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights or the exercise of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities, at such fixed rate of exchange; and
 - (ii) in all other cases, at the Screen Rate on the date as of which the said consideration is required to be calculated.

30. Calculations of Adjustments / Trustee Not Obligated to Monitor

- (a) Adjustments in accordance with the foregoing clauses shall be calculated by the Calculation Agent and shall be (in the absence of manifest error) binding on all parties concerned. The Conversion Price determined in accordance with the preceding provisions shall be rounded down to the nearest whole cent. The Calculation Agent may engage the advice or services of any lawyers, accountants, investment banks or other experts whose advice or services the Calculation Agent may deem necessary and rely, after consultation with the Issuer, upon any advice so obtained (and the Calculation Agent shall incur no liability against the Noteholders in respect of any action taken, or not taken, or suffered to be taken, or not taken, in accordance with such advice).
- (b) The Trustee shall not be under any duty to monitor or make enquiries as to whether or not any event or circumstance which gives rise or may give rise to an adjustment to the Conversion Price has occurred or may occur and will not be responsible or liable to the Noteholders for any loss arising from any failure by it to do so.

The Trustee may rely conclusively on certifications, information, advice and any evidence given to it by the Issuer or the Calculation Agent without further enquiry.

31. Notice of Adjustment of the Conversion Price

The Issuer shall give notice to the Noteholders in accordance with Condition 46 (*Notices*) of any adjustment of the Conversion Price as soon as reasonably practicable following the determination thereof.

COVENANTS RELATING TO THE EQUITY OPTION

32. Shares Available

For so long as any Conversion Rights remains exercisable, the Issuer shall keep available for issue free from pre-emptive or other similar rights out of its authorised but unissued share capital such number of Shares as would enable such Conversion Rights, and all other rights to subscribe, purchase or otherwise acquire Shares, to be satisfied in full at the current subscription, purchase or other acquisition prices or rates.

33. Listing of Shares Delivered upon Conversion

The Issuer shall use all reasonable endeavours to ensure that the Shares delivered upon exercise of any Conversion Rights will be admitted to trading by the Relevant Exchange in accordance with its rules and will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems by which the Shares are then (following application by or on behalf of the Issuer) admitted to listing, trading and/or quotation in accordance with their respective rules.

34. Corporate Reorganisation

- (a) *Newco Scheme*: In the event of a Newco Scheme, the Issuer shall notify the Trustee of the event of such Newco Scheme and shall take (or shall procure that there is taken) all necessary action to ensure that immediately upon completion of the Newco Scheme at its option either:

- (i) Newco is substituted under the Notes and the Trust Deed as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; or
- (ii) Newco becomes a guarantor of the obligations of the issuer under the Notes and the Trust Deed,

and in either case that:

- (A) such other adjustments as the Trustee shall, following certification from an Expert, think fit are made to these Conditions and the Trust Deed to ensure that the Notes may be converted into or ordinary shares of Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed; and
- (B) the ordinary shares of Newco are:
 - (1) admitted to trading on the Relevant Exchange; or
 - (2) admitted to listing, trading and/or quotation by such other listing authorities, stock exchanges and/or quotation systems as the Issuer or Newco may determine and make reasonable endeavours to maintain,

and are admitted to listing, trading and/or quotation by such other listing authorities, stock exchanges and/or quotation systems as the Shares were, with the approval or consent of the Issuer, immediately prior to the Scheme admitted to listing, trading and/or quotation.

- (b) *Merger; sale of assets*: In the event of any:

- (i) consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation); or
- (ii) sale or transfer of all or substantially all of the assets of the Issuer,

which is not a Newco Scheme, the Issuer shall immediately notify the Noteholders and the Trustee of such event and, *provided that* the Trustee is satisfied that such event does not also constitute any of the events described in Condition 10 (*Events of Default*), (so far as legally possible) cause the corporation resulting from such consolidation, amalgamation or merger or the corporation which shall have acquired such assets, as the case may be, to execute a trust deed supplemental to the Trust Deed providing that the holder of each Note then outstanding shall have the right (during the Conversion Period) to convert such Note into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares into which such Note would have been converted had the relevant Conversion Date fallen immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental trust deed shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in these Conditions. The undertaking contained in this Condition 34(b) is without prejudice to the provisions of Condition 7(e)(ii) (*Redemption and Purchase - Redemption at the option of the Noteholders following non-passing of the Shareholder Resolutions*) and Condition 7(f) (*Redemption and Purchase - Redemption at the option of Noteholders Following a Change of Control*) and Condition 16 (*Change of Control*) and shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers.

35. **Restriction on New Classes of Shares**

For so long as any Conversion Rights remains exercisable, the Issuer shall not create or permit there to be in issue any class of shares in its equity share capital carrying any Rights which are more favourable than the Rights attaching to the Shares with respect to voting, dividends or liquidation.

36. **Frustration of Conversion Rights**

For so long as any Conversion Rights remains exercisable, the Issuer shall not take any action which would have the effect, or but for the provisions of Condition 27(c) (*Minor Adjustments and No Adjustments - Adjustments not permitted by law*) would have the effect, that exercise of the Conversion Rights would require Shares to be delivered in circumstances not permitted by applicable law.

37. **Capitalisation of Profits or Reserves**

For so long as any Conversion Rights remains exercisable, the Issuer shall not issue or pay up any securities, in either case, by way of capitalisation of profits or reserves, except:

- (a) pursuant to a Newco Scheme;
- (b) where such action gives rise (or would, but for the provisions of Condition 27 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Conversion Price, including pursuant to Condition 18 (*Bonus Issues*); or
- (c) where such action constitutes a Dividend which does not give rise to an adjustment to the Conversion Price.

38. **Reduction of Share Capital**

For so long as any Conversion Rights remains exercisable, the Issuer shall not reduce its issued share capital, share premium account or any non-distributable reserves except where such reduction:

- (a) gives rise (or would, but for the provisions of Condition 27 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Conversion Price;
- (b) is pursuant to the terms of the relevant share capital;
- (c) is by means of a purchase or redemption of share capital;
- (d) is to create distributable reserves;
- (e) does not involve any distribution of assets; or
- (f) is pursuant to a Newco Scheme.

The Issuer may exercise such Rights as it may from time to time enjoy to purchase or redeem its own shares (including Shares) without the consent of the Noteholders or Couponholders.

MISCELLANEOUS PROVISIONS

39. **Determined by an Expert**

In relation to any matter required by these Conditions or the Trust Deed to be Determined by an Expert or certified by an Expert, the Issuer shall promptly appoint an Expert with the prior written approval of the Trustee. If when any matter is required by these Conditions or the Trust Deed to be Determined by an Expert, the Issuer shall within a reasonable time fail to appoint an Expert the Trustee shall be entitled (but not obliged) to make such appointment. In either case, any such appointment shall be for the account of the Issuer.

The Trustee shall be entitled to rely without enquiry on any determination, advice, certifications or information given by an Expert appointed pursuant to the Conditions or the Trust Deed, and shall incur no liability to any person for so doing.

40. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

41. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying 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, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

42. **Trustee and Paying and Conversion Agents**

- (a) *Role of Trustee:* Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit. In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.
- (b) *Roles of Paying and Conversion Agents:* In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying and Conversion Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.
- (c) *Changes to Paying and Conversion Agents:* The initial Paying and Conversion Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying and Conversion Agent and to appoint a successor principal paying and conversion agent and additional or successor paying and conversion agents; *provided, however, that* the Issuer shall at all times maintain a principal paying and conversion agent.

Notice of any change in any of the Paying and Conversion Agents or in their Specified Offices shall promptly be given to the Noteholders.

43. **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations are amended at any time while the Notes remain outstanding:

- (i) a meeting of Noteholders may be convened by the Issuer, the Noteholders' Representative or the Trustee and such parties shall be obliged to do so upon the request in writing of Noteholders holding not less than one twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) a meeting of Noteholders will be validly held if (A) there are one or more persons present, being or representing Noteholders holding at least half of the aggregate

principal amount of the outstanding Notes, 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 Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes, or (C) in the case of a third meeting or any subsequent meeting following a further adjournment for want of quorum, there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes provided that (1) the quorum shall always be at least one half of the aggregate principal amount of the outstanding Notes for the purposes of considering a Reserved Matter and (2) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for a higher quorum; and

- (iii) the majority required to pass an Extraordinary Resolution at any meeting (including any meeting convened following adjournment of the previous meeting for want of quorum) will be (A) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two thirds of the aggregate principal amount of the Notes represented at the meeting or (B) for voting on a Reserved Matter, one or more persons holding or representing at least one half of the aggregate principal amount of the outstanding Notes, provided that the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for a larger majority.
- (b) *Noteholders' Representative:* A representative of the Noteholders (*rappresentante comune*), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.
- (c) *Modification and Waiver:* The Trust Deed contains provisions according to which the Trustee may, without the consent of the holders of the Notes, agree to any modification of these Conditions, the Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of holders of the Notes and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes or the Trust Deed or determine that any Event of Default shall not be treated as such (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the holders of the Notes will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the holders of the Notes as soon as practicable thereafter.

- (d) *Substitution:* The Trust Deed contains provisions permitting the Trustee to agree in circumstances, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor, transferee or assignee or any subsidiary of the Issuer or its successor, transferee or assignee in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes.
- (e) *Entitlement of the Trustee:* In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences (including but not limited to tax consequences) of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be

entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders, subject to applicable mandatory provisions of Italian law.

44. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

45. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

46. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

47. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 47(b) (*English courts*) is for the benefit of the Noteholders and the Trustee only. As a result, nothing in this Condition 47 prevents any Noteholder or the Trustee from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 5th Floor, 100 Wood Street, London EC2 7EX or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Parts 34 and 37 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf

of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Conversion Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Conversion Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of the provisions contained in the Global Note which will apply to, and in some cases modify, the Conditions while the Notes are represented by the Global Note.

Exchange

The Notes will initially be in the form of the Temporary Global Note which are deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Temporary Global Note is exchanged in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments are made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note becomes exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of Euro 100,000 each at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying and Conversion Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

Exercise of put option

In order to exercise the option contained in Condition 7(e)(ii) (*Redemption at the option of Noteholders following non-passing of Shareholder Resolutions*) or Condition 7(f) (*Redemption at the option of Noteholders Following a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying and Conversion Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 46 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the

Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 46 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

USE OF PROCEEDS

The net proceeds of the issue of the Notes amount to approximately EUR 126 million and will be used by the Issuer to fund growth opportunities as outlined in its strategic guidelines as well as for general corporate purposes.

BUSINESS OF THE GROUP

Overview

Astaldi S.p.A. (“**Astaldi**”, the “**Issuer**” or the “**Company**”), is an Italian joint stock company (*Società per Azioni*) listed on the *Mercato Telematico Azionario* (“**MTA**”), the Italian screen-based dealer market managed by Borsa Italiana S.p.A. (the “**Italian Stock Exchange**”). The Company and its subsidiaries form the Astaldi Group (the “**Astaldi Group**” or the “**Group**”) which is one of the most important groups in the international construction sector and is a leading general contractor and sponsor of project finance initiatives in Italy.

The Group has been operating for over 90 years in Italy and abroad in the design and construction of major civil engineering works, through its operating companies, special purpose companies, joint ventures and consortiums.

The Company was incorporated in 1926 under Italian law and has its registered offices in Rome, at Via Giulio Vincenzo Bona n.65. The Company’s ordinary shares were admitted to listing on the MTA in 2002.

The tables below summarise the Group’s financial performance and growth over the last two financial years.

| As of and for the year ended 31 December | Operating Revenues | Total Revenues | Operating Result | Group Net Profit | Net Financial Position |
|--|-----------------------|----------------|---------------------|------------------------|---------------------------|
| (EUR millions) | | | | | |
| 2012 | 2,325 | 2,457 | 211.8 | 74.1 | (626) |
| 2011 | 2,265 | 2,360 | 200.7 | 71.2 | (482.7) |

Strategy

The Group's strategic goal is to consolidate its role as a leading general contractor, operating at a global level and able to develop complex and integrated initiatives (design, construction, management) thanks to its solid expertise and high qualified management.

In particular, the Group's strategy includes:

- consolidation of the Group's hallmark features (i.e. a firmly-established competitive position, high quality order backlog, highly qualified management and know-how), as well as its core business of construction;
- intensification of the Group's role in areas where it has traditionally been present with a focus on large engineering, procurement and construction (“**EPC**”) contracts, in order to continue to grow in the sectors where it operates and to pursue international and domestic value-accretive opportunities;
- opening and consolidating its position in new markets (i.e. Canada and Russia), in order to ensure a more balanced risk profile of its activities;
- targeted and selective development of the concession sector, in order to guarantee additional consolidation of the Group's core business (construction) on the basis of an integrated model aimed at ensuring interesting synergies;
- optimization of its presence on the concessions market, also through refinancing operations, sale of assets, strategic partnerships and consolidation of financial partnerships;
- dynamic management of the concession backlog, in terms of life-cycle, earnings and potential development;
- leverage on the Group's improved integrated offer capacity;
- optimisation of processes to integrate the various operating areas of the Group, that reflect the know-how acquired in the construction and concessions sectors, as well as skills consolidated in the plant engineering and project management sectors.

History of the Group

Astaldi Group was set up in 1926 when engineer Sante Astaldi established the one-man firm “Ing. Sante Astaldi”, a construction company that worked mainly on large-scale civil works contracts in Italy and overseas colonies. Astaldi Costruzioni e Lavori Pubblici S.p.A. was set up in 1929. The company worked mainly in Italy and Africa until the start of the Second World War and was involved in the construction of railways, aqueducts, ports and state buildings. Some of its early works included the Rome-Naples, Bologna-Florence fast railway lines in Italy and the road from Addis Abeba to the Great Lakes in Ethiopia. During the post-war period, the company continued to play a major role in Italy and extended its sphere of activity to Africa. Works mainly consisted of road construction, while in Italy, the company was involved in post-war reconstruction, especially hydraulic plants and railways.

Astaldi’s international presence began to expand in Africa, first as part of a joint venture with English businessman John Stirling and later on its own. The company Astaldi Estero S.p.A. was set up in 1950.

Between the late 1950s and the 1970s, Astaldi increased in size and working complexity, consolidating its position in the construction of railways, roads, highways, airports, dams and aqueducts. Works during this period include the Rome-Bologna section of the *Autostrada del Sole* and the Rome-Florence Fast Railway. In the same period, Astaldi expanded further into Africa and undertook new projects in Europe, the Middle East, Central America and Asia.

Operations were reorganised during the 1980s and culminated in the merger of Impresa Astaldi Estero and Impresa Astaldi Costruzioni e Lavori Pubblici, which led to the establishment of Astaldi S.p.A. in 1986. The Group continued to operate in the traditional transport infrastructure and water sectors but also played a significant role in Italy’s entry into the nuclear sector.

During the 1990s, Astaldi steered its activities towards new foreign markets (Algeria, Romania, United States). It also entered the concessions sector, building and subsequently managing car parks in Bologna and Turin, in Italy and securing new projects in the water sector in Honduras. The acquisition of two leading companies (Italstrade and Dipenta) led to an increase in Astaldi’s solidity and size and to becoming the number-two Italian general construction firm.

In June 2002, Astaldi was listed on the Italian Stock Exchange. During the 2000’s, Astaldi built the Expo Fair Centre in Milan, the Rome-Naples High Speed Railway, the Pont Ventoux hydroelectric plant, was the general contractor of the Anatolia motorway and generated the automated driverless system for the Copenhagen underground, Line 5 of the Milan underground, Line C of the Rome underground and the Brescia underground. The complex nature of the works performed during this period led to reorganisation of foreign activities to ensure the optimisation of human resources and capital. The Group focused on five areas of strategic interest: Latin America and US, Romania and Central Europe, Turkey, Algeria, Qatar and Saudi Arabia and the United Arab Emirates. In the late 2000’s the Group strengthened its role in the concessions sector, mainly in the highways, subways, airports, hospitals, energy, through its 100% subsidiary Astaldi Concessioni S.r.l. (set up in 2010) and consolidated the experience acquired in the healthcare construction sector (such as Mestre’s new hospital in the Veneto region in Italy). As of the date of this Offering Circular, four hospitals in Tuscany and one in Naples are under construction and the Group is developing the concession initiative to design, build and manage the Etlik Integrated Health Campus in Ankara in Turkey, that is the largest hospital facility underway in Europe.

As of the date of this Offering Circular, the Group has about 100 sites in operation throughout the world and continues to expand in new markets (Poland, Chile, Peru, Canada and Russia). Furthermore, the acquisition of two companies, NBI and Sartori Tecnologie Industriali, over the last few years has increased the Group’s ability to offer integrated and competitive solutions. In 2012, the Astaldi Group has positioned itself at the 89th place² in the ranking of the international contractors at worldwide level, with a turnover of over €2.4 billion, a backlog of over €10 billion and more than 9,900 employees.

Recent Developments

In February 2013, Astaldi Group was awarded the contract to upgrade and improve John Paul II International Airport Kraków-Balice in Poland worth EUR 72 million. The project involves the extension and reconstruction of the international passenger terminal, the installation of external plants and construction of links to the multi-

² Source: ENR 2012 Top 225 Global Contractor of ENR – *Engineering News Record* (August 2012).

storey car park and railway station as well as construction and upgrading of the internal transport system. The new terminal will occupy a total covered surface area of 26,000 m², with a volume of 424,000 m³ and, upon completion, the airport will be able to serve 8,000,000 passengers per year, guaranteeing a “C” service level in accordance with International Air Transport Association regulations. The works will be performed in operational phases so as to allow the current terminal to operate correctly. The latter will be aligned to the new building from an architectural and plant design viewpoint. Preliminary works started in April 2013 and the planned duration of works is two years. The project has been commissioned by Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o., the government-controlled company responsible for developing and managing the airport.

Furthermore, important production milestones were achieved during the early part of 2013 in Italy. The Zara-Bignami operational section of Line 5 of the Milan underground was opened in February followed by the start-up of the management phase to be handled by Metro 5 S.p.A., the special purpose vehicle in charge of the concession to build and operate the new underground line. Subsequently, the Brescia underground was also opened to the public in March.

In February 2013, the local government in Venezuela, due to its economic and socio-political tensions, decided to devalue the *bolivar fuerte*. The official exchange rate changed from 4.3 bolivars to the dollar to 6.3. Even so, Astaldi has been able to contain losses thanks to the Group’s long experience in Venezuela and its knowledge of the market. Astaldi has a “local market” business model which has taken into account such phenomena when representing margins. When assessing its projects the Astaldi Group uses a cost to cost criteria and takes into consideration risk coefficients as well as implemented specific procedures that tend to neutralise as far as possible any devaluation consequences.

In March 2013 a financing contract has been signed in relation to the first phase of the concession to build and subsequently operate the Gebze-Izmir motorway in Turkey. The initiative involves an investment of US\$ 6.5 billion, US\$ 2.8 billion of which for this first financed phase. The project relates to building a new motorway section and its links, under the build, operate, transfer (“BOT”) formula, for a total of 421 kilometres, to be completed in 7 years. The project will be done in separate route sections, and will also include a bridge over Izmit Bay, which will be one of the world’s longest suspension bridges. The new motorway will guarantee the link between Gebze (near Istanbul) and the city of Izmir (on the Aegean coast), reducing to halve the car travel time for the section, which currently exceeds eight hours. The route section being financed regards the first 53 kilometres of the project, which includes the bridge and is to be completed in three and half years. The EPC Contract is valued at US\$ 2.3 billion and the works will be performed by the Issuer in joint venture with five other Turkish companies (of which the Issuer holds a 18.6% stake). The concession has a duration of 22 years and 4 months, with revenues from tolls totalling US\$ 24 billion – US\$ 11 billion of which for the first financed phase, or US\$ 570 million per year, which will start operations upon completion.

In April 2013, Astaldi Group has been awarded a contract worth EUR 117 million to carry out a new lot of the Chuquicamata mining project in Chile, where Astaldi is already performing a first phase of underground works. Chuquicamata is currently the largest open-air mine in the world for which it is envisaged an investment plan totalling USD 3.8 million to convert it into an underground mine. In this context, the contract awarded to Astaldi Group involves the construction of 11 kilometres of tunnels, as well as additional works related to the existing mining complex. Works will commence in May and have a duration of 26 months. The project has been commissioned by CODELCO, a long-standing, state-owned company and currently the leading copper producer in the world with whom Astaldi Group is already working to perform two major contracts: a first phase of the Chuquicamata Project worth USD 155 million and the Relaves Project involving the construction and subsequent management, using the concession formula, of a plant for the treatment of sludge produced by the Andes Mine for the recovery of copper and molybdenum (total investment of USD 34 million in which Astaldi holds a 51% stake and concession revenues of USD 230 million).

In April 2013, the General Shareholders Meeting confirmed the following Board members: Paolo Astaldi, Caterina Astaldi, Giuseppe Cafiero, Luigi Guidobono Cavalchini, Stefano Cerri, Giorgio Cirila, Paolo Cuccia, Mario Lupo, Ernesto Monti and Eugenio Pinto and elected the following new Board members: Guido Guzzetti, Chiara Mancini and Nicoletta Mincato. The new Board shall remain in office until the Shareholders’ Meeting called to approve the Group’s financial statements for the year ending on and as at 31 December 2015.

In May 2013, Astaldi Group has been awarded a new contract worth USD 67 million, for the design and construction of a new highway interchange in Florida (USA). The works involve approx. 6 kilometres of the I-95 route, from the North intersection with Yamato Road to South of the Spanish River Boulevard, and include the expansion and the construction of 15 bridges, road works along I-95 and Yamato Road, and other related works. The works have been commissioned by FDOT (Florida Department of Transportation, District 4) and are set to be completed in just over three years, with design activities to commence in the first half of 2013.

In May 2013, Astaldi Group has been awarded the contract worth EUR 50 million to build the new railway link in Poland connecting Kraków Central Station and John Paul II International Airport Kraków-Balice. The project envisages the upgrading to two tracks of the Kraków Central Station-Kraków Mydlniki section (currently a single track line) and the construction of a new two track link (500 metres in length) from Kraków Mydlniki to the airport. The construction of 3 stations is also planned (Uniwersytet Rolniczy, Kraków Zakliki, Kraków Krzyżówka) as well as the upgrading of 2 existing stops on the section currently in operation (Kraków Łobzów, Kraków Balice). The planned duration of works is 18 months with the start-up of works in the second half of 2013. The project has been commissioned by PKP Polskie Linie Kolejowe S.A. (Poland's railway company).

Business Segments

The Group's activities are divided as follows:

- i. *Transport infrastructures*, which is divided in the following areas: (a) roads and motorways; (b) railways and undergrounds; and (c) ports and airports;
- ii. *Energy production plants*;
- iii. *Civil and industrial buildings*;
- iv. *Concessions*, which is complementary to its construction activities; and
- v. *Plant design and maintenance*.

The table below presents Astaldi Group's operating revenues generated from these business segments for the years ended on 31 December 2012 and 2011.

Operating revenues by business segment

| (EUR/000,000) | 31.12.2012 | % | 31.12.2011 | % | YOY diff. (%) |
|--|--------------|---------------|--------------|---------------|------------------|
| Transport infrastructures | 1,970 | 84.7% | 1,907 | 84.2% | 3.3% |
| <i>Railways and undergrounds</i> | <i>1,039</i> | <i>44.7%</i> | <i>1,090</i> | <i>48.1%</i> | <i>-4.7%</i> |
| <i>Roads and motorways</i> | <i>685</i> | <i>29.5%</i> | <i>627</i> | <i>27.7%</i> | <i>9.3%</i> |
| <i>Ports and airports</i> | <i>246</i> | <i>10.6%</i> | <i>190</i> | <i>8.4%</i> | <i>29.5%</i> |
| Energy production plants | 85 | 3.7% | 137 | 6.0% | -38.0% |
| Civil and industrial construction | 140 | 6.0% | 180 | 7.9% | -22.2% |
| Plants and maintenance | 100 | 4.3% | 18 | 0.8% | 455.6% |
| Concessions | 30 | 1.3% | 23 | 1.0% | 30.4% |
| TOTAL OPERATING REVENUES | 2,325 | 100.0% | 2,265 | 100.0% | 2.6% |

As of 31 December 2012, the Italian market accounted for 39.3% of the operating revenues from works and for 43 % of the overall backlog. The Italian order backlog, which totals EUR 4,396 million, consists in EUR 2,382 million of activities linked to the construction sector (transport infrastructures, civil and industrial construction and energy production plants), and EUR 2,014 million linked to concession projects (transport infrastructures, hospital facilities, car parks). The share of operating revenues deriving from Italy, totalled EUR 913 million.

As of 31 December 2012, foreign activities accounted for 60.7% of the revenues from works and accounted for 57% of the Group's total backlog, mainly referring to projects involving the traditional transport infrastructures sector for EUR 4,649 million and for EUR 1,157 million to concession projects (transport infrastructures, water and energy).

The table below presents the Group's operating revenues, divided into the five core geographical areas of operations for the years ended on 31 December 2012 and 2011:

Operating revenues by geographical areas

| (EUR/000,000) | 31.12.2012 | % | 31.12.2011 | % | YOY diff. (%) |
|---------------------------------|--------------|---------------|--------------|---------------|------------------|
| Italy | 913 | 39.3% | 1,050 | 46.4% | -13.0% |
| International | 1,412 | 60.7% | 1,215 | 53.6% | 16.2% |
| <i>Europe</i> | <i>789</i> | <i>33.9%</i> | <i>697</i> | <i>30.8%</i> | <i>13.2%</i> |
| <i>America</i> | <i>355</i> | <i>15.3%</i> | <i>318</i> | <i>14.0%</i> | <i>11.6%</i> |
| <i>Asia (Middle East)</i> | <i>79</i> | <i>3.4%</i> | <i>37</i> | <i>1.6%</i> | <i>113.5%</i> |
| <i>Africa (Algeria)</i> | <i>189</i> | <i>8.1%</i> | <i>163</i> | <i>7.2%</i> | <i>16.0%</i> |
| TOTAL OPERATING REVENUES | 2,325 | 100.0% | 2,265 | 100.0% | 2.6% |

i. Transport infrastructures

Astaldi Group designs, engineers and builds transport infrastructures in Italy and abroad. In particular, this business segment is divided in the following three areas: (a) railways and undergrounds; (a) roads and motorways; and (c) ports and airports. In 2012 revenues generated from transport infrastructures works accounted for 84.7 per cent. of the Group's operating revenues (compared to 84.2 per cent. in 2011)

(a) Railways and undergrounds

The Astaldi Group designs, engineers and builds railways and undergrounds in Italy and abroad. The railway and underground transport infrastructure sector is part of the core business of the Group, which in 2012 accounted for 44.7 per cent. of the Group's revenues (48.1 per cent. in 2011).

Italy

As of the date of this Offering Circular, the most relevant projects in the backlog include:

- *Line C of the Rome underground.*

The project refers to the contract awarded for the final and executive design, construction, works supervision, commissioning and supply of rolling stock for the new Line C of Rome's underground. The works were awarded by Roma Metropolitane S.r.l., a company directly controlled by the Municipality of Rome, to Metro C S.c.p.A. as a general contractor (of which Astaldi holds a 34.5 per cent. stake). The new line will result in expansion of the existing underground network and the complete planned route comprises 25.4 kilometres and 30 stations that will be served by driverless trains. The overall value of the works amounts to EUR 2.9 billion, EUR 1 billion of which refers to Astaldi's stake. As of 31 December 2012, the project's Strategic Phase No. 1 (which is in turn split into different sections) – measuring 21.5 kilometres in length with 24 stations along the Monte Compatri/Pantano-Fori Imperiali/Colosseo stretch – is under construction: as regards the section under construction Monte Compatri/Pantano-San Giovanni, 87 per cent. of overall works have been completed; as regards the section San Giovanni-Fori Imperiali/Colosseo, design activities have been completed and construction activities have been started in April 2013. It must be noted that in 2011, the temporary business association responsible for building Line C presented, as agreed with the Customer, a project finance proposal for completion of the new line along the Fori Imperiali-Clodio/Mazzini stretch, as well as for extension of the line to Farnesina; as of the date of this Offering Circular, no statement in this regard has been issued by the Municipality of Rome.

- *Line 5 of the Milan underground.*

The project refers to the final and executive design and performance of civil works for a new underground line which will run along the Bignami-Garibaldi Station-San Siro route, in Milan. This project is part of the project finance initiative managed by the SPV METRO 5 S.p.A., in which Astaldi holds a 38.7 per cent. stake. As regards the Bignami-Garibaldi Station stretch (6 kilometres of line, 9 stations) the Bignami-Zara section was opened to the public on 10 February 2013 and 90 per cent. of works on the remaining Zara-Garibaldi Station section had been completed. As regards to the Garibaldi Station-San Siro section (7 kilometres, 10 stations), construction activities are in progress for all the ten stations included in the project and excavation works have got underway (for information on Line 5 of the Milan underground concession projects see the section below “Concessions”).

- *Lines 1 and 6 of the Naples underground.*

These contracts form part of the project to improve the underground transport system in the Municipality of Naples.

As for Line 1, M. N. Metropolitana di Napoli S.p.A. (the concessionaire, in which Astaldi is the majority shareholder with a 22.62 per cent. stake) acquired from the Municipality of Naples the concession to design, supervise works and construct the new line of the Naples underground. The works are being performed by Toledo S.c.r.l., in which Astaldi holds a 90.391 per cent. stake. The works have been granted M. N. Metropolitana di Napoli S.p.A. which assigned them to Consorzio TRA.DE.CI.V., which in turn assigned them to Toledo S.c.r.l. The total value of works for Line 1 amounts to EUR 252 million, including variations during works in progress and as of 31 December 2012, 97 per cent. of the construction provided for in the contract had been completed.

In relation to Line 6, the Municipality of Naples granted Ansaldo STS S.p.A. the concession to design, supervise works and construct the new line of the Naples underground. Ansaldo STS assigned the civil works to MN6 S.c.a.r.l., which in turn assigned the civil works related to San Pasquale Station to AS.M. S.c.r.l., in which Astaldi holds a 75.91 per cent. stake. The overall value of the contract amounts to EUR 66 million. As of 31 December 2012, 78 per cent. of the construction provided for in the contract had been completed.

- *Bologna Centrale high-speed station.*

The project refers to the construction of the new Bologna Centrale High Speed station, to be built entirely underground below Platforms 12-17 of the existing Bologna Centrale station. The works have been commissioned by TAV S.p.A. (which was taken over by RFI Rete Ferroviaria Italiana S.p.A. in 2008). As of 31 December 2012, 83 per cent. of the construction works had been completed.

- *Turin Rail Link.*

The contract forms part of the activities in progress to improve the Turin Rail Junction and involves the executive design and performance of works to expand the underground railway line between Corso Vittorio Emanuele II and Corso Grosseto, crossing under the River Dora Riparia. The works have been commissioned by Italferr S.p.A., in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A. The contract was awarded to a joint venture in which Astaldi holds a 70 per cent. stake. Works are being performed by S.P.T. - Società Passante di Torino S.c.r.l., in which Astaldi holds a 74 per cent. stake. The executive design is being performed by Astaldi and Turner & Townsend Group Ltd. in equal shares. As of 31 December 2012, 96.5 per cent. of the construction works had been completed.

- *Parma - La Spezia Railway.*

The project forms part of the programme to improve and modernise the Parma-La Spezia railway, also called the “Pontremolese” railway. Italferr S.p.A. – in the name and on behalf of R.F.I. Rete Ferroviaria Italiana S.p.A. – awarded the Issuer the executive design and the performance of works to extend the railway line for the section between Solignano and Osteriazza stations – along a section measuring a total of approximately 12.5 kilometres. As of 31 December 2012, 70 per cent. of the overall planned production activities had been completed.

Abroad

As of the date of this Offering Circular, the most relevant foreign projects in the backlog include:

- *Line 5 of the Bucharest Underground, Romania*

The project refers to the construction of the new Line 5 of the Bucharest underground for the Drumul Taberei-Pantelimon section (Raul Doamnei-Hasdeu section), using the design and build formula. The contract's overall value amounts to approximately EUR 215 million (the Group is the project leader with a 47.495 per cent. stake). The project forms part of a broader programme to expand Bucharest's underground network and is funded by the European Investment Bank and by the Romanian state. The project was commissioned by METROREX S.A. The project involves the design and construction of approximately 4.5 kilometres of new underground line, with 9 stations and 7.7 kilometres in total of tunnels. Consignment of the works is scheduled by the end of 2014.

- *Warsaw - Łódź Railway Line and Łódź Fabryczna station, Poland*

The project refers to the design and performance of all works connected to upgrading of the section of railway from Łódź Widzew to Łódź Fabryczna, with construction of the passengers building and underground station of Łódź Fabryczna (4 platforms, 8 tracks), a double-track, twin-bore tunnel (1.5 kilometres) and the plant design and superstructure of the whole section, as well as an underground car park and multi-modal interchange junction at Fabryczna railway station. The works, awarded in August 2011, have a contractual value of approximately EUR 350 million (of which the Group holds a 40 per cent. stake), with a planned duration of 42 months. The works were commissioned by Poland's railway companies (PKP and PKP PLK) and the Municipality of Łódź.

- *Line 2 of the Warsaw Underground, Poland*

The project involves the construction of a central section of Line 2 of the Warsaw underground in Poland worth in total approximately EUR 800 million (Astaldi is the project leader with a 45 per cent. stake). The works were commissioned by the Municipality of Warsaw. In detail, the project involves the design and construction of approximately 6 kilometres of new underground line along the route between Rondo Daszynskiego and Dworzec Wilenski, with 7 stations, 6 ventilation shafts and approximately 10 km of single-track tunnel, as well as 3 buildings for train deposit and railroad switches. The route will run mainly underground and also includes a passage under the River Vistula. Consignment of the works is scheduled for August 2014.

- *Istanbul Golden Horn Bridge (Halic Bridge), Turkey.*

The project refers to the contract to construct the Golden Horn Bridge, also known as Halic Bridge, worth a total of EUR 165 million (of which Astaldi holds a 51 per cent. stake). Halic Bridge will run across the inlet on the European side of the Bosphorus, known as the Golden Horn, linking Topkapı to Galata. The route will measure approximately 1 kilometre and will allow the new Unkapanı-Yenikapı line of the Istanbul underground to run along it. The new structure will also involve construction of a steel cable bridge measuring 387 metres in length, as well as a 120-metre swing bridge which will open to allow boats to pass through. The works have been commissioned by the Municipality of Istanbul. As of 31 December 2012, 72 per cent. of the total works had been completed.

- *Saida-Tiaret Railway Line, Algeria*

The contract, awarded to Astaldi as part of a joint venture at the end of 2010, involves the design and construction of a new railway line from Saida to Tiaret in Algeria. The contract value amounts to EUR 417 million (in which Astaldi holds a 60 per cent. stake). The works were commissioned by Algeria's Ministry of Transport through the Agence Nationale d'Etude et du Suivi de la Réalisation des Investissements Ferroviaires ("ANESRIF"). The contract involves the executive design and construction of 153 kilometres of single-track railway line featuring 39 railway bridges and viaducts, 36 road overpasses, as well as 4 main stations (2 of which will be passenger stations, while the other 2 will serve as a freight village and maintenance depot) and 9 interchange stations. The contract also includes the performance of signalling, telecommunications and energy-related works. Work on this new project commenced in January 2011, with a total duration of 36 months. Approximately 15 per cent. of works have been completed as at 31 December 2012.

- *Saida - Moulay Slissen Railway Line, Algeria*

The project refers to the construction of a section of the railway measuring approximately 120 kilometres that runs along the Saida - Moulay Slissen section. The works were commissioned by ANESRIF on behalf of

Algeria's Ministry of Transport. The project consists in the design and construction of a new single-track railway line. The route stretches over 120 kilometres and includes 19 viaducts, 17 overpasses, 31 underpasses, 4 stations and 1 freight village. The contract also provides for the installation of signalling, telecommunications and energy systems. Works got underway during the third quarter of 2008, and Variant No. 1, approved during 2011, extended the overall duration of works to 59 months. Approximately 54 per cent. of works had been performed as at 31 December 2012.

- *Puerto Cabello - La Encrucijada Railway Line, Venezuela*

The contract involves the construction of a double-track railway line running along the Puerto Cabello - La Encrucijada stretch for approximately 128 kilometres, with 33 km of tunnels, 23 km of viaducts and 10 stations. Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a 33.33 per cent. stake, is responsible for construction of the line. The total value of the contract amounts to approximately EUR 3.3 billion (of which Astaldi holds a 33.33 per cent. stake), including the extension of the line from Moron to Puerto Cabello. The works have been commissioned by the Instituto de Ferrocarriles del Estado, the independent organisation responsible for managing Venezuela's railway transport infrastructures. As of 31 December 2012, approx. 60 per cent. of construction works assigned to Astaldi had been completed.

- *S. Juan de los Morros - S. Fernando de Apure railway line, Venezuela*

The contract provides for construction of a new railway line running along a route measuring approximately 252 kilometres, with 17 kilometres of tunnels and 6.3 kilometres of viaducts, 7 stations and 3 maintenance areas. The contractual value of the works amounts to EUR 1,258 million, a third of which corresponds to Astaldi's stake. The works have been commissioned by the Instituto de Ferrocarriles del Estado, the independent organisation responsible for managing Venezuela's railway transport infrastructures. As of 31 December 2012, the 35 per cent. of construction works assigned to Astaldi had been completed.

- *S. Juan de los Morros - S. Fernando de Apure e Chaguaramas – Cabruta railway lines*

The new railway line runs for 201 kilometres and includes 6 stations and a maintenance area. The contractual value of the works amounts to EUR 591 million, a third of which corresponds to Astaldi's stake. The works have been commissioned by the Instituto de Ferrocarriles del Estado, the independent organisation responsible for managing Venezuela's railway transport infrastructures. As of 31 December 2012, the 45 per cent. of construction works assigned to Astaldi had been completed.

(b) *Roads and motorways*

One of the traditional sectors of Astaldi Group's business is the construction of roads and motorways, in 2012 accounted for 29.5 per cent. of the Group's total revenues (compared to 27.7 per cent. in 2011).

Italy

As of the date of this Offering Circular, the most relevant projects in the backlog include:

- *Jonica State Road (Lot DG-22).*

The general contracting project involves the executive design and performance of works to upgrade the Jonica State Road in the section between Palizzi and Caulonia, including Marina di Gioiosa Jonica junction. The works have been commissioned by ANAS, the company in charge of managing the Italian road and motorway network of national interest. The joint venture responsible for performing the activities related to this contract is AR.GI S.p.A., in which Astaldi holds a 99.99 per cent. stake. The route of the new motorway measures approximately 17 km in length, 19 per cent. of which consists in viaducts and 37 per cent. in tunnels. The overall value of the contract amounts to EUR 354 million and as of 31 December 2012, over 94 per cent. of the construction provided for in the contract had been completed.

- *Jonica State Road (Lot DG-21).*

The general contracting project involves the executive design and construction of a new road link along the Jonica State Road in Calabria. The route, measuring approximately 23 km in length, will involve the construction of 11 twin-bore tunnels, 10 viaducts, 2 bridges and 8 junctions. The works have been commissioned by ANAS, the company in charge of managing the Italian road and motorway network of

national interest. The joint venture responsible for performing the activities related to this contract is CO.MERI S.p.A., in which Astaldi holds a 99.99 per cent. stake. As of 31 December 2012, over 98 per cent. of the construction provided for in the contract had been completed.

- *Jonica State Road (Lot DG-41).*

The general contracting project involves the executive design and performance of works to upgrade the section of the Jonica State Road running from NR-534 to Roseto Capo Spulico. The works have been commissioned by ANAS, the company in charge of managing the Italian road and motorway network of national interest. The joint venture responsible for performing the activities related to this contract is SIRJO S.C.p.A., in which Astaldi holds a 60 per cent. stake. The route of the new motorway measures 38 kilometres and includes 7 twin-bore tunnels, 14 viaducts, 4 bored tunnels and 6 junctions. The final design phase and relative preliminary activities (topography and geo-gnostic investigations) commenced in April 2012. Consignment of the final project occurred in March 2013 and the project approval procedure is currently in progress.

Abroad

As of the date of this Offering Circular, the most relevant projects in the backlog include:

- *Gebze-Orangzi-Izmir Motorway (Bot Contract), Turkey.*

The project consists in a BOT contract for the construction, maintenance and management of a section of motorway measuring 434 kilometres running along the Gebze-Orhangazi-Izmir route. The project also includes a suspension bridge over Izmit Bay and additional link roads to existing roads. As regards this project, the EPC contract has a value of USD 5.6 billion (of which Astaldi holds a 18.6 per cent. stake) against investments totalling USD 6.4 billion. On the whole, the project involves the construction of approximately 384 kilometres of link roads, 140 kilometres of access roads and 29 kilometres of national roads to be upgraded, 3 tunnels, 29 viaducts, 84 bridges, 330 minor hydraulic works, 25 intersections, 20 motorway toll gates, 10 maintenance centres and 16 service areas. This project is part of the project finance initiative to design, build and manage the motorway (for information on concession projects, see the section below “*Concessions*”).

- *Western high-speed diameter in St. Petersburg, Russia*

The contract was awarded to Astaldi during 2012 and refers to the EPC contract to perform the works to complete the St. Petersburg ring road, a work of strategic importance for the city’s transport system. The project was commissioned by the NCH consortium – comprising VTB Capital and Gazprombank, respectively Russia’s second and third most important banks – that holds the concession agreement for completion and subsequent management of the whole ring road. The EPC contract awarded to Astaldi involves the design and performance of all the works needed to build 12 kilometres of motorway. The contract value amounts to EUR 2.2 billion (of which Astaldi holds a 50 per cent. stake). The planned duration of works is 36 months.

- *Orastie-Sibiu Motorway (Lot 4), Romania*

The contract for the design and construction of Section 4 of the Orastie – Sibiu motorway forming part of the Trans-European Corridor IV, was signed in June 2011. The project involves the construction, using the design and build formula, of approximately 16 kilometres of new motorway, including a cut-and-cover tunnel (200 metres) and two viaducts (900 metres). Astaldi is the project leader and holds a 70 per cent. stake in the project. The works were commissioned by Romania’s National Roads and Motorways Company. Design activities were started up during 2011 and setting-up of sites was completed, with the commencement of construction of the motorway, underpasses and drainage systems as well as the viaduct foundations. Consignment of the works is scheduled for 2013.

(c) Ports and airports

Design and construction of ports and airports represent one of the traditional sectors of Astaldi Group’s business. As of the date of this Offering Circular, its activities in this sector are mainly focused outside of Italy. In 2012, such sector accounted for 10.6 per cent. of the Group’s total revenues (compared to 8.4 per cent. in 2011).

Abroad

As of the date of this Offering Circular, the most relevant projects in this sector include:

- *Pulkovo International Airport in Saint Petersburg, Russia*

The project consists in the construction of a new international terminal and renovation of the existing terminal. In addition, the EPC contract involves the construction of a main building which will occupy a total surface area of 95,475 square metres. The project is worth EUR 700 million (of which Astaldi holds a 50 per cent. stake). The contract was awarded by Northern Capital Gateway, an international consortium. The planned duration of works is of 39 months and as of 31 December 2012, 50 per cent. of the total works (including the supply of electromechanical equipment) have been completed.

ii. Energy production plants

The sector of energy production plants, where the Group is active mainly abroad, comprises the construction of dams, aqueducts and water treatment plants, as well as energy production plants. In 2012, such sector accounted for 3.7 per cent. of the Group's total revenues (compared to 6 per cent. in 2011).

Abroad

As of the date of this Offering Circular, the most relevant projects in the backlog include:

- *Cerro Del Águila Hydroelectric Plant, Peru*

The turnkey EPC contract, worth an equivalent of USD 670 million (of which Astaldi holds a 50 per cent. stake and is project leader) involves the performance of civil and electromechanical works related to Cerro del Águila hydroelectric plant in Peru. The project consists in the design and construction of a hydroelectric plant with a nominal power of 510 MW, making use of water provided by the Rio Mantaro. The contract also provides for the supply and installation of three Francis turbines. The works have been commissioned by KALLPA S.A., one of the main electricity generators in Peru. The project was acquired during 2011 and the works are expected to be completed in over 48 months.

iii. Civil and industrial construction

Astaldi Group has acquired and developed a vast know-how in the field of civil and industrial construction, especially in relation to the construction of healthcare facilities in Italy and abroad. In 2012, such sector accounted for 6.0 per cent. of the Group's total revenues (compared to 7.9 per cent. in 2011).

Italy

As of the date of this Offering Circular, the most relevant projects in the backlog include:

- *Four Hospitals in Tuscany.*

The contract forms part of the project finance initiative for the construction and management of an integrated system of four hospitals in Tuscany and involves the construction of four hospital complexes situated in Lucca, Massa, Pistoia and Prato. The new facilities will occupy a total surface area of over 200,000 square metres and make available over 1,700 hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots. The project was awarded by local health authorities to SAT S.p.A, in which Astaldi holds a 35 per cent. stake, using the project finance formula (for further information on the concessions see the section below "Concessions"). The scope of the agreement is final and executive design, performance of works and management of the new hospitals, as well as of some related services. Design and construction activities were awarded by the concession holder to a joint venture established by two of its partners. The consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50 per cent. stake, was set up to perform the works, which involve a total investment of EUR 365 million (with public funding of 55 per cent.). Works went ahead largely as planned during 2012 with 85 per cent. of works completed for Prato hospital, 98 per cent. for Pistoia hospital, 77 per

cent. for Lucca hospital and 44 per cent. for Massa hospital. At a global level, 76 per cent. of total works had been completed as at 31 December 2012.

- *Police Officers' Academy in Florence.*

The project refers to the construction of the new Police Officers' Academy in Florence. The works have been commissioned by the Ministry of Infrastructures to the consortium company S.CAR. S.c.r.l, in which Astaldi holds a 61.4 per cent. stake. The works occupy a large area comprising four functional centres: (i) the sports centre which entails the construction of a football and athletics stadium, covered swimming pool, tennis courts and gym; (ii) a centre dedicated to student housing with approximately 9 buildings to accommodate 1,500 students; (iii) a logistics centre which comprises, *inter alia*, an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, administration offices, housing; (iv) a functional centre to be used to house academy workers and their families. As of 31 December 2012, approximately 71 per cent. of works have been completed.

iv. Plants

Astaldi Group operates in this sector through NBI S.r.l. ("**NBI**") (a wholly-owned company of Astaldi), that resulted from Astaldi's acquisition of a business unit of the longstanding company Busi Impianti based in Bologna. NBI operates in plant design, facility management and renewable energy. The NBI's core business is plant design, where the company is an all-round specialist: from civil plant design to industrial plant design in the public and private sectors. Its main business areas are: healthcare, commerce, industry, road and airport infrastructures, hotels and tourism, and pharmaceuticals. As regards renewable energy, the company can boast specific skills with regard to photovoltaic energy, wind energy, micro-generation and sustainable development. The company operates in Italy and abroad, in Astaldi Group's reference markets – especially Poland, Romania, Russia, Turkey, Algeria, Venezuela, Chile, Peru, the United States and Canada. As of 31 December 2012, NBI's total industrial production amounted to EUR 72 million, EUR 60 million of which for plant activities and EUR 12 million for maintenance activities.

v. Concessions

Astaldi Group operates in this sector through Astaldi Concessioni S.r.l. ("**Astaldi Concessioni**") (a wholly-owned company of Astaldi), that was set up in 2010 as part of a broader project to streamline the Group's activities. This project involves (i) the transfer in several phases of projects in progress in this sector from the parent company Astaldi S.p.A. to Astaldi Concessioni, and (ii) the standardisation of skills acquired at a head office level, in terms of strategic planning, organisation and start-up of projects.

As of the date of this Offering Circular, on the whole, the projects in progress in this sector consist in initiatives developed in Italy and abroad (Turkey, Chile, Honduras) related to the following sectors: (i) civil and healthcare construction, for a total of 6,180 hospital beds and 5,740 parking spaces; (ii) underground and motorway transport infrastructures, for a total of 900 km of motorway, 28 km of underground line and 40 stations; (iii) airports able to handle 5,000,000 passengers/year, (iv) car parks offering a total of 3,675 parking spaces; (v) water and energy with a 111 MW hydroelectric plant able to produce 557Gw/year; and (vi) mining sector infrastructures.

Please find below a list of the projects in progress, with highlighting of those transferred to Astaldi Concessioni and of the project lifecycle phase (management, construction, launch).

Projects transferred to Astaldi Concessioni at the draft date of this Offering circular.

| | <u>Projects under management</u> | <u>Projects under construction/being launched</u> |
|--------------|--|--|
| Italy | <u>Direct projects (Italy/under management)</u> • 5 car parks (3,675 parking spaces) - <i>Corso Stati Uniti car park - Turin</i> - <i>Porta Palazzo car park - Turin</i> - <i>Piazza VIII Agosto car park - Bologna</i> - <i>Riva Reno car park - Bologna</i> - <i>Piazza Cittadella car park - Verona</i> | -- |
| | <u>Equity investments (Italy/under management)</u> | |

| | | |
|---------------|---|---|
| International | <ul style="list-style-type: none"> • 1 hospital (680 beds, 1,240 parking spaces) <ul style="list-style-type: none"> - Veneta Sanitaria Finanza di Progetto S.p.A. (<i>Ospedale dell'Angelo - Mestre - Venezia</i>) • 193 km of high-density traffic motorway <ul style="list-style-type: none"> - A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), through AI2 S.r.l. (<i>A-4 Brescia-Padova and A-31 Valdistico motorways</i>) | |
| | <p><u>Equity investments (international/under management)</u></p> <ul style="list-style-type: none"> • 1 hydroelectric plant (111MW) <ul style="list-style-type: none"> - Pacific Hydro Chacayes S.A. (<i>Chacayes hydroelectric plant - Chile</i>) • 1 airport able to handle 5,000,000 passengers/year <ul style="list-style-type: none"> - MONDIAL Milas-Bodrum Airport Anonim Sirteki S.A. (<i>Milas-Bodrum International Airport - Turkey</i>) • 1 water treatment plant <ul style="list-style-type: none"> - Agua de San Pedro Sula A.S. (<i>San Pedro Sula water network - Honduras</i>) | <p><u>Equity investments (international/being launched)</u></p> <ul style="list-style-type: none"> • 1 hospital (3,500+ beds) <ul style="list-style-type: none"> - Ankara Etlik Hastanesi A.S. (<i>Etlik Hospital Campus – Ankara, Turkey</i>) <p><u>Equity investments (international/under construction)</u></p> <ul style="list-style-type: none"> • 1 copper (85t/year) and molybdenum (4,000t/year) recovery plant <ul style="list-style-type: none"> - Valle Aconcagua S.A. (<i>Relaves mining project - Chile</i>) |

Concession projects controlled by the parent company Astaldi S.p.A. at the draft date of this report

| | Projects under construction | Projects being launched |
|-------|---|--|
| Italy | <p><u>Equity investments (Italy/under construction)</u></p> <ul style="list-style-type: none"> • 19 km of underground, 13 stations <ul style="list-style-type: none"> - Metro 5 S.p.A. (Line 5 of Milan underground - Bignami-Stazione Garibaldi section)³ - Metro 5 Lilla S.p.A. (Line 5 of Milan underground - Stazione Garibaldi-San Siro section) • 4 hospitals (2,000+ beds, 4,500 parking spaces) <ul style="list-style-type: none"> - S.A.T. S.p.A. (Prato, Pistoia, Lucca, Massa/delle Apuane hospitals in Tuscany) | <p><u>Equity investments (Italy/being launched)</u></p> <ul style="list-style-type: none"> • 118 km of motorway links, 15 km of underground with 21 stations <ul style="list-style-type: none"> - Ancona Port motorway links - Nogara-Mare motorway - Metro 4 S.p.A. (Line 4 of Milan underground) - New offices for Rome's municipal authority ("Campidoglio 2" Project) |
| | <p><u>Equity investments (international/under construction)</u></p> <ul style="list-style-type: none"> • 434 km of motorway links <ul style="list-style-type: none"> - Otoyol S.A. (Gebze-Izmir motorway - Turkey) | <p><u>Equity investments (international/being launched)</u></p> <ul style="list-style-type: none"> • 113 km of motorway links, 2 km of bridge <ul style="list-style-type: none"> - Third Bridge over Bosphorus and North Marmara Highway - Turkey |

In 2012, such concession sector accounted for 1.3 per cent. of the Group's operating revenues (compared to 1 per cent. in 2011).

Italy

As of the date of this Offering Circular, the most relevant projects in the concession sector include:

- 5 Car parks

The Group (through Astaldi Concessioni) is involved in 5 projects in the car park sector that are all operational, for a total of 3,675 parking spaces. The Group has entered into a strategic partnership with APCOA Europe Group with regard to management of all the above projects. The latter is a leading operator in the car park services sector in Italy and Europe and is able to offer suitable expertise for the optimisation of all the management processes related to the projects. The agreements related to each project provide for APCOA

³ In order to provide complete information, it must be noted that a first operational section of Line 5 of the Milan underground (Bignami-Stazione Garibaldi) was opened and put into operation in February 2013.

Europe to be directly responsible for management of the car parks, through its investee companies, and to split revenues with Astaldi Group subsequent to the performance of activities. Said agreements also provide for guaranteed minimum amount clauses which mitigate the consequences for the Group of any occupancy risk related to the managed car parks that are all located in central areas or linked to local situations able to guarantee constant transit flows. As regards 2012, the Group's revenues linked to car park management amounted to approximately EUR 5 million.

- *A4 Holding S.p.A.*

Astaldi Concessioni – through its subsidiary Ai2 S.r.l. – is the owner of an equity investment in A4 Holding S.p.A. (formerly Autostrada Brescia-Verona-Vicenza-Padova S.p.A.), the concession holder for the A4 Brescia – Padova motorway (also known as Serenissima motorway), in other words 193 kilometres of high-density traffic motorway links located in the North-East of Italy. As of the date of this Offering Circular, Astaldi Concessioni holds 11.96 per cent. of A4 Holding through the company Ai2.

- *Veneta Sanitaria Finanza di Progetto S.p.A.*

Veneta Sanitaria Finanza di Progetto S.p.A. is the special purpose vehicle responsible for the construction and operation of a new hospital in Mestre-Venice (“*Ospedale dell'Angelo*”). Astaldi Concessioni holds as from April 2012 a 3.5 per cent. stake in the project pending transfer of the 31 per cent. share still held by the Issuer. The hospital, built by Astaldi, has 680 beds and 1,240 parking spaces and occupies a surface area of 127,000 m² (plus another 5,000 m² for the Eye Bank). The hospital has been operational since 2008, and management activities will be performed until 2032.

- *Autostrada Nogara Mare Adriatico S.c.p.A.*

On 14 December 2011, Astaldi Concessioni – through A4 Holding S.p.A. – acquired a 13 per cent. stake in Autostrada Nogara-Mare Adriatico S.c.p.A. The latter is the company set up by the Sponsor (pursuant to Article 37-bis of Law No. 109/1994 as subsequently amended and supplemented) in relation to the invitation to tender put out by Veneto's regional authority to award the concession for the design, construction and management – using the project finance formula – of the toll motorway link known as Autostrada Regionale Medio-Padana Veneta Nogara-Mare Adriatico – a project for which the relevant administration carried out the second phase of the invitation to tender during 2012. As regards this project, 2012 saw the reorganisation of the ATI (Temporary Business Association) with the sponsor that took part in the second phase of the invitation to tender and which saw the involvement of Astaldi – in the capacity of principal company- with a 23 per cent. stake, 10 per cent. of which held by Astaldi and the remaining 13 per cent. by Astaldi Concessioni. The invitation to tender concluded with a positive outcome during 2012 and the sponsor ATI is currently waiting for temporary awarding of the project.

Abroad

As of the date of this Offering Circular, the most relevant foreign projects in the concession sector include:

- *Pacific Hydro Chacayes S.A., Chile*

Astaldi Concessioni owns a stake in the special purpose vehicle Pacific Hydro Chacayes S.A., responsible for constructing and managing the Chacayes hydroelectric plant, located in Chile and with an installed capacity of approximately 110 MW (557 Gw/year), built by the Astaldi Group in joint venture with the Australian company Pacific Hydro. The concession agreement provides user rights for water during an unlimited period of time. Moreover, as reported on the long-term sales agreement, the 60 per cent. of the produced energy is sold on the Chilean energy market while the remaining 40 per cent. is negotiated on the spot market. The plant is under management since 2011. In the last quarter of 2012, the Pacific Hydro Chacayes S.A. successfully closed a syndicated loan for a total USD 340 million with a pool of local banks (Banca Itaú, Corpbanca, BCI). Finally, the project obtained its first carbon credits from the United Nations which, as provided for in the CDM (Clean Development Mechanism) of the Kyoto International Protocol, will be able to generate revenues in approximately one year's time – subsequent to a set period of monitoring as defined by the United Nations.

- *MONDIAL Milas-Bodrum Airport Anonim Sirketi S.A., Turkey*

MONDIAL Milas-Bodrum Airport Anonim Sirketi S.A. is the special purpose vehicle that holds the concession agreement for the design, construction and management of the international passenger terminal of Milas-Bodrum International Airport in Turkey, currently in operation. Management activities commenced, as planned, on 16 May 2012, recording passenger traffic of approximately 1.95 million during the year, in line with the company's forecasts. All the commercial services that are typical of the airport business were subsequently gradually started-up, including duty-free activities – managed by Unifree, that can guarantee 30 per cent. of airport revenues. All the aviation services provided for in the concession agreement were provided by the company in accordance with arrangements made with the relevant authority (bridge service, supply of additional services such as slot assignment management) prior to the start-up of operations.

- *Ankara Etlik Hastanesi A.S., Turkey*

Ankara Etlik Hastanesi A.S. is the special purpose vehicle set up on 5 January 2012 and responsible for the design, construction and management, using the concession formula, of the Etlik hospital campus in Ankara, Turkey. The project involves the construction of a healthcare facility that will have a total of 3,500 beds, with 9 departments and a total surface area of approximately 1,080,000 m². The project involves a total investment of EUR 940 million, the return on which will be guaranteed by an annual availability charge (that can be reassessed for inflation), as well as a charge for the performance of some non-healthcare services (routine and non-recurring maintenance of buildings, roads, green areas, electromechanical equipment and furnishings, utility management) and the commercial development of some real estate areas. As of the date of this Offering Circular, direct negotiations are underway with the client that could lead to the improvement of some operating and contractual conditions and the definition of additional services. The concession period is equal to 28 years, with an operation period of 24 years. As of the date of this Offering Circular, the financial closing activities of this project are in progress. So, as per the prudential accounting criteria adopted by the Group, this initiative will be included in the Group's order backlog at the end of these activities.

- *VALLE ACONCAGUA S.A., Chile*

Astaldi Concessioni as part of a joint venture with local partners and through the special purpose vehicle, Valle Aconcagua S.A., acquired from CODELCO (a Chilean state-owned company the leading copper producer in the world) a concession agreement for the design, construction and subsequent management of a plant to treat sludge produced by the Andes mine in order to salvage copper and molybdenum. The plant, to be completed by 2013, will make it possible to salvage approximately 4,000 tonnes/year of copper and 80 tonnes/year of molybdenum which CODELCO has undertaken to purchase at predefined and agreed conditions. The duration period of this initiative is equal to 20 years, starting from the end of the construction phase.

- *The Northern Marmara Motorway Project and the third bridge over the Bosphorus, Turkey*

The concession project involves the construction and management of the Third Bridge over the Bosphorus and of the Odayeri-Pasakoy section of the North Marmara Highway. The total value of the investments is approximately USD 2.5 billion (in which Astaldi holds a 33.33 per cent. stake). The project involves the construction of approximately 60 kilometres of motorway, 54 kilometres of link roads, 45 kilometres of access roads for a total of approximately 160 kilometres of motorway links between Odayeri and Paşaköy, as well as a suspension bridge measuring 1.408 kilometres with pillarless spans between Poyrazköy and Garipçe. The concession period of this initiative is equal to 10.2 years, with an operation period of 8 years. As of the date of this Offering Circular, the financial closing activities of this project are in progress. So, as per the prudential accounting criteria adopted by the Group, this initiative will be included in the Group's order backlog at the end of these activities.

- *Gebze-Orangzi-Izmir Motorway, Turkey*

The concession project involves the construction, maintenance and management of a section of motorway measuring 434 kilometres running along the Gebze-Orhangazi-Izmir route. The project also included a suspension bridge over Izmit Bay and additional link roads to existing roads. The concession period of this projects is equal to 24.4 years, with 18 years of operation period. As of the date of this Offering Circular, the preliminary construction activities and the design phase are in progress. For more details, please refer to construction contracts (see the section above “*Transport Infrastructures – Roads and motorways*”).

Material Loans

As of 31 December 2012, the Group has taken out committed loans with several credit institutions for an outstanding amount of approximately EUR 806 million.

The most relevant committed loans are:

- Forward Start Facility entered by Astaldi S.p.A., for an amount equal to EUR 325 million, entered into on 2 December 2011, with start date 19 April 2013 and expiring in December 2016, arranged by Banca Infrastrutture Innovazione e Sviluppo S.p.A. (Intesa Sanpaolo Group), BNP Paribas S.A., The Royal Bank of Scotland Plc and UniCredit S.p.A., it has been subscribed by a pool of leading international banks.
- Banking loan amounting originally to EUR 110 million, entered on 16 July 2009 with Banca Popolare di Milano, acting as lead arranger of a pool of banks, with an amortisation redemption plan with final expiry in September 2017.
- Bilateral loan of the Issuer for an amount equal to USD 60 million, with a duration of 18 months minus one day and expiring in February 2013, entered into with BNP Paribas in August 2011 (and guaranteed by SACE S.p.A. ("SACE") for 70% of the amount).
- Loan of the Issuer for an amount equal to EUR 50 million, issued by Efibanca on 14 July 2008 expiring in July 2016.
- Bilateral loan of the Issuer for an amount equal to EUR 35 million, with a duration of 18 months minus one day (and expiring in July 2013), entered into with Cariparma in January 2012 (and guaranteed by SACE for 70% of the amount).
- Loan of the Issuer for an amount equal to EUR 35 million, to support investments in the sector of motorway concessions, issued by Centrobanca and ING Bank in June 2012, with a total duration of 5 years (i.e. expiring in June 2016) and two extension options of one year each.
- Loan of the Issuer for an amount equal to EUR 10 million to support investments in the sector of motorway concessions, issued by Centrobanca and ING Bank in February 2012 and expiring in June 2016.
- Bilateral loan of the Issuer for an amount equal to EUR 10 million, agreed in June 2012 with BBVA and expiring in December 2015.
- Loan of the Issuer for an amount equal to EUR 60 million, for general corporate purposes and in particular for the support of investments in the concessions sector entered into in July 2012 with BBVA and Credit Agricole (guaranteed by SACE for 67% of the amount), expiring in July 2017.

Furthermore, the following loan agreements, have been entered into in connection with specific operational projects:

- Bilateral loan of Astaldi Concessioni S.r.l. for an amount equal to EUR 18.5 million, entered into on 4 June 2009 with GE Capital (formerly Interbanca S.p.A) for covering design and construction costs of the Verona car park, for a duration of 19 years (i.e. expiry in June 2027). Such loan is supported by a mortgage on land, the transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee, as well as a corporate guarantee of the Issuer.
- Bilateral loan of Astaldi Concessioni S.r.l. for an amount equal to EUR 12.3 million, entered into in May 2008 with Banco Popolare (formerly Efibanca) to cover the design and construction costs of the Bologna Car Park, expiring in May 2025. Such loan is guaranteed by a mortgage on land, the sale of credits deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee, as well as a corporate guarantee of the Issuer.
- Banking loan of Inversiones Assimco Limida for an amount equal to USD 36 million, entered on 5 August 2009 with Unicredit and MPS Capital Services as lending banks, to sustain investment in equity of "Chacayes Hydroelectric Project" in Chile, with a duration of 7 years and expiring on 8 August 2016, guaranteed by the Issuer by means of a corporate guarantee and a pledge on its shares in the capital of the borrower.

- Loan for an amount equal to EUR 80 million agreed in August 2011, between the special purpose company Mondial AS, a subsidiary of Astaldi Concessions S.r.l., and the pool of banks consisting of HSBC and Türkiye İř Bankası, to sustain investment in the concession in Turkey for the Bodrum Airport, expiring in July 2015 and guaranteed by the Issuer.

Starting from financial 2013 most of such a committed loans will apply for the following financial covenants:

- ratio between Net Financial Position and Equity: less than or equal to 1.45x at year end and less than or equal to 1.60x at half-year end; and
- ratio between Net Financial Position and EBITDA: less than or equal to 3.00x a year end and less than or equal to 3.30x at half-year end.

In relation to negative pledge clauses included in such agreements, the Group tends to align its commitments to those defined in the Forward Start Facility signed in December 2011, which provides that the Group cannot provide its assets as collateral (mortgaging, pledges etc.) except in some specific cases. In particular this agreement is not applied: (i) to guarantees already existing at the time of stipulation of a new loan agreement and (ii) to guarantees issued for borrowing dedicated to single operational contracts in the form of traditional contracting, general contracting or project financing.

Risk Management

The Group has demonstrated throughout the years a strong commitment towards risk analysis at all levels - operational risks at the project level, organizational/financial risks at the corporate level and strategic risks at the top management level. The risk management process in the Group takes into consideration risks and opportunities at company level, country level and the project level.

The business model adopted by the Astaldi Group is based, *inter alia*, on constant monitoring of the risks connected to the management of the business. In this regard, the Astaldi Group has in place a series of risk management procedures, methodology and tools which allow the Company to gauge and manage the main strategic, financial, operating and compliance-related risks.

The Corporate Risk Management of the Astaldi Group department supports the management with the decision-making process through a structured and integrated risk management system construed to minimise the risks related to the business cycle in different contractual areas (traditional contracts, general contracting projects, concessions and project finance initiatives).

The Group adopts the ERM (Enterprise Risk Management) model, which consists of three sections corresponding to (i) the type of risk (operational, financial, strategic and compliance), (ii) risk level (corporate, country, contract) and (iii) project step (development, performance, management).

The ERM model allows the Group's management to allocate activities and responsibilities (identification, assessment, management and monitoring) at different operational levels, based on type and timing of risks, enabling a constant and direct monitoring of the business risk factors. The model has the following scopes:

- reduction of the estimated variability of EBIT by implementing a risk management process allowing the identification, management and monitoring of risks and opportunities;
- optimization of the bid preparation;
- better understanding of the risks and opportunities;
- full understanding of the impact of risks and opportunities at a project and corporate level.

The Group's risk management process involves many players at different levels of the organization (Industrial Services, Quality & SHE, Internal Control Unit, Project Control and Strategic Planning, etc.) according to the various types of risk. Key decisions made about project proposals and during project implementation are based upon a strong risk management process that involves various business units offering more effective, efficient

and integrated information. The link between project managers, environmental managers and risk managers is key to keep climate change risks under control and monitored continuously.

Risk identification and evaluation has been conducted taking into account the business sector and the Group's organizational structure following a qualitative-quantitative scoring.

Research and Development

The Group did not incur any costs for research and development during 2012 and 2011.

Employees

As of 31 December 2013 the Group had operations in over 25 countries worldwide and had approximately 9,963 employees, 15% of whom are employed in Italy, and the remaining 85% abroad.

Legal Proceedings

The Issuer and its subsidiaries act as defendants in legal proceedings arising in the ordinary course of business. While any litigation has an element of uncertainty, based on information available as of the date of this Offering Circular and taking account of existing provisions for bad debt, the Group does not expect that the outcome of any such proceedings, either individually or in the aggregate, will have a significant effect upon the Group's financial position or profitability.

THE ISSUER

Incorporation and status

The Issuer is incorporated in Italy as a limited liability company (*società per azioni*) and is registered at the Companies Registry of Rome under registration number 00398970582. Its registered office is at Via Giulio Vincenzo Bona No. 65, 00156 Rome. The Issuer was incorporated on 8 April 1950. The Issuer's shares are listed on the Italian Stock Exchange since 2002. The Issuer's corporate existence is currently scheduled to expire on 31 December 2100.

Share Capital

As of the date of this Offering Circular, the share capital of the Issuer is EUR 196,849,800.00 fully paid in, and is divided into 98,424,900 shares of a value of € 2.00 (two Euros and zero cents) each.

Authorized Share Capital Increases

On 23 April 2013, the extraordinary shareholders' meeting approved to increase the Issuer's share capital (with the exclusion of option rights), pursuant to Article 2441(paragraph 5) of the Italian Civil Code, to Euro 35,137,034.00 through the issuance of a maximum of 17,598,517 Ordinary Shares. Such newly issued shares are to be reserved for the delivery of Ordinary Shares further to the Noteholders' exercise of their Conversion Rights under the Conditions. Further to such shareholders' resolution, the Issuer has, in accordance with Condition 11, delivered, on 15 May 2013, the Notice to the Trustee and to the Noteholders stating that, with effect from 31 January 2014 (being the Period Start Date), the Conversion Rights shall apply until the earlier of the date of redemption of a Note and the Maturity Date.

Shareholders

As of 4 April 2013, based on the information made public by CONSOB, approximately 52% of the ordinary shares of the Issuer were owned by Fin.Ast S.r.l., both directly and through Finetupar International S.A., approximately 4.9% were owned by Odin Forvaltnin A.S., approximately 2% were owned by Pictet Asset Management Ltd. and approximately 2% were owned by Norges Bank. To the knowledge of the Issuer, no other shareholder owns more than 2% of the ordinary shares of the Issuer.

Board of Directors

The Issuer is managed by a board of directors (the "**Board of Directors**"), which pursuant to its by-laws, must be composed of not less than nine and not more than 15 members. In accordance with the by-laws, the Board of Directors has full power of ordinary and extraordinary administration of the Issuer and may perform all acts it deems advisable for the achievement of the Issuer's corporate purposes, except for the actions reserved by applicable law to the shareholders' meetings. The Board of Directors' chairman is appointed by the Board of Directors itself. The Board of Directors may also appoint one or more deputy chairmen and one or more chief executive officers. On a proposal of one or more shareholders representing at least 20% of the Issuer's issued share capital, shareholders may, in an ordinary shareholders' meeting, appoint a chairman with honorary functions, chosen among persons of great prestige and who have contributed to the success and/or development of the Company. Each of the chairman and, if so appointed, the deputy chairman or the chief executive officer, is the legal representative of the Issuer. In compliance with Italian law, the by-laws of the Issuer provide that the Board of Directors shall be elected through a voting list system.

The table below indicates the of the Issuer's Board of Directors as of the date of this Offering Circular as elected by the shareholders at the meeting held on 23 April 2010.

| Name | Title |
|---------------------|-------------------------|
| Paolo Astaldi | Chairman |
| Ernesto Monti | Deputy Chairman |
| Giuseppe Cafiero | Deputy Chairman |
| Stefano Cerri | Chief Executive Officer |
| Caterina Astaldi | Director |
| Luigi G. Cavalchini | Director |
| Giorgio Cirila | Director (Independent) |
| Paolo Cuccia | Director (Independent) |
| Mario Lupo | Director (Independent) |

| | |
|-------------------|------------------------|
| Eugenio Pinto | Director (Independent) |
| Chiara Mancini | Director (Independent) |
| Nicoletta Mincato | Director (Independent) |
| Guido Guzzetti | Director (Independent) |

Below are the other offices held as of 29 March 2013 by the members of the Board of Directors in other companies listed on regulated markets (including foreign markets) as well as in financial companies, banks, insurance companies or companies of significant size.

| Name | Office |
|---------------------|--|
| Paolo Astaldi | Managing Director of Fin.Ast. S.r.l. |
| Ernesto Monti | Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A. Director of Alitalia S.p.A. Director of Unicredit MCC S.p.A. Director of Erg Renew S.p.A. Director of Ariscom Compagnia di Assicurazioni S.p.A. |
| Giuseppe Cafiero | Does not hold other offices |
| Stefano Cerri | Director of A4 Holding S.p.A. Director of Società delle AUTOSTRADE Serenissima S.p.A. |
| Caterina Astaldi | Director of Fin.Ast. S.r.l. |
| Luigi G. Cavalchini | Director of Reale Mutua Assicurazioni |
| Giorgio Cirila | Director of IMMSI S.p.A. |
| Paolo Cuccia | Does not hold other offices |
| Mario Lupo | Does not hold other offices |
| Eugenio Pinto | Chairman of the Board of Statutory Auditors of Eni Adfin S.p.A. Chairman of the Board of Statutory Auditors of Stogit S.p.A. Chairman of the Board of Statutory Auditors of Snam Rete Gas S.p.A. Statutory Auditor of Finmeccanica S.p.A. |
| Chiara Mancini | Does not hold other offices |
| Nicoletta Mincato | Does not hold other offices |
| Guido Guzzetti | Does not hold other offices |

The business address of each of the Issuer's current member of the Board of Directors is that of the Issuer's registered office at via Giulio Vincenzo Bona 65, 00156 Rome, Italy.

To the best of the Issuer's knowledge as of the date of this Offering Circular, none of the members of the Board of Directors holds another position which creates a conflict of interest with the Group.

The Board of Directors is empowered to appoint an executive committee to be chaired by the chairman of the Board of Directors, and may appoint special attorneys for single acts or categories of acts, determining the scope of their powers as well as the relative remuneration.

The Board has established the following committees: (i) the Control and Risk Committee comprising Directors Eugenio Pinto (Chairman), Luigi Guidobono Cavalchini, Guido Guzzetti, Nicoletta Mincato; (ii) the Remuneration Committee comprising Directors Ernesto Monti (Chairman), Eugenio Pinto, Giorgio Cirila; (iii) the Related Parties Committee comprising Directors Eugenio Pinto (Chairman), Giorgio Cirila, Paolo Cuccia; and (iv) the Appointments Committee comprising Directors Ernesto Monti (Chairman), Eugenio Pinto and Mario Lupo.

Senior Management

The table below sets forth the names, the joining year and position of the senior management team of the Issuer.

| Member | Year joined | Position with Astaldi Group |
|---------------|-------------|-----------------------------|
| Paolo Astaldi | 2010 | Chairman |
| Stefano Cerri | 2005 | Chief Executive Officer |

The business address of each of the Issuer's current member of the Senior Management is that of the Issuer's registered office at via Giulio Vincenzo Bona 65, 00156 Rome, Italy.

Board of Statutory Auditors

Pursuant to Italian law, in addition to electing the Board of Directors, the Issuer's shareholders also elect a board of statutory auditors (*Collegio Sindacale*) (the "**Board of Statutory Auditors**") composed of three independent members. Pursuant to the Issuer's by-laws, shareholders also elect three alternate auditors who will automatically replace statutory auditors who resign or are otherwise unable to serve as a statutory auditor.

The following indicates the members of the Board of Statutory Auditors as of the date of this Offering Circular as elected by the shareholders at the meeting held on 23 April 2012.

| Name | Title |
|-------------------------------------|-------------------|
| Daria Beatrice Langosco Di Langosco | Chairman |
| Ermanno La Marca | Statutory Auditor |
| Lelio Fornabaio | Statutory Auditor |
| Andrea Lorenzatti | Alternate Auditor |
| Giulia De Martino | Alternate Auditor |
| Francesco Follina | Alternate Auditor |

Members of the Board of Statutory Auditors are elected by the shareholders for a three-year term and may be re-elected. The current term expires at the approval of the financial statements for the year ended 31 December 2014. Members of the Board of Statutory Auditors may be removed only with just cause subject to the approval of an Italian court. In compliance with Italian law, the by-laws of the Issuer provide that the Board of Statutory Auditors shall be elected through a voting list system to ensure that at least one regular statutory auditor, as chairman of the Board of Statutory Auditors, and one alternate auditor are appointed by minority shareholders of the Issuer.

Below are the other offices held as of the date of this Offering Circular by the regular members of the Board of Statutory Auditors in other companies which are relevant for the purposes of Italian rules restricting the number of offices of statutory auditors.

| Name | Office |
|-------------------------------------|--|
| Daria Beatrice Langosco Di Langosco | Does not hold other offices |
| Ermanno La Marca | Does not hold other offices |
| Lelio Fornabaio | Statutory Auditor of ERG S.p.A. Statutory Auditor of Prelios S.p.A. Statutory Auditor of Gemina S.p.A. |

To the best of the Issuer's knowledge as of the date of this Offering Circular, none of the members of the Board of Statutory Auditors holds another position which creates a conflict of interest with the Group.

Independent Auditors

KPMG S.p.A. has audited the unconsolidated and consolidated annual financial statements of the Issuer for the financial years ended 31 December 2012 and 2011. The Ordinary Shareholders' Meeting of the Issuer held on 18 April 2011, appointed KPMG S.p.A. as independent auditor for the 2011-2019 period.

Subsidiaries

As of 31 December 2012, the Issuer had a total of 59 subsidiaries.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information provided below has been derived from the Group's audited annual consolidated financial statements as of and for the years ended 31 December 2012 and 2011, which have been prepared in accordance with IFRS as adopted by the European Union. The Group's annual financial statements have been audited by KPMG S.p.A., as stated in their report included therein.

This summary consolidated financial information should be read in conjunction with, and is qualified in its entirety by reference to the Group's audited consolidated financial statements as of and for the years ended 31 December 2012 and 2011 and accompanying notes, which are incorporated by reference into this Offering Circular.

Income Statement Data

| €/000 | For the year ended 31 December | |
|---|--------------------------------|-----------|
| | 2012 | 2011 |
| Total revenues | 2,456,897 | 2,360,259 |
| Total costs | 2,246,648 | 2,160,418 |
| Operating income | 211,813 | 200,691 |
| Income before income tax expense | 129,829 | 125,420 |
| Net income | 73,949 | 71,924 |
| Earnings per share | | |
| Basic - net income attributable to equity holders of the parent (value in euro) | 0.76 | 0.73 |
| Diluted - net income attributable to equity holders of the parent (value in euro) | 0.75 | 0.73 |

Balance Sheet Data

| €/000 | As of 31 December | |
|---|-------------------|-----------|
| | 2012 | 2011 |
| Total non-current assets (a) | 829,074 | 624,961 |
| Total current assets | 2,919,417 | 2,812,608 |
| Non-current assets classified as held for sale | 0 | 0 |
| Total assets | 3,748,491 | 3,437,569 |
| Equity attributable to equity holders of the parent (a) | 507,625 | 465,222 |
| Non-controlling interests | 46,930 | 5,057 |
| Total equity (a) | 554,555 | 470,278 |
| Total non-current liabilities | 761,588 | 695,528 |
| Total current liabilities | 2,432,348 | 2,271,763 |
| Total equity and liabilities (a) | 3,748,491 | 3,437,569 |

Cash Flow Statement Data

| €/000 | For the year ended 31 December | |
|--|--------------------------------|-----------|
| | 2012 | 2011 |
| Net cash flows from operating activities | 43,158 | 134,404 |
| Net cash flows used in investing activities | (264,055) | (252,018) |
| Net cash flows used in financing activities | 164,902 | 158,566 |
| Cash and cash equivalents at the end of the period | 400,215 | 456,210 |

TAXATION

Republic of Italy

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership and the disposition of the Notes. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. This summary also assumes that the Issuer is organised and that the Issuer's business will be conducted as outlined in this Offering Circular. Changes in the Issuer's tax residence, organisational structure or the manner in which the Issuer conducts its business may invalidate this summary.

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. A tax reform relating to income from securities has been announced. The Issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.

1. The Notes

1.1 Tax treatment of the Notes

Legislative Decree no. 239 of 1 April 1996, as subsequently amended, ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli simili alle obbligazioni*), pursuant to Article 44 of Presidential Decree no. 917 of 22 December 1986 ("**Decree 917**") and issued, inter alia, by Italian listed companies.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 20%. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Italian resident individual Noteholder not engaged in an entrepreneurial activity who has opted for the so-called *risparmio gestito* is subject to a 20% annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest, premium and other income accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorized intermediary. For more information, see also "Tax treatment of the Notes—Capital Gains".

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Under the current regime provided by Law Decree no. 351 of 25 September 2001 converted into law with amendments by Law no. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular no. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree no. 58 of 24 February 1998 ("**Italian Unified Financial Act**") or pursuant to

Article 14-bis of Law no. 86 of 25 January 1994, are subject neither to imposta sostitutiva nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (“**Fund**”), and the relevant Notes are held by an authorized intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to imposta sostitutiva, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 20% will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (“**Collective Investment Fund Substitute Tax**”).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree no. 252 of 5 December 2005 – “**Decree 252**”) and the Notes are deposited with an authorized intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11% substitute tax.

Pursuant to Decree 239, imposta sostitutiva is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an “**Intermediary**”). An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident-without a permanent establishment in Italy to which the Notes are connected, an exemption from the imposta sostitutiva applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

The imposta sostitutiva will be applicable at the rate of 20% (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

Please note that according to the Law no. 244 of 24 December 2007 (“**Budget Law 2008**”) a Decree still to be issued will introduce a new “white list” replacing the current “black list” system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) timely deposit, directly or indirectly, the Notes with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralized securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) timely file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which

remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from imposta sostitutiva. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended. Failure of a non-Italian resident Noteholder to timely comply with the mentioned procedures set forth in Decree no. 239 and in the relevant implementation rules will result in the application of imposta sostitutiva on interest, premium and other income payments to a non-resident Noteholder.

1.2 Capital gains

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realized by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to an imposta sostitutiva, levied at the current rate of 20%. Noteholders may set off losses with gains.

In respect of the application of imposta sostitutiva, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (regime della dichiarazione), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realized by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realized on each sale or redemption of the Notes (so-called non discretionary investment portfolio regime - risparmio amministrato regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorized financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the risparmio amministrato regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the risparmio amministrato regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the risparmio amministrato regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorized intermediary and have opted for the so-called discretionary investment portfolio regime (risparmio gestito regime) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end, subject to a 20% substitute tax, to be paid by the managing authorized intermediary. Under the risparmio gestito regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding

tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realized in the annual tax return.

Any capital gains realized by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favor of unitholders of shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realized by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of Decree 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11% substitute tax.

Capital gains realized by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

Please note that, according to the Budget Law 2008, a Decree still to be issued should introduce a new 'white list' replacing the current 'black list' system, so as to identify those countries which (i) allow for a satisfactory exchange of information; and (ii) do not have a more favorable tax regime.

If none of the conditions above is met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20%.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realized upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realized upon the sale or redemption of Notes

1.3 Inheritance and gift taxes

Pursuant to Law Decree no. 262 of 3 October 2006, converted into Law no. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favor of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; transfers in favor of relatives (parenti) to the fourth degree or direct relatives-in-law (*affini in linea retta*), indirect relatives-in-law (*affini in linea collaterale*) within the third degree other than the relatives indicated above are subject to an inheritance and gift tax at a rate of 6% on the entire value of the inheritance or the gift; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

If the transfer is made in favor of persons with severe disabilities, the tax is levied to the rate mentioned above on the value exceeding €1,500,000.

1.4 Transfer tax

Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarized deeds are subject to fixed registration tax at a rate of €168.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

1.5 Stamp duty

Pursuant to Article 19(1) of Decree no. 201 of 6 December 2011 (“Decree 201”), converted by Law no. 214 of 22 December 2011, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.15%; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than € 34.20 and it cannot exceed € 4,500.00 if the Noteholder is not an individual.

Under a certain interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

1.6 Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.15%.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

1.7 EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The withholding tax system applies for a transitional period with the rate of withholding currently at 35%. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories have adopted similar measures (either provision of information or transitional withholding).

The European Commission has proposed certain amendments to the EU Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree no. 84 of 18 April 2005 (“Decree 84”). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

1.8 Financial transaction tax (so-called Tobin Tax)

Article 1, paragraphs 491 to 500, of Law no 228 of 24 December 2012 has introduced a tax on financial transactions concluded from the 1st of March 2013. The Decree of the Minister of the Economy and Finance of 28 February 2013 establishes the procedures for applying the tax.

The tax applies to the transfers of the ownership of shares and other participating instruments issued by companies resident for fiscal purposes in Italy. Additionally, the tax shall apply to the transfer of the ownership of securities representing equity investment, regardless of the place of residence of the issuer of the certificate and of the place where the contracts has been concluded.

Transfers resulting from the conversion of bonds into shares, as well as transfers arising from the exchange or the refund of bonds with shares or other participating financial instruments shall also be considered as transfers of ownership of shares or other financial instruments. In that case, the transfer of ownership corresponds with the date the conversion, the exchange or refund have effect.

The tax does not apply to the transfer of the ownership taking place by inheritance or gift. Are also excluded from tax the transfers of the ownership of shares traded on regulated market or in a multilateral trading facilities issued by companies with average capitalization lower than 500 million euro.

The tax rate is 0,2% (0,22% for the current year 2013) of the value of transaction and is reduced to 0,1% (0,12% for the current year 2013) for the transfer taking place as a result of transactions effected in regulated markets or in multilateral trading facilities.

The tax is payable by the person to which the ownership of shares, participating financial instrument and securities representing equity investment is transferred.

The value of transaction is determined on the basis of the net balance of the transaction regulated daily, calculated for each liable person with reference to the number of securities traded on the same day and relating to the same financial instrument.

2. The Ordinary Shares

2.1 Preliminary definitions

The tax treatment of the dividends paid by the Issuer as well as capital gains (and/or capital losses) arising from the transfer of the Ordinary Shares may vary depending on whether the share holding from which the dividends are paid and/or the capital gains (and/or losses) arise are considered “Qualified Shareholding” or not for income tax purposes. A “Qualified Shareholding” consists of a shareholding held in a company listed on a regulated market, inclusive of any shares (except for savings shares), such as the Ordinary Shares, rights or securities through which the shares may be acquired, representing, in the aggregate, more than 2% of voting rights in an ordinary shareholders’ meeting, or 5% of the company’s share capital. A “Non-Qualified Shareholding” consists of a shareholding in a company listed on a regulated market other than a Qualified Shareholding.

A sale of a Qualified Shareholding consists of any sale of shares (except for savings shares), such as the Ordinary Shares, rights or securities through which the shares may be acquired, exceeding the limits of a Qualified Shareholding in any 12-month period. The 12-month period begins at the time when a shareholding exceeds the applicable limit. With respect to the rights and securities through which the shares may be acquired, the percentages of voting rights and share capital potentially deriving from such shares are taken into account. A sale of a Non-Qualified Shareholding consists of any sale of shares (except for savings shares), such as the Ordinary Shares, rights or securities through which the shares may be acquired, other than a sale of a Qualified Shareholding.

2.2 Dividends

Dividends paid on the Ordinary Shares are subject to the ordinary tax regime applicable to dividends paid by joint-stock limited liability companies residing in Italy for tax purposes in relation to shares held in the centralized deposit system managed by Monte Titoli S.p.A. (**Monte Titoli**). If the Ordinary Shares are deposited with non-resident intermediaries, the substitute tax is levied by a fiscal representative appointed in Italy who has the same responsibility of resident intermediaries (Italian resident banks and companies of intermediation of movable values (SIM), or permanent establishment in Italy of non-resident banks or investment companies, as well as companies of centralised management of financial instruments authorised according to Article 80 of the Financial Services Act). The taxation may vary as follows.

Shareholders resident in Italy for income tax purposes

Individual shareholders

Dividends received by individual shareholders holding the Ordinary Shares not in connection with a business activity who are resident in Italy for income tax purposes in relation to a Non-Qualified Shareholding, are subject to a final substitute tax at the rate of 20 % pursuant to Art. 27-ter of Presidential Decree of 29 September 1973, No. 600 (“**Decree 600**”) and must not be reported in the shareholder’s annual income tax return. The 20% substitute tax may be withheld by any authorized resident or non-resident depository of the Ordinary Shares that is a member of the centralized deposit system managed by Monte Titoli, as well as by members of foreign centralized deposit systems that participate in the Monte Titoli. For these purposes, non-resident intermediaries must appoint a fiscal representative in Italy, such as banks, Italian resident broker-dealers, permanent establishments in Italy of non-resident banks and broker-dealers, or an investment management company authorized pursuant to the Financial Services Act.

Dividends paid to individual shareholders who are resident in Italy for income tax purposes in relation to a Non-Qualified Shareholding and that have entrusted the management of their financial assets, including the Ordinary Shares, to an authorized intermediary and have expressly elected for the risparmio gestito regime (as illustrated below) are not subject to the tax regime described above, but are included in the computation of the accrued annual increase in value of the managed assets, subject to a 20% substitute tax provided for by Art. 7 of Legislative Decree no. 461 of 21 November 1997 (“**Decree 461**”)(see the paragraph relating to taxation of capital gains realized by resident individual shareholders from the Sale of a Non-Qualified Shareholding, below).

Dividends received by individual shareholders who are resident in Italy for income tax purposes holding the Ordinary Shares not in connection with a business activity in relation to a Qualified Shareholding are not subject to any withholding or substitute tax, provided that a declaration in this respect is rendered to the payor upon payment of the dividends. Such dividends are however included in the individual shareholders’ taxable income, subject to personal income tax (“**IRPEF**”) - generally levied at progressive rates ranging from 23% to 43%, plus local tax surcharges - for 49,72% of their amount as to dividends paid out of profits realized in the tax periods subsequent to that in progress on 31 December 2007 and for 40% of their amount as to dividends paid out of profits realized in the tax periods up to that in progress on 31 December 2007. For these purposes, profits realized in the tax periods up to that in progress on 31 December 2007 are deemed to have been distributed first.

Dividends received by individual shareholders who are resident in Italy for income tax purposes holding the Ordinary Shares in connection with a business activity are not subject to any withholding or substitute tax, provided that a declaration in this respect is rendered to the payor upon payment of the dividends. Such dividends are however included in the individual shareholders’ taxable income, subject to IRPEF – generally levied at progressive rates ranging from 23% to 43%, plus local tax surcharges - for 49,72% of their amount as to dividends paid out of profits realized in the tax periods subsequent to that in progress on 31 December 2007, and for 40% of their amount as to dividends paid out of profits realized in the tax periods up to that in progress on 31 December 2007. For these purposes, profits realized in the tax periods up to that in progress on 31 December 2007 are deemed to have been distributed first.

Partnerships, companies, commercial entities and non-commercial entities

Dividends received by (i) partnerships and similar entities or (ii) companies subject to the corporate income tax (**IRES**, currently levied at a rate of 27.5%), such as joint stock companies, partnerships limited by shares, limited liability companies, public and private entities (other than companies) and trusts whose sole or principal purpose is to carry on a business activity, and (iii) non-commercial public and private entities (other than

companies) and trusts subject to IRES, which are resident in Italy for income tax purposes, are not subject to any withholding tax and are included in the recipients' overall taxable income. In particular, dividends received by:

- Partnerships and similar entities (e.g., società in nome collettivo or società in accomandita semplice and assimilated entities) are included in the recipient's taxable income subject to ordinary taxation for 49,72% of their amount as to dividends paid out of profits realized in the tax periods subsequent to that in progress on 31 December 2007, and for 40% of their amount as to dividends paid out of profits realized in the tax periods up to that in progress on 31 December 2007. For these purposes, profits realized in the tax periods up to that in progress on 31 December 2007 are deemed to have been distributed first.
- Commercial entities subject to IRES (e.g., commercial entities such as società per azioni or S.p.A. or società in accomandita per azioni or S.p.a. or società a responsabilità limitata or S.r.l., commercial public and private entities (other than companies) and trusts) are included in the entities' total taxable income for an amount equal to 5% of the received dividend amount. However, if the recipient is an entity that applies the International Accounting Standards (IAS/IFRS) provided or by Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, dividends arising from shares and similar instruments that are accounted for in the financial statements as "held for trading" would be fully included in the recipient's total taxable income;
- Non commercial public and private entities (other than companies) and trusts subject to IRES are included in the entities' total taxable income for an amount equal to 5% of the received dividend amount.

Dividends received by certain companies and commercial entities are also subject to IRAP, generally applicable at a rate of 3.9%.

Tax-exempt entities

Dividends received by Italian resident entities that are exempted from IRES are subject to a 20% final substitute tax, levied by any authorized resident or non-resident depository that is a member of the centralized deposit system managed by Monte Titoli, or of foreign centralized deposit systems that participate in Monte Titoli. For these purposes, non-resident intermediaries must appoint a fiscal representative in Italy, such as banks, Italian resident broker-dealers, permanent establishments in Italy of non-resident banks and broker-dealers, or an investment management company authorized pursuant to the Italian Unified Financial Act.

Real Estate Funds

Under the current regime provided by Decree 351, dividends received by Italian-resident real estate investment funds established pursuant to Article 37 of the Italian Unified Financial Act, and Article 14-bis of Law no. 86 of 25 January 1994, are not subject to any withholding or substitute tax. The said funds are not subject to income taxes nor to IRAP. Profits deriving from the participation to the said funds are generally subject to a withholding tax (applied as an advance or final withholding tax, depending on the nature of the recipient) levied at a rate of 20%.

Pension Funds and Investment Funds (and SICAV)

Dividends received by Italian resident pension funds established pursuant to Legislative Decree 252, and Italian resident investment funds (and SICAV, i.e. investing companies with a variable share capital) established pursuant to Article 8, par. 1-4, of Decree 461, are not subject to any withholding tax or substitute tax but are included in the annual net accrued management result of such pension or investment fund.

Shareholders resident outside of Italy for income tax purposes

Under domestic Italian tax law, dividends received by shareholders that are not resident in Italy for tax purposes and do not have a permanent establishment in Italy through which the shareholding is held, are subject to a final substitute tax levied at a 20% rate.

However, dividends paid in relation to shares held in the centralized deposit system managed by Monte Titoli and received by companies and entities that (i) are subject to corporate income tax in an EU Member State, or a

State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities, (ii) are resident therein and (iii) do not have a permanent establishment in the Republic of Italy through which the shares are held, are subject to a final substitute tax, not refundable, levied at a 1.375% rate. Pursuant to Art. 1, para. 68, of Budget Law 2008, the reduced rate only applies to dividends deriving from profits realized in the tax periods subsequent to that in progress on 31 December 2007. For these purposes, the relevant depository of the Ordinary Shares must timely receive a request for the application of the reduced substitute tax rate, which should include a certificate of residence and fiscal status issued by the tax authorities of the recipient's Country of residence. If the relevant documentation is not timely submitted, dividends are subject to substitute tax at the 20% rate or at the lower conventional rate, if applicable (see below).

The percentage of the final substitute tax is reduced to 11% on dividends paid out as of 29 July 2009, to pension funds established in a EU Member State, or in a State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities.

In addition, under domestic Italian tax law, a non-Italian resident shareholder, other than (i) entities eligible for the 1.375% rate regime and (ii) pension funds indicated above, may recover up to a quarter of the final substitute tax levied in Italy on dividends by submitting a request to the Italian tax authorities evidencing that an income tax has been fully paid on the same dividends in the shareholder's Country of residence, in an amount at least equal to the total refund claimed. Non-resident shareholders seeking such reimbursement from the Italian tax authorities have experienced extensive delays and incurred expenses.

Alternatively, non-Italian resident shareholders residing in a Country that is party to a convention against double taxation with the Republic of Italy can request the application of the substitute tax at the (lower) rate provided by such convention. For this purpose, the depository of the Ordinary Shares that is a member of the deposit system managed by Monte Titoli must timely receive:

- a declaration from the non-Italian resident beneficial owner of the dividends identifying himself and confirming that all the conditions provided for by the applicable convention for the application of the lower rate are satisfied, and containing all further elements necessary to determine the rate to be applied in accordance with the convention; and
- a certificate issued by the tax authorities of the beneficial owner's Country of residence stating that the beneficial owner is a resident of that Country for purposes of the applicable convention. Such certificate will be effective until 31 March of the year following submission.

The Italian tax authorities have agreed specific forms with the tax authorities of certain foreign States to ensure an easier and more efficient refund of, or full/partial exemption from, the Italian substitute tax. If the relevant documentation has not been forwarded to the depository of the Ordinary Shares in advance of the dividend payment, dividends are subject to the final substitute tax levied at the rate of 20%. In such a case, the beneficiary is entitled to claim a refund of the difference between the applied Italian rate and the applicable conventional tax rate. Refunds may only be claimed by filing the documentation mentioned above with the Italian tax authorities no later than 48 months from the date the substitute tax is withheld. For the purposes of this refund, separate documentation must be filed with the Italian tax authorities for each dividend payment. Non-resident shareholders seeking such refunds from the Italian tax authorities have experienced extensive delays and incurred expenses.

According to Art. 27-bis of Decree 600, implementing the EU Council Directive 90/435/EEC of 23 July 1990 as amended by the EU Council Directive 123/EC of 22 December 2003 (the **Parent-Subsidiary Directive**), dividends paid in relation to shares held in the centralized deposit system managed by Monte Titoli (such as the Ordinary Shares) and received by a company that (a) takes one of the legal forms listed in the Annex to the Parent Subsidiary Directive, (b) according to the tax laws of a Member State of the European Union is considered to be resident in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be resident for tax purposes outside the European Union, (c) is subject, in its Country of residence, without benefitting of an option or of an exemption regime that is territorially or temporarily limited, to one of the taxes listed in the Parent-Subsidiary Directive and (d) holds for an uninterrupted period of at least one year a shareholding of at least 10% in the share capital of the distributing company, is entitled to receive, upon request, a reimbursement of the 20% substitute tax. For such purpose, the non-Italian resident company should submit (i) a certificate issued by the tax authorities of its Country of residence stating that the conditions under letters (a), (b) and (c) above are met and (ii) a declaration confirming the satisfaction of the condition under letter (d) above. Furthermore, as clarified by the Italian tax authorities, if all the above conditions are met, and as an alternative to the reimbursement request after the payment of the

dividends, the non-Italian resident company - provided that the one year minimum holding period has already expired when the dividend is paid - can request to the depository of the Ordinary Shares the exemption from the application of the 20% substitutive tax by submitting the same documents indicated above. Either way, the reimbursement or the exemption may be applied to EU companies which are directly or indirectly controlled by shareholders who are not resident in the EU to the extent such companies can prove that they have not been established with the single or main purpose of benefiting from this regime.

Dividends received by non-Italian resident shareholders that have a permanent establishment in Italy through which the shareholding is held are not subject to any withholding or substitute tax but are included in the permanent establishment's taxable income for an amount equal to 5% of their amount.

2.3 Capital gains

Shareholders resident in Italy for income tax purposes

Individual shareholders holding the shares not in connection with a business activity

Capital gains realized by Italian-resident individuals holding the Ordinary Shares not in connection with a business activity on the sale or disposal of the shares (including rights or securities through which shares may be acquired) are subject to different tax regimes depending on whether such sale or disposal is characterized as a sale of a Qualified Shareholding or a sale of a Non-Qualified Shareholding.

Sale of a Qualified Shareholding

Capital gains realized by Italian-resident individuals holding the Ordinary Shares not in connection with a business activity on the sale of a Qualified Shareholding are, for the 49.72% of their amount, added to the corresponding portion (49.72%) of the related capital losses realized in the same fiscal year. If capital gains exceed capital losses, the excess amount concurs to the determination of the shareholder's taxable income of that fiscal year subject to IRPEF, generally levied at progressive rates ranging from 23% to 43%, plus local tax surcharges. Capital losses in excess of capital gains, if indicated in the annual income tax return, can be carried forward and offset against the correspondent amount (49.72%) of capital gains realized in the following years, up to the fourth. Capital gains/losses realized on the sale of a Qualified Shareholding must be included in the shareholder's annual income tax return and cannot be subject neither to the *risparmio amministrato* regime nor to the *risparmio gestito* regime, which are only provided for Non-Qualified Shareholdings.

Sale of a Non-Qualified Shareholding

Capital gains realized by Italian-resident individuals holding the Ordinary Shares not in connection with a business activity on the Sale of a Non-Qualified Shareholdings are subject to a 12.5% substitute tax, pursuant to one of the following optional regimes:

- Tax declaration regime (*regime della dichiarazione*): the shareholder must include in his annual income tax return the capital gains and losses realized in each fiscal year. The 20% substitute tax is applied on the overall capital gains, net of any incurred capital losses, and it is paid by the shareholder within the term provided for the payment of the income tax due for the same fiscal year. Capital losses exceeding such capital gains, if indicated in the annual income tax return, may be carried forward against similar capital gains realized in the next fiscal years up to the fourth. This regime automatically applies if the shareholder does not expressly elects for the application of one of the two following regimes;
- Non-discretionary investment portfolio regime (*risparmio amministrato regime*): this regime only applies if (i) the shares are deposited with Italian banks, broker-dealers or other authorized intermediaries, and (ii) an express election in writing for the application of this regime is made in advance to the intermediary by the shareholder. The intermediary with whom the shares are deposited applies and pays the 20% substitute tax with respect to each sale resulting in a capital gain, deducting a corresponding amount from the proceeds to be credited to the shareholder or using funds provided by the shareholder for this purpose. Where a sale results in a net capital loss, the intermediary is entitled to deduct such capital loss from similar capital gains subsequently realized on assets held by the shareholder on the same deposit account in the years following the fiscal year in which the loss is realized up to the fourth; and

- Discretionary investment portfolio regime (the *risparmio gestito* regime): this regime applies if the shares are included in a portfolio managed by a duly authorized financial intermediary. Under this regime, any income realized in connection with the shares, including accrued dividends and capital gains accrued but not yet cashed, is included in the net annual results accrued under the portfolio management. The 20% substitute tax is levied by the portfolio management company at the end of each fiscal year on the annual net accrued portfolio result. Any investment portfolio loss accrued at year-end may be carried forward and offset against net profits accrued in the fiscal years following the one in which the loss is accrued, up to the fourth.

Under the *risparmio amministrato* and the *risparmio gestito* regimes the shareholder is not required to include the capital gains/losses in his or her annual income tax return.

Individuals shareholders holding the shares in connection with a business activity, partnerships and similar entities

Capital gains realized by partnerships and similar entities or Italian-resident individuals on the sale or disposal of the Ordinary Shares, held in connection with a business activity, are included in the recipients' overall taxable income for the entire amount in the fiscal year in which they are realized and they are subject to income tax at ordinary rates. Alternatively, if the shares were held and accounted for as "fixed financial assets" (*immobilizzazioni finanziarie*) in the three-year period preceding the sale or the disposal, the individual shareholder, partnership or similar entity may elect to spread the gains realized on a straight-line basis in the fiscal year in which the gain is realized and in the following years, up to the fourth. If the conditions indicated in the following paragraph for the partial exemption provided for capital gains realized by Italian resident companies and commercial entities were satisfied, such capital gains would only partially be subject to tax, in an amount equal to 49.72% of the capital gains, in the fiscal year in which they are realized. In this event, capital losses realized on the sale or disposal of such shares (including costs relating to such sale or disposal) would be deductible for a corresponding amount (49.72%). Capital gains realized by certain entities are also subject to IRAP, generally applicable at a rate of 3.9%.

Companies and commercial entities

Capital gains realized by Italian-resident companies, i.e. S.p.A.'s (joint stock companies), società in accomandita per azioni, S.r.l.'s (limited liability companies), or public and private entities (other than companies) and trusts which have as their exclusive or principal purpose the carrying out of commercial activities, are included in their taxable income and are subject to IRES according to the ordinary rules. If the shares were held and accounted for as "fixed financial assets" (*immobilizzazioni finanziarie*) in the three-year period preceding the disposal, the shareholder may elect to spread any realized gain on a straight-line basis in the fiscal year in which the gain is realized and the following years, up to the fourth. Capital losses realized on the sale or disposal of such shares (including costs relating to such sale or disposal) are deductible for their entire amount. However, the said capital losses, if relating to shareholdings acquired in the 36 months preceding the sale or disposal, are not deductible for an amount equal to the non-taxable dividends (or interim dividends) received in the 36 months preceding the sale. The said provision does not apply if the shareholder is a company that applies the International Accounting Standards (IAS/IFRS) provided or by Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

However, the said capital gains arising from the sale or disposal of the Ordinary Shares are tax-exempt for 95% of their amount, whereas the remaining 5% is included in the shareholders' taxable income and is subject to IRES, provided that the following conditions are met:

- a) The shareholding must be held, without interruption, from the first day of the twelfth month preceding the month in which the sale occurs (the most recently purchased shares being deemed to have been sold first);
- b) The shareholding must be accounted for in the financial statements of the shareholder as a "fixed financial asset" (*immobilizzazione finanziaria*) in the first year of the holding period.

With reference to the condition under lett. b) above, please note that for companies that apply the International Accounting Standards (IAS/IFRS) provided or by Regulation (EC) No 1606/2002 of the European Parliament

and of the Council of 19 July 2002, only financial instruments that are different from those accounted for in the financial statements as “held for trading” are deemed to be “financial fixed assets”. For the same companies, the cost of the shares that have been held for less than the period indicated under lett. a) above, but which satisfy the other condition under lett. b), is decreased for an amount equal to the portion of the dividends received during the holding period that has not been included in the taxable income.

Capital losses available for deduction in excess of €50,000 must be reported to the Italian tax authorities together with other additional information, as set forth in the implementing measures adopted by the tax authorities with Ruling of 29 March 2007 and of 13 July 2007. The lack of full compliance with such reporting rules entails disallowance of such losses for tax purposes.

Capital gains on the Ordinary Shares realized by certain companies and commercial entities are also subject to IRAP, generally applicable at a rate of 3.9%.

Non-commercial entities

Capital gains realized on the sale or disposal of the Ordinary Shares by Italian resident public or private non commercial entities (other than companies) and trusts that are subject to IRES are subject to the tax regime described above in connection with capital gains realized by Italian resident individual shareholders holding the shares not in connection with a business activity.

Real Estate Funds

Under the current regime provided by Decree 351, capital gains realized by Italian-resident real estate investment funds established pursuant to Article 37 of the Italian Unified Financial Act, and Article 14-bis of Law No. 86 of 25 January 1994, are not subject to any withholding or substitute tax. The said funds are not subject to income taxes nor to IRAP. Profits deriving from the participation to the said funds are generally subject to a withholding tax (applied as an advance or final withholding tax, depending on the nature of the recipient) levied at a rate of 20%.

Pension Funds and Investment Funds (and SICAV)

Capital gains realized on the sale or disposal of the Ordinary Shares by Italian resident pension funds established pursuant to Decree 252, and Italian resident investment funds (and SICAV) established pursuant to Article 8, par. 1-4, of Decree 461, are included in the annual net accrued management result of such pension or investment fund.

Shareholders resident outside of Italy for income tax purposes

Capital gains realized by non-Italian-resident shareholders without a permanent establishment in Italy, through which the relevant Ordinary Shares are held, from the:

- Sale of Non-Qualified Shareholding in Italian companies listed on a regulated market, such as the Issuer, are not subject to taxation in Italy. In order to benefit from this exemption, non-Italian resident shareholders for which the *risparmio amministrato* regime or the *risparmio gestito* regime applies need to file a certificate evidencing their residence outside of Italy for tax purposes; or
- Sale of Qualified Shareholding are, for the 49.72% of their amount, added to the corresponding portion (49.72%) of the related capital losses. If capital gains exceed capital losses, the excess amount concurs to the determination of the shareholder's taxable income. Capital losses in excess of capital gains, if indicated in the annual income tax return, can be carried forward and offset against the correspondent amount (49.72%) of capital gains realized in the following years, up to the fourth. Capital gains/losses realized on the sale of a Qualified Shareholding must be included in the shareholder's annual income tax return and cannot be subject neither to the *risparmio amministrato* regime nor to the *risparmio gestito* regime, which are only provided for Non-Qualified Shareholdings.

However, the tax regime described above will not prevent the application, if more favorable to the taxpayer, of any different provisions of any applicable convention against double taxation entered into by the Country of residence of the taxpayer with the Republic of Italy.

Capital gains realized by non-resident shareholders holding the shareholding through a permanent establishment in Italy are included in the permanent establishment's overall taxable income and are subject to taxation in accordance with the tax regime indicated for capital gains realized by Italian resident companies or commercial entities above.

2.4 Inheritance and gift taxes

See section 1.3 above.

2.5 Financial transaction tax (so-called Tobin Tax)

See section 1.8 above.

DESCRIPTION OF THE ORDINARY SHARES

Set forth below is a brief description of the Issuer's share capital, certain provisions of the Issuer's by-laws and certain provisions of Italian law applicable to Italian companies whose shares are listed on a regulated market in the European Union, as in effect as of the date of this Offering Circular. This description does not purport to be complete and is subject to and qualified in its entirety by reference to the Issuer's by-laws and applicable Italian law from time to time. The Issuer will not update this summary to reflect implementing regulations and provisions that will be issued by CONSOB or other competent authority after the date of this Offering Circular, or to reflect any amendments to its by-laws consequential to future changes to the law.

The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy. The Issuer's shareholders are not responsible for the Issuer's liabilities beyond the amount of their contribution to the share capital of the company, whether paid up or not. Therefore, the Issuer's creditors generally have recourse only against the assets of the Issuer in relation to its liabilities.

Form and transfer of the Ordinary Shares

Italian Legislative Decree No. 213/1998 (the “**Euro Decree**”) and the Bank of Italy and CONSOB Joint Regulation dated 22 February, 2008 (the “**Joint Regulation**”), which replaced CONSOB Regulation No. 11768/1998, have introduced a “paperless” system for certain financial instruments that are traded or destined to be traded on the Italian regulated markets. Under this system, as of 1 January 1999, shares of companies listed in Italy will no longer be represented by paper certificates and the transfer and exchange thereof will take place exclusively through an electronic book-entry system managed by a centralised securities clearing system *Monte Titoli S.p.A.* (“**Monte Titoli**”). The dematerialised financial instruments will be registered in the name of Monte Titoli and transferred between beneficial owners through authorised intermediaries. Pursuant to Article 13 of the Joint Regulation, the following intermediaries are admitted to the book-entry system: a) Italian, EU and non-EU banks referred to in Article 1, paragraph 2 of the Legislative Decree No. 385/1993 (the “**Banking Act**”); b) investment firms referred to Article 1, paragraph 1, letter (h) of the Legislative Decree No. 58/1998 (the “**Financial Services Act**”); c) asset management companies referred to in Article 1, paragraph 1, letter (o) of the Financial Services Act, except as provided for in Article 36, paragraph 2 of the Financial Services Act; d) stockbrokers entered in the single national roll referred to in Article 201 of the Financial Services Act; e) issuers not included in the preceding letters, exclusively for financial instruments they have issued and financial instruments issued by companies they control by means of shareholdings; f) central banks; g) foreign entities that supply services analogous to central depository and settlement services and that manage systems analogous to guarantee systems for financial instruments, provided they are subject to supervisory measures equivalent to those provided for in the Italian legal system; h) central depositories, settlement guarantee fund management companies and central counterparties, exclusively for the activities specified in Articles 69, paragraphs 2 and 70 of the Financial Services Act; i) financial intermediaries entered in the register referred to in Article 107 of the Banking Act, exclusively for the activities specified in Article 1, paragraph 5, letters (c) and (c-bis) of the Financial Services Act; j) *Poste Italiane S.p.A.* (the Italian mail service); k) *Cassa Depositi e Prestiti S.p.A.* (a state-owned entity mainly responsible for extending loans to public administration bodies); and l) the Ministry for the Economy and Finance.

To transfer any dematerialised financial instruments under the automated book-entry system, the owners of the financial instruments are required to give instructions to their intermediaries. If the transferee is a customer of the transferor's intermediary, the intermediary will simply transfer the financial instruments from the transferor's account to the account of the transferee. If, however, the transferee is a customer of another intermediary, the transferor's intermediary will instruct the centralised clearing system to transfer the financial instruments to the account of the transferee's intermediary, which will then register the financial instruments on the transferee's account. Each intermediary maintains a custody account for each of its customers, setting out the financial instruments of the customer, and keeps a record of all transfers, payments of dividends, the exercise of rights attributable to such financial instruments and charges or other encumbrances on the instruments.

In order to exercise rights attached to the relevant financial instruments, a shareholder (or any other eligible party) may request the intermediary to release a certified statement in compliance with its accounting records and indicating the right attached to the relevant financial instruments to be exercised. For the purpose of evidencing a shareholder's right to participate and vote in shareholders' meetings, the intermediary shall send a communication to the company: see further “ - Shareholders' meetings - Right to participate and exercise voting rights in meetings” below.

All of the Issuer's Ordinary Shares have been deposited with *Monte Titoli*. Accordingly, it will not be possible for a shareholder to obtain physical delivery of share certificates representing Ordinary Shares. Transfers of Ordinary Shares shall be made under the book-entry system pursuant to the procedures described above.

Dividends

Payment of an annual dividend is subject to the approval of the relevant financial statements by the Issuer's shareholders at an ordinary shareholders' meeting. In addition, pursuant to article 27 of the Issuer's by-laws, the Board of Directors of the Issuer may, in accordance with Article 2433-*bis* of the Italian Civil Code, allow the distribution of interim dividends. Pursuant to article 29 of the Issuer's by-laws, dividends not claimed within five years from the date they became payable are forfeited in favour of the Issuer. In compliance with Italian law, no dividend can be paid on shares except out of profits resulting from the duly approved unconsolidated financial statements. In addition, before dividends may be paid with respect to a financial year, an amount equal to at least 5% of the net income for the relevant year must be set aside to the legal reserve until the legal reserve, including amounts set aside during prior years, is at least equal to 20% of the company's share capital. If the company's capital is reduced as a result of accumulated losses, dividends may not be paid until the capital is reconstituted or reduced by the amount of such losses. In addition, pursuant Article 27 of the Issuer's by-laws, 1.5% of the net income must be set aside to a fund on which the board of directors is entitled to autonomously draw to serving any corporate purpose.

Dividends relating to shares held with *Monte Titoli* are automatically credited to the accounts of the beneficial owners held at the relevant Italian depositary associated with Monte Titoli.

Shareholders' Meetings

General

Shareholders' meetings of the Issuer may be either ordinary meetings or extraordinary meetings. Pursuant to the Issuer's by-laws, shareholders' meetings are to be convened in Italy, also outside the registered office. Meetings are convened by the Board of Directors by means of a notice specifying the day, the hour and the place where the meeting is to be convened together with the relevant agenda. Current applicable provisions state that the notice of call must include the by-laws' s provisions related to the participation to the shareholders' meeting, as well as: (i) the information on the overall amount of shares and vote rights, and (ii) the conditions that shareholders must comply with in order to be able to participate to the meeting, including information on where the forms to be used to vote by proxy may be obtained.

To ensure that shareholders are able to cast informed votes, Legislative Decree no. 91 of 18 January 2012 ("**Decree 91/2012**") furthermore provides that the notice of call must include the following details:

- a) the date, time and place of the meeting as well as the proposed agenda for the meeting;
- b) a clear and precise description of the procedures that shareholders must comply with in order to be able to participate and to cast their vote in the meeting. This includes information concerning: (1) the shareholders' rights to put items on the agenda of the meeting, the deadline by which such right may be exercised and other detailed information concerning those rights and the modalities for their exercise that can be available also on the Internet site of the company; (2) the procedure for voting by proxy, the forms to be used to vote by proxy and the means for notifications, also by electronic means, of any appointment of proxy; (3) the name of the party designated by the company to whom proxy can be given, procedures for the appointment with specific indications that the appointment will not be valid for any resolution in respect of which specific voting instructions are not given; (4) where envisaged by the company's by-laws, voting by correspondence or by electronic means;
- c) the record date (as defined below: for the purpose of participation and voting in shareholders' meeting), explaining that those who are shareholders only after the record date shall not be entitled to participate and vote in the meeting;
- d) indicate where and how the full, unabridged text of the draft resolutions, illustrative reports and documents to be considered by the meeting may be obtained; d-*bis*) the terms and conditions for presenting lists to elect the members of the board of directors and minority members of the board of auditors or the supervisory board;
- e) indicate the address of the Internet site on which information relevant to the meeting will be made available; and

f) indicate any other information required to be set forth in the convocation.

According to Italian law in force as of the date hereof, shareholders' meetings must be called by the Board of Directors without delay following a request by shareholders holding at least 1/20th of the Issuer's share capital, provided that such request contains a summary of the matters to be discussed (save that shareholders may not request convocation of a meeting to resolve on matters whose approval require, by law, a prior proposal or report by the Board of Directors).

In addition the Board of Statutory Auditors shall convene a shareholders' meeting if the Board of Directors fails to so convene (or delays in doing so without justified grounds) or if the entire Board of Directors ceases to hold office, and may convene a shareholders' meeting if there is an urgent need to take action as a result of material events that have come to its knowledge in the performance of its duties. If, following a request by shareholders as highlighted above, a meeting is not duly convened, the relevant court may, after having consulted the competent organs and if such failure to convene is not justified, order the convocation of the shareholders' meeting designating the person who shall chair the meeting.

Publication of notice convening the meetings

Notices convening shareholders' meetings shall be published both on the Issuer's Internet site as well as by such other means and within terms established by CONSOB with regulation including publication in extract form in the daily newspapers.

The notice convening shareholders' meetings is to be published at least 30 days before the date set for the meeting. Article 125-bis (2) of the Financial Services Act however provides for different notice periods for shareholders' meetings held for specific purposes: 40 days before the date set for the meeting if held for the purpose of electing by means of list voting the company's board of directors and board of statutory auditors; 21 days before the date set for the meeting if held for the purpose of resolving on the reduction of share capital as a result of loss, or in circumstances where the share capital is reduced to below the legal minimum, or in relation to the appointment (or revocation) of a receiver, pursuant to articles 2446, 2447 and 2487 of the Italian Civil Code; and 15 days before the date set for the meeting if held while a public tender offer is pending.

Any integration to the agenda of a meeting as a result of a request duly made by shareholders, acting individually or collectively (see " - *Right to put additional items on the agenda; right to ask questions*" below), shall be published at least 15 days before the date of the meeting, or 7 days in the case of a meeting to be held while a tender offer is pending).

Right to participate and exercise voting rights in meetings

Article 11 of the Issuer's by-laws currently provides that in order to attend the meetings, shareholders have to show the certified statement evidencing their relevant shareholding, issued by the intermediary and sent by the same to the Issuer. Investors should note that proof of qualification as a shareholder for the purpose of participating and voting in shareholders' meeting shall be evidenced by a communication to the company by the intermediary with whom the shares are held, in favour of the person entitled to exercise the voting rights on the basis of the intermediary's accounting records as of the close of business on the seventh day before the date of the first call of the meeting on which the stock market is open (the "**record date**"), and that any transfer of shares that takes place after such record date shall not be taken into account. Such communication is to be provided to the company no later than close of business of the third day before the date of the first call of the meeting on which the stock market is open (or such other deadline established by CONSOB, in agreement with the Bank of Italy), without prejudice however to a party's right to participate and vote at a meeting provided that such communication is nonetheless provided before the commencement of the meeting in question.

Right to put additional items to the agenda; right to ask questions

Shareholders who (acting individually or collectively) represent at least 1/40th of the share capital may request, within ten days of the publication of the notice convening the shareholders' meeting (or within five days in the event of calling the meeting for requests for additional items concerning the reduction of share capital as a result of loss or in circumstances where the share capital is reduced to below the legal minimum, or in relation to the appointment (or revocation) of a receiver or in relation to acts during public tender offers) for the integration of the list of items on the agenda, specifying in the request, for the integration of the list of items on the agenda, specifying in the request, the additional items they propose or presenting proposed resolution on items already on the agenda.

Shareholders are entitled to ask questions related to items on the agenda of the meeting also before the same meeting and companies are obliged to answer such questions at the latest during the meeting. Companies may provide one overall answer to questions having the same content, and will not be required to answer any

questions to which the relevant information is already available on the company's Internet site in a question and answer format.

The notice calling the meeting specifies the terms within which questions raised prior to the shareholders' meeting must reach the company. The terms must be no less than three days prior to the date of the first or only calling of the shareholders' meeting or five days if the notice of calling establishes that the company should provide a reply to the questions received before the actual meeting. In this case, replies are provided at least two days prior to the shareholders' meeting also by publication in a specific section of the company website.

The reply attached to the minutes is considered as given during the meeting when it is made available at the beginning of the meeting, by each of those entitled to vote.

First, second and third calls

Pursuant to article 10 of the Issuer's by-laws and Italian law in force at the date hereof, the notice convening a shareholders' meeting may specify a date for a second meeting or third meeting in the event that a quorum is not obtained at the first or second meeting. If not so indicated, the second (or third) meeting must be reconvened within 30 days after the date of the first meeting, by notice to be published at least 8 days prior to the date of the meeting. In addition, even in the absence of notice, a meeting will be deemed duly convened if shareholders representing 100% of the Issuer's share capital, together with the majority of the members of the Board of Directors and of members of the Board of Statutory Auditors, are present at the meeting.

However, in this case, each participant may object to the discussion of the matters on which the participant deems not to have been adequately informed.

Ordinary shareholders' meetings

Pursuant to Article 9 of the Issuer's by laws, ordinary shareholders' meetings must be convened at least once a year, within 120 days after the end of the financial year (or 180 days pursuant to Article 9 of the Issuer's by-laws and according to article 2364 of the Italian Civil Code, in case of companies that are required to approve consolidated financial statements or in case of particular needs related to the structure or the purpose of the company). At ordinary shareholders' meetings, shareholders may appoint directors, statutory auditors and external auditors and decide their remuneration, vote on directors' and statutory auditors' liability and decide on any other business matter submitted to the vote of the shareholders' meetings under applicable law (and the Issuer's by-laws). Under Article 154-ter of the Financial Services Act, as amended, annual financial statements of issuers of listed securities whose home member state is Italy shall make available to the public, at its registered office, on its Internet site and by such other means required by CONSOB, their annual consolidated and non-consolidated financial statements, together with the audit report thereon and the declaration by the manager charged with the responsibility of the corporate accounting records, within 120 days after each financial year end. At least 21 days must elapse between the date of such publication and the date of the shareholders' meeting held to approve the annual financial statements. Pursuant to the Issuer's by-laws and article 2364(2) of the Italian Civil Code, the general meeting that approves the Issuer's annual consolidated financial statements may be held within 180 days after the end of the financial year.

Pursuant to the Issuer's by-laws and Italian law in force as of the date of this Offering Circular, the quorum required for a duly held ordinary shareholders' meeting on first call is at least 50% of the share capital, while on the second or third call there is no quorum requirement. At duly called ordinary shareholders' meetings, on first, second or third calls, resolutions may be approved by an affirmative vote of the majority of the shares represented at the meeting.

Extraordinary shareholders' meetings

Extraordinary shareholders' meetings may be called to vote upon, among other things, proposed amendments to the by-laws, issue of convertible bonds, capital increases, mergers and demergers, spin-offs, dissolution, appointment of liquidators and any similar extraordinary actions. Pursuant to the Issuer's bylaws and Italian law in force as of the date of this Offering Circular, the quorum required for a duly held extraordinary shareholders' meeting on first call is at least 50% of the share capital, on the second call is more than one-third of the share capital and on the third call is at least one-fifth of the share capital; and resolutions are approved, on first, second or third call, by an affirmative vote of at least two-thirds of the share capital represented at the meeting (save for different voting majorities required for specific matters).

Proxies, proxy solicitation and representative

Each share attributes to the person entitled to exercise the voting rights attached thereto the right to cast, either in person or by proxy, one vote for each Ordinary Share held.

The person entitled to exercise the voting rights attached to the shares may appoint proxies for each individual meeting (including any adjourned meetings thereof), unless a general power of attorney or a power of attorney is granted by a company, an association, a foundation or an other collective entity or an institution to one of its

employees. A proxy holder shall cast votes in accordance with the instructions issued by the appointing shareholder.

Any act to collect proxies shall be considered as “solicitation” only if it is made to more than 200 shareholders or if such act is accompanied by recommendations, declarations or other indications aimed at influencing the vote. In addition, even if accompanied by recommendations, declarations or other indications aimed at influencing the vote, such act shall not be considered as “solicitation” if the request is being made by a shareholders’ association to its own members, where such shareholders’ association has been formed pursuant to a notarised private agreement, does not carry out business activities other than those relevant to the purpose of the association and is made up of at least 50 individuals each of whom owns not more than 0.1% of the Issuer’s voting capital. Decree 27/2010 introduces certain measures aimed at addressing potential conflicts of interest between the proxy holder and the shareholders and to ensure that the proxy holder does not pursue any interest other than that of the shareholders.

Challenge of resolutions and right to redemption of shares

Resolutions validly adopted at shareholders’ meetings are binding on all shareholders, including dissenting, abstaining and absent shareholders. However, absent, abstaining or non-consenting shareholders holding, individually or collectively, 1/1000th of the Issuer’s share capital carrying the right to vote, as well as the Board of Directors and the Board of Statutory Auditors, have the right under Article 2377 of the Italian Civil Code to ask the competent court to annul resolutions taken in violation of applicable laws and/or the Issuer’s by-laws, *provided that* such request is made within applicable mandatory time limits. Resolutions approved through the determining vote of a shareholder who has a direct or indirect conflict of interest may also be challenged under Article 2373 of the Italian Civil Code.

In certain cases (including, without limitation: (i) change of the corporate purpose where the change allows a material change of the company’s business; (ii) transformation of the company; (iii) transfer abroad of the company’s registered office; (iv) revocation of the company’s liquidation; (v) removal of one or more grounds for a shareholder’s withdrawal from the company as provided by Article 2437(2) of the Italian Civil Code or by the company’s by-laws; (vi) changes to the criteria for the determination of the share value upon withdrawal; (vii) changes to the by-laws provisions governing voting rights or participation rights), Article 2437 of the Italian Civil Code provides that shareholders who have not voted in favour of the resolution have the right to withdraw from a company, thus compelling the company to redeem their shares at a price equal to the arithmetic mean of the closing prices of the shares during the six-month period preceding the publication (or the receipt by the shareholders) of the notice calling the shareholders’ meeting that resolved on the resolution in question.

Under Article 127-*bis* of the Financial Services Act any person to whom shares have been transferred after the record date but before the commencement of the meeting shall be considered as being absent at the meeting for the purpose of Article 2377 of the Italian Civil Code and as not having voted in favour of the resolution for the purpose of Article 2437 of the Italian Civil Code.

Pursuant to Italian law, in the case of resolutions triggering the delisting of shares, non-consenting shareholders may withdraw from the company.

Pre-emptive Rights

Pursuant to Italian law, new issuances of shares of capital stock, whether ordinary shares or other classes of capital stock, may be authorised pursuant to a resolution of shareholders at an extraordinary meeting. The extraordinary meeting may also authorise the board of directors to increase the share capital within the limit determined by the shareholders within a five-year period. Shareholders and holders of convertible bonds are entitled to subscribe for new issues of shares and debt instruments convertible into shares. In each case in proportion to their respective shareholdings or bondholding, as the case may be.

Pursuant to Article 2441 of the Italian Civil Code, pre-emptive rights may be limited or waived, in whole or in part or excluded in case of share capital increase by way of a contribution in kind.

Any limitation or exclusion of pre-emptive rights dictated by the Italian Civil Code must be supported by a report from the directors in which they illustrate the reasons for the exclusion and the criteria adopted for the determination of the issue price. Such report is to be made available to the board of statutory auditors and the external auditors at least 30 days before the date of the shareholders’ meeting that will resolve upon such limitation or exclusion, and the board of statutory auditors shall express its opinion on the fairness (*congruità*) of the issue price of the shares. The shareholders shall determine the issue price of the shares on the basis of the net asset value of the company, taking into account also the trend in the share prices during the preceding six months period.

Pursuant to Article 2441 of the Italian Civil Code, the by-laws of a listed company may exclude pre-emptive rights within the limit of 10% of the pre-existing share capital, provided that issue price of the new shares

correspond to the market price of the shares, as confirmed by a report from the independent auditors. Pre-emptive rights may also be excluded, pursuant to Article 2441 of the Italian Civil Code, for the newly issued shares if such newly issued shares are offered for subscription to employees of the company, of the company's subsidiaries or of its parent company.

Purchase of the Issuer's Own Shares

The Issuer may purchase its own Ordinary Shares, subject to the conditions and limitations imposed by applicable law. Such purchases must be authorised by the shareholders at an ordinary meeting, and may be made only out of profits available for dividends or out of distributable reserves as appearing in the most recent financial statements approved by the shareholders. The aggregate nominal value of the Ordinary Shares to be acquired (together with any previously acquired Ordinary Shares and taking into account any shares acquired by subsidiaries) may not exceed 20% of the Issuer's share capital. Similar limitations apply with respect to purchases of the Issuer's Ordinary Shares by subsidiaries of the Issuer. A corresponding reserve equal to the purchase price of such Ordinary Shares must be created in the balance sheet and such reserve is not available for distribution, until such Ordinary Shares are sold or cancelled.

The voting rights of any Ordinary Shares held by the Issuer cannot be exercised at meetings of the shareholders, although such shares are counted for the purposes of determining the relevant quorum.

Dividend and other rights, including pre-emptive rights, attaching to such Ordinary Shares will accrue to the benefit of other shareholders in proportion to their respective shareholdings.

Any Ordinary Shares purchased in violation of the conditions and limitations imposed by applicable law must be disposed of, pursuant to procedures to be determined by the shareholders' meeting, within one year from the date of purchase. In the event that such a disposal is not made, the shares must be cancelled and the share capital reduced accordingly.

Pursuant to Article 132 of the Financial Services Act, the purchase by a listed company of its own shares must take place in such a manner as to ensure the equal treatment of shareholders, in accordance with the procedures set out by applicable CONSOB regulations.

Rights of the shareholders upon liquidation

Under Italian law, subject to the satisfaction of the claims of all creditors, shareholders are entitled, upon liquidation, to a *pro rata* portion of the remaining net worth of the company. Shareholders rank equally in the distribution of surplus assets, if any, unless categories of shares granting a privilege with respect to such distribution have been issued.

Action against the directors

Under Italian law, a company may bring an action against members of its board of directors further to a resolution adopted by the shareholders at an ordinary meeting or a resolution by the board of statutory auditors approved by at least two-thirds of the members of the board. The company may waive or settle the suit unless shareholders holding at least 1/20th of the shares vote against such waiver or settlement. In addition, shareholders holding collectively at least 1/40th of the company's share capital may bring an action against the members of the board of directors and any single shareholder or any third parties may bring an action against the members of a board of directors in respect of any damage directly suffered as a result of negligence or wilful misconduct.

Each shareholder may bring to the attention of the board of statutory auditors facts or acts that he or she deems wrongful. If such shareholders represent at least 1/50th of the company's share capital, the board of statutory auditors must investigate without delay and report its findings and recommendations to the shareholders, and, if urgent, in case of events of material significance, call a shareholders' meeting. Shareholders representing at least 1/20th of the company's share capital have the right to report major irregularities in the management of the company to the relevant court.

The Italian Civil Code contains similar provisions governing the responsibility of members of the board of statutory auditors and of general managers.

Other minority shareholders' rights

Under Italian law and pursuant to the Issuer's by-laws, minority shareholders may appoint a director, a standing member and an alternate member of the board of statutory auditors pursuant to the voting list system.

SUBSCRIPTION AND SALE

United States

The Notes and the Ordinary Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Any invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) in connection with the issue or sale of any Notes has only been communicated or caused to be communicated and will only be communicated or cause to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

In addition, anything done in relation to the Notes in, from or otherwise involving the United Kingdom must be done in compliance with all applicable provisions of the FSMA.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) (“**Regulation No. 11971**”); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(d) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 109 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”);

(e) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may require information on the issue or the offer of securities in the Republic of Italy; and (f) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

General

No action has been taken or will be taken in any jurisdiction that would to the best of the Issuer’s knowledge permit a public offering of the Notes, or possession or distribution of any offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Purchase of Notes

Purchasers who purchase Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase. The Issuer does not make any representation or prediction as to

the price of the Ordinary Shares or the price of the Notes, or as to the liquidity of the trading market for the Notes.

GENERAL INFORMATION

The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 23 January 2013.

The issue of a maximum number of 17,598,517 Ordinary Shares to service the Notes upon exercise by the Noteholders of the Conversion Right has been duly authorised by a resolution of the extraordinary shareholders meeting of the Issuer dated 23 April 2013, which resolution has been registered with the competent Companies Registry on 10 May 2013. Further to such shareholders' resolution, the Issuer has, on 15 May 2013, delivered a Notice to the Trustee and to the Noteholders in accordance with Condition 11 that, with effect from 31 January 2014 (being the Period Start Date), the Conversion Right shall apply.

Placement, listing and admission to trading

The Notes were placed among Italian and international qualified investors.

The placement was launched and completed on 24 January 2013 for a total amount of €115 million (including the increase option of €15 million exercised by the Issuer), and the offer of the Notes was increased by a further €15 million through an overallotment option fully exercised by the joint bookrunners on January 28, 2013. The transaction was settled on 31 January 2013 via the issue of the Notes in a principal amount of €130 million and payment of the subscription price.

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, under ISIN Code: XS0881814411. The Common Code is 088181441.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-2967 Luxembourg.

No significant change

Save as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole since 31 December 2012 (date of the last audited consolidated financial statements of the Issuer) and there has been no significant change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole since 31 December 2012.

Litigation

Save as disclosed in this Offering Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditor of the Issuer is KPMG S.p.A., Via Ettore Petrolini 2, Rome, Italy, who have audited the Issuer's annual accounts, without qualification, in accordance with IFRS for each of the financial years ended on 31 December 2012 and 31 December 2011. KPMG S.p.A. is registered on the Special Register (*Albo Speciale*) of auditing firms held by CONSOB.

Representative of the Noteholders

At the date of this Offering Circular, a representative of the Noteholders has not yet been appointed. Its appointment will take place in accordance with articles 2415 and 2417 of the Italian Civil Code, pursuant to which the representative of the Noteholders is appointed by a meeting of the Noteholders or, in lack of it, by a decree of the President of the Court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer.

Documents Available

For so long as the Notes are outstanding, copies of the following documents will be available free of charge from the registered office of the Issuer and from the specified offices of the Principal Paying, Transfer and Conversion Agent for the time being in Luxembourg:

- (a) the by-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2011 (with an English translation thereof), in each case together with the audit reports in connection therewith;
- (c) each consolidated interim quarterly directors' report, each consolidated interim half-yearly report and each consolidated annual report published by the Issuer after the date of this Offering Circular; and
- (d) the Paying, Transfer and Conversion Agency Agreement.

In addition, copies of this Offering Circular and each document incorporated by reference is available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Notices

Any notice given to the Noteholders pursuant to the Terms and Conditions of the Notes shall be published in a leading newspaper having general circulation in Luxembourg (Luxemburger Wort) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

THE ISSUER

Astaldi S.p.A.

Via Giulio Vincenzo Bona 65
00156 Rome
Italy

PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
L-5826 Hesperange
Luxembourg

LEGAL ADVISERS

*To the Issuer as to
Italian law:*

Chiomenti Studio Legale

Via XXIV Maggio, 43
00187 Rome
Italy

LISTING AGENT

33, rue de Gasperich
L-5826 Hesperange
Luxembourg