

EXECUTION VERSION

TRUST DEED

DATED 15 NOVEMBER 2013

TELECOM ITALIA FINANCE S.A.

and

TELECOM ITALIA S.p.A

and

BNP PARIBAS TRUST CORPORATION UK LIMITED

constituting

€1,300,000,000

**6.125 per cent. Guaranteed Subordinated Mandatory
Convertible Bonds due 2016**

CONTENTS

Clause	Page
1. Definitions	3
2. Covenant to Pay and Deliver	8
3. Form and Issue of Bonds	12
4. Fees, Duties and Taxes	13
5. Covenant of Compliance.....	13
6. Guarantee, delivery of Ordinary shares, and Subordination	13
7. Enforcement.....	16
8. Action, Proceedings and Indemnification.....	16
9. Application of Moneys	17
10. Notice of Payments	18
11. Investment by Trustee.....	18
12. Partial Payments	18
13. Conversion	18
14. Covenants by the Issuer and the Guarantor	19
15. Remuneration and Indemnification of Trustee	22
16. Supplement to Trustee Acts	24
17. Trustee's Liability	29
18. Trustee Contracting with the Issuer and the Guarantor	30
19. Waiver, Authorisation and Determination	31
20. Entitlement to treat Holder as Absolute Owner	31
21. Substitution	32
22. Currency Indemnity	34
23. New Trustee	34
24. Trustee's Retirement and Removal	35
25. Trustee's Powers to be Additional.....	35
26. Notices	36
27. Governing Law	36
28. Submission to Jurisdiction	36
29. Counterparts	37
30. Contracts (Rights of Third Parties) Act 1999	37
Schedule	
Part 1 Form of Regulation S Global Certificate.....	38
Part 2 Form of US Restricted Global Certificate	43
2. Form of Definitive Certificate and Conditions of the Bonds.....	49
Part 1 Form of Definitive Certificate	49
Part 2 Conditions of the Bonds	55
3. Provisions for Meetings of Bondholders	116
4. Form of duly authorised representatives' Certificate	126
Signatories.....	128

THIS TRUST DEED is made on 15 November 2013 **BETWEEN**:

- (1) **TELECOM ITALIA FINANCE S.A.**, a société anonyme incorporated with limited liability under the laws of the Grand-Duchy of Luxembourg, whose registered office is at 12 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Register of Commerce and Companies in Luxembourg under the number B-76448 (the **Issuer**);
- (2) **TELECOM ITALIA S.p.A.**, a company incorporated with limited liability under the laws of the Republic of Italy, whose registered office is at Piazza degli Affari, 2, 20123 Milan, Italy and registered with the Companies Register of Milan under the number 00488410010 (the **Guarantor**); and
- (3) **BNP PARIBAS TRUST CORPORATION UK LIMITED**, a company incorporated under the laws of England and Wales, whose registered office is at 55 Moorgate, London EC2R 6PA, England (the **Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Bondholders (as defined below).

WHEREAS:

- (A) The Board of Directors of the Issuer approved on 7 November 2013 the issue of €1,300,000,000 6.125 per cent. Guaranteed Subordinated Mandatory Convertible Bonds due 2016 to be constituted by this Trust Deed.
- (B) By a resolution of the Board of Directors of the Guarantor passed on 7 November 2013 the Guarantor has agreed to guarantee the said Bonds and to enter into certain covenants as set out in this Trust Deed.
- (C) The said Bonds in definitive form will be in registered form without coupons.
- (D) The Trustee has agreed to act as trustee of these presents for the benefit of the Bondholders upon and subject to the terms and conditions of these presents.

NOW THIS TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1. DEFINITIONS

- 1.1 In these presents unless there is anything in the subject or context inconsistent therewith the following expressions shall have the following meanings:

Agency Agreement means the agreement appointing the initial Paying, Transfer and Conversion Agents and Registrar in relation to the Bonds and any other agreement for the time being in force appointing Successor paying, transfer and conversion agents and/or registrars in relation to the Bonds, or in connection with their duties, the terms of which have previously been approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements in relation to the Bonds;

Appointee means any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Trustee under these presents;

Auditors means the independent auditors for the time being of the Issuer or the Guarantor (as the case may be) or, in the event of their being unable or unwilling promptly to carry out any

action requested of them pursuant to the provisions of these presents, such other firm of accountants or such financial advisors as may be nominated or approved by the Trustee for the purposes of these presents;

Bondholders means the several persons who are for the time being holders of the Bonds (being the several persons whose names are entered in the register of holders of the Bonds as the holders thereof) save that, for so long as such Bonds or any part thereof are represented by the Global Certificate deposited with a common depository for Euroclear and Clearstream, Luxembourg or, in respect of Bonds in definitive form held in an account with Euroclear or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular principal amount of the Bonds shall be deemed to be the holder of such principal amount of such Bonds (and the registered holder of the relevant Bond shall be deemed not to be the holder) for all purposes of these presents other than with respect to the payment of principal or interest on such principal amount of such Bonds, the rights to which shall be vested, as against the Issuer and the Trustee, solely in such common depository and for which purpose such common depository shall be deemed to be the holder of such principal amount of such Bonds in accordance with and subject to its terms and the provisions of these presents; and the words **holder** and **holders** and related expressions shall (where appropriate) be construed accordingly;

Bonds means the notes in registered form comprising the said €1,300,000,000 6.125 per cent. Guaranteed Subordinated Mandatory Convertible Bonds due 2016 of the Issuer hereby constituted or the principal amount thereof for the time being outstanding or, as the context may require, a specific number thereof and includes any replacements for Bonds issued pursuant to Condition 16 and (except for the purposes of clause 3) the Global Certificate;

Certificate means a Global Certificate or a Definitive Certificate;

Clearstream, Luxembourg means Clearstream Banking, société anonyme;

Conditions means the Conditions in the form set out in Part 2 of Schedule 2 as the same may from time to time be modified in accordance with these presents and any reference in these presents to a particular specified Condition or paragraph of a Condition shall in relation to the Bonds be construed accordingly;

Definitive Certificates has the meaning set out in subclause 3.1;

duly authorised representative means any person who (a) is a Director of the Issuer or the Guarantor (as the case may be) or (b) has been notified by the Issuer or the Guarantor (as the case may be) in writing to the Trustee as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of this Trust Deed;

Euroclear means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

Event of Default means any of the conditions, events or acts provided in Condition 13 to be events upon the happening of which the Bonds would become immediately due and repayable;

Extraordinary Resolution has the meaning set out in paragraph 1 of Schedule 3;

Global Certificate means the means the Regulation S Global Certificate and/or a US Restricted Global Certificate, as the context may require;

Liability means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

outstanding means in relation to the Bonds all the Bonds issued other than:

- (a) those Bonds which have been redeemed pursuant to these presents;
- (b) those Bonds in respect of which (i) Ordinary Shares have been delivered to the relevant Bondholders, or (ii) which are Unsurrendered Bonds in respect of which the sale proceeds have been received by the Trustee in accordance with Condition 8.2, in each case pursuant to these presents;
- (c) those Bonds in respect of which the date for redemption in accordance with the Conditions has occurred and any redemption moneys payable (including all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying, Transfer and Conversion Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Bondholders in accordance with Condition 19) and remain available for payment (against presentation of the relevant Bond, if required);
- (d) those Bonds which have been purchased and cancelled in accordance with Condition 10;
- (e) those Bonds which have become void under Condition 15;
- (f) those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 16;
- (g) (for the purpose only of ascertaining the principal amount of the Bonds outstanding and without prejudice to the status for any other purpose of the relevant Bonds) those Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 16; and
- (h) the Global Certificate to the extent that it shall have been exchanged for interests in another Global Certificate or for Bonds in definitive form pursuant to its provisions;

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Bondholders or any of them, an Extraordinary Resolution in writing or an Ordinary Resolution by way of electronic consents through the relevant Clearing System(s) as envisaged by paragraph 1 of Schedule 3 and any direction or request by the holders of the Bonds;
- (ii) the determination of how many and which Bonds are for the time being outstanding for the purposes of subclause 8.1, Conditions 13.2 and 17 and paragraphs 4, 7 and 9 of Schedule 3;

- (iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Bondholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Bondholders or any of them,

those Bonds (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Guarantor, any other Subsidiary of the Guarantor, any holding company of the Guarantor or any other Subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

Paying, Transfer and Conversion Agents means the several institutions (including where the context permits the Principal Paying, Transfer and Conversion Agent) at their respective specified offices initially appointed as paying, transfer and conversion agents in relation to the Bonds by the Issuer and the Guarantor pursuant to the Agency Agreement and/or, if applicable, any Successor paying, transfer and conversion agents in relation to such Bonds;

Potential Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default;

Principal Paying Transfer and Conversion Agent means the institution at its specified office initially appointed as principal paying transfer and conversion agent in relation to such Bonds by the Issuer and the Guarantor pursuant to the Agency Agreement or, if applicable, any Successor principal paying, transfer and conversion agent in relation to such Bonds;

Registrar means the institution at its specified office initially appointed as the registrar in relation to the Bonds by the Issuer and the Guarantor pursuant to the Agency Agreement or, if applicable, any Successor registrar in relation to such Bonds;

Relevant Date has the meaning set out in Condition 3;

repay, redeem and pay shall each include both the others and cognate expressions shall be construed accordingly;

Regulation S means Regulation S under the Securities Act;

Securities Act means the U.S. Securities Act of 1933, as amended;

Stock Exchange means the stock exchange on which the Bonds are listed.

Successor means, in relation to the Principal Paying, Transfer and Conversion Agent, the other Paying, Transfer and Conversion Agents and the Registrar, any successor to any one or more of them in relation to the Bonds which shall become such pursuant to the provisions of these presents, the Agency Agreement and/or such other or further principal paying, transfer and conversion agent, paying agents, registrar, transfer agents and/or conversion agents (as the case may be) in relation to such Bonds as may (with the prior approval of, and on terms previously approved by, the Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the former case being within the same place as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer and, if applicable, the Guarantor, and (except in the case

of the initial appointments and specified offices made under and specified in the Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Bondholders pursuant to subclause 14(l) in accordance with Condition 19;

these presents means this Trust Deed and the Schedules and any trust deed supplemental hereto and the Schedules (if any) thereto and the Bonds and the Conditions, all as from time to time modified in accordance with the provisions herein or therein contained;

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000;

US Restricted Global Certificate means a restricted global certificate in or substantially in the form set out in Schedule 1 Part 2;

words denoting the singular shall include the plural and *vice versa*;

words denoting one gender only shall include the other genders; and

words denoting persons only shall include firms and corporations and *vice versa*.

- 1.2 (a) Unless the context requires otherwise, terms defined in the Conditions have the same meanings in this Trust Deed.
- (b) All references in these presents to principal and/or interest in respect of the Bonds or to any moneys payable by the Issuer and/or the Guarantor under these presents shall be deemed to include:
- (i) in the case of amounts of principal payable, a reference to any Cash Settlement Amount, Additional Cash Settlement Amount, Additional Amount, Fair Market Call Amount, Cash Payment Amount (Nominal Value), Cash Payment Amount (Undeliverable Shares) and Redemption Amount; and
 - (ii) in the case of amounts of interest payable, a reference to any Arrears of Interest and Make Whole Amount,
- and, in any case, a reference to any additional amounts which may be payable under Condition 12 or, if applicable, under any undertaking or covenant given pursuant to subclause 15(o) or subclause 22.1(b)(ii).
- (c) All references in these presents to **euro** or the sign **€** shall be construed as references to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam.
- (d) All references in these presents to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

- (e) All references in these presents to guarantees or to an obligation being guaranteed shall be deemed to include respectively references to indemnities or to an indemnity being given in respect thereof.
- (f) All references in these presents to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in these presents.
- (g) All references in these presents to taking proceedings against the Issuer and/or the Guarantor shall be deemed to include references to proving in the winding up of the Issuer and/or the Guarantor (as the case may be).
- (h) All references in these presents to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system as is approved by the Trustee.
- (i) Unless the context otherwise requires words or expressions used in these presents shall bear the same meanings as in the Companies Act 2006.
- (j) In this Trust Deed references to Schedules, clauses, subclauses, paragraphs and subparagraphs shall be construed as references to the Schedules to this Trust Deed and to the clauses, subclauses, paragraphs and subparagraphs of this Trust Deed respectively.
- (k) In these presents tables of contents and clause headings are included for ease of reference and shall not affect the construction of these presents.
- (l) All references in these presents to Bonds being **listed** or **having a listing** shall be construed to mean that such Bonds have been admitted to any official list maintained by the relevant listing authority and to trading on the Stock Exchange's market for listed securities and all references in these presents to **listing** or **listed** shall include references to **quotation** and **quoted**, respectively.

2. COVENANT TO PAY AND DELIVER

2.1 The aggregate principal amount of the Bonds is limited to €1,300,000,000.

2.2 The Issuer covenants with the Trustee that it will, in accordance with these presents, pay or procure to be paid unconditionally to or to the order of the Trustee in euro in immediately available funds amounts due and payable in respect of the Bonds in accordance with the Conditions on the dates on which such amounts become payable and shall in the meantime and until any such date (both before and after any judgment or other order of a court of competent jurisdiction) pay or procure to be paid unconditionally to or to the order of the Trustee as aforesaid interest (which shall accrue from day to day) on the principal amount of the Bonds at the rate of 6.125 per cent. per annum, payable annually in arrear on 15 November in each year, the first such payment (representing a full year's interest) to be made on 15 November, 2014 PROVIDED THAT:

- (a) every payment of any such amount in respect of the Bonds to or to the account of the Principal Paying, Transfer and Conversion Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relative covenant by

the Issuer in this clause except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Bondholders;

- (b) in any case where payment of any such amount is not made to the Trustee or the Principal Paying, Transfer and Conversion Agent on or before the due date, interest shall continue to accrue on the principal amount of the Bonds (both before and after any judgment or other order of a court of competent jurisdiction) at the rate aforesaid (or, if higher, the rate of interest on judgment debts for the time being provided by English law) up to and including the date which the Trustee determines to be the date on and after which payment is to be made to the Bondholders in respect thereof as stated in a notice given to the Bondholders in accordance with Condition 19 (such date to be not later than 30 days after the day on which the whole of such principal amount, together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Trustee or the Principal Paying, Transfer and Conversion Agent); and
- (c) in any case where payment of the whole or any part of such amount is improperly withheld or refused (other than in circumstances contemplated by proviso (b) above and provided that the relevant Bond is duly presented (if required)) interest shall accrue on that principal amount payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rate aforesaid (or, if higher, the rate of interest on judgment debts for the time being provided by English law) from and including the date of such withholding or refusal up to and including the date on which (upon further presentation of the relevant Bond, if required) payment of the full amount (including interest as aforesaid) in euro payable in respect of such Bond is made or (in respect of the payment of such amount and if earlier) the seventh day after notice is given to the relevant Bondholder (either individually or in accordance with Condition 19) that the full amount (including interest as aforesaid) in Euros payable in respect of such Bond is available for payment, provided that, upon further presentation thereof being duly made, such payment is made.

The Trustee will hold the benefit of this covenant on trust for the Bondholders and itself in accordance with these presents.

2.3 The Issuer covenants with the Trustee that it will, in accordance with these presents, on such date as the Bonds or any part thereof become subject to conversion under the Conditions, deliver or procure to be delivered unconditionally pursuant to the Conditions such number of Ordinary Shares in respect of each such Bond or part thereof as may be due for delivery on that date in accordance with the Relevant Conversion Ratio, Minimum Conversion Ratio or Maximum Conversion Ratio, as applicable PROVIDED THAT:

- (a) every delivery of Ordinary Shares in respect of the Bonds to or to the account of the relevant Bondholder(s) in the manner provided in the Conditions shall operate in satisfaction *pro tanto* of the relative covenant by the Issuer in this clause;
- (b) in any case where delivery of Ordinary Shares or any of them is not made to the relevant Bondholder(s) on or before the due date, interest shall continue to accrue on the principal amount of the Bonds held by such Bondholder in accordance with the Conditions up to and including the date which the Trustee determines to be the date on and after which delivery is to be made to the Bondholders in respect thereof as stated in a notice given to the Bondholders in accordance with Condition 19 (such date to be not later than 30 days after the day on which such Ordinary Shares, together with an amount equal to the interest which has accrued and is to accrue

pursuant to this proviso up to and including that date, has been received by the relevant Bondholder(s); and

- (c) in any case where delivery of such Ordinary Shares or any of them is improperly withheld or refused (other than in circumstances contemplated by proviso (b) above and provided that the relevant Bond is duly presented (if required)) interest shall accrue on the principal amount of the Bonds in respect of which delivery of any Ordinary Shares has been so withheld or refused in accordance with the Conditions from and including the date of such withholding or refusal up to and including the date on which (upon further presentation of the relevant Bond, if required) delivery of all such Ordinary Shares and interest as aforesaid in respect of such Bond is made, provided that, upon further presentation thereof being duly made, such delivery and any payment is made.

The Trustee will hold the benefit of this covenant on trust for the Bondholders and itself in accordance with these presents.

- 2.4 (a) Notwithstanding the covenant of the Issuer given in Clauses 2.2 and 2.3, the rights and claims of the Trustee and Bondholders against the Issuer under the Bonds in respect of principal and interest and, subject to sub-clause (c) below, other amounts (if any) payable in respect of or arising under the Bonds and this Trust Deed in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:
- (i) senior only to the Issuer's ordinary shares;
 - (ii) pari passu among themselves and with the Issuer's payment obligations under any Issuer Parity Securities; and
 - (iii) junior to all other payment obligations of the Issuer, present and future, whether subordinated or unsubordinated,

in each case except as otherwise provided by mandatory provisions of applicable law.

- (b) Nothing contained in these presents shall in any way restrict the right of the Issuer to issue obligations or give guarantees in each case ranking in priority to or pari passu with or junior to the obligations of the Issuer in respect of the Bonds and if, in the opinion of the Trustee, any modification to the provisions of this Trust Deed or the Conditions to permit such ranking is necessary or expedient, the Trustee is hereby authorised to concur with the Issuer and the Guarantor in executing a supplemental deed effecting such modification provided that the Trustee shall be entitled to assume that no such modification is required unless and until notified to the contrary by the Issuer.
- (c) The provisions of Clause 2.4 and Condition 2.1 apply only to the principal, interest and any other amounts payable in respect of the Bonds and nothing in Clause 2.3 or Conditions 2.1 or 13 shall affect or prejudice the payment of the Liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

TRUSTEE'S REQUIREMENTS REGARDING PAYING, TRANSFER AND CONVERSION AGENTS

- 2.5 At any time after an Event of Default, Accelerated Conversion Event or a Potential Event of Default shall have occurred or if there is failure to make payment of any amount in respect of

any Bond when due or the Trustee shall have received any money which it proposes to pay under clause 9 to the Bondholders, the Trustee may:

- (a) by notice in writing to the Issuer, the Guarantor, the Principal Paying, Transfer and Conversion Agent, the Registrar and the other Paying, Transfer and Conversion Agents require the Principal Paying, Transfer and Conversion Agent, the Registrar and the other Paying, Transfer and Conversion Agents pursuant to the Agency Agreement:
 - (i) to act thereafter as Principal Paying, Transfer and Conversion Agent, Registrar and Paying, Transfer and Conversion Agents respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the provisions of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying, Transfer and Conversion Agents and the Registrar shall be limited to the amounts for the time being held by the Trustee on the trusts of these presents relating to the Bonds and available for such purpose) and thereafter to hold all Bonds and all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; or
 - (ii) to deliver up all Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the relative Paying, Transfer and Conversion Agent or the Registrar, as the case may be is obliged not to release by any law or regulation; and/or
- (b) by notice in writing to the Issuer and the Guarantor require each of them to make all subsequent payments or, in case of Ordinary Shares, deliveries in respect of the Bonds to or to the order of the Trustee and not to the Principal Paying, Transfer and Conversion Agent; with effect from the issue of any such notice to the Issuer and the Guarantor and until such notice is withdrawn proviso (a) to subclause 2.2 of this clause relating to the Bonds shall cease to have effect.

For the avoidance of doubt, a Deferral of Interest shall not cause payment of the relevant interest to become due for the purposes of this Clause except to the extent any such Deferral of Interest is not paid when due in accordance with the Conditions.

TRUSTEE'S REQUIREMENTS REGARDING CALCULATION AGENTS

- 2.6 At any time after a Potential Event of Default, Accelerated Conversion Event or after an Event of Default has occurred, the Trustee may by notice in writing to the Issuer, the Guarantor and the Calculation Agent require the Calculation Agent, until notified by the Trustee to the contrary, so far as permitted by any applicable law:
- (i) to act thereafter as Calculation Agent of the Trustee under the Trust Deed and the Bonds on the terms of this Agreement (with such consequential amendments as necessary and except that the Trustee's liability under any provision hereof for the indemnification, remuneration and all other out-of-pocket expenses of the Calculation Agent shall be limited to the amounts for the time being held by the Trustee in respect of the Bonds on the terms of the Trust Deed) and thereafter to hold documents and records held by it in respect of Bonds to the order of the Trustee; and/or

- (ii) to deliver documents and records held by it in respect of Bonds to the Trustee or as the Trustee directs in such notice.

FURTHER ISSUES

- 2.7
- (a) The Issuer shall be at liberty from time to time (but subject always to the provisions of these presents) without the consent of the Bondholders but with the consent of the Guarantor to create and issue further bonds ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon and the first date on which conversion rights may be exercised in respect thereof), and so that the same shall be consolidated and form a single series, with the Bonds.
 - (b) Any further bonds which are to be created and issued pursuant to the provisions of paragraph 2.7(a) above shall be constituted by a trust deed supplemental to this Trust Deed. In any such case the Issuer and the Guarantor shall prior to the issue of any further bonds to be so constituted execute and deliver to the Trustee a trust deed supplemental to this Trust Deed (in relation to which all applicable stamp duties or other documentation fees, duties or taxes have been paid and, if applicable, duly stamped or denoted accordingly) containing a covenant by the Issuer in the form *mutatis mutandis* of subclause 2.2 in respect of such further bonds and such other provisions (whether or not corresponding to any of the provisions contained in this Trust Deed) as the Trustee shall require including making such consequential modifications to this Trust Deed as the Trustee shall require in order to give effect to such issue of further bonds.
 - (c) A memorandum of every such supplemental trust deed shall be endorsed by the Trustee on this Trust Deed and by the Issuer and the Guarantor on their duplicates of this Trust Deed.
 - (d) Whenever it is proposed to create and issue any further bonds the Issuer shall give to the Trustee not less than 14 days' notice in writing of its intention so to do stating the amount of further bonds proposed to be created and issued.

3. FORM AND ISSUE OF BONDS

- 3.1 Bonds offered and sold outside the United States to non-U.S. persons in reliance on Regulation S shall be represented initially by the Regulation S Global Certificate. Bonds offered and sold within the United States to US persons in reliance on Section 4(a)(2) of the Securities Act and 3(c)(7) of the Investment Company Act of 1940 shall be represented initially by the US Restricted Global Certificate. The Issuer shall issue each Global Certificate to a common depository for Euroclear and Clearstream, Luxembourg on terms that such common depository shall hold the same for the account of the persons who would otherwise be entitled to receive the Bonds in definitive form (Definitive Certificates) and the successors in title to such persons as appearing in the records of Euroclear and Clearstream, Luxembourg for the time being.
- 3.2 The Regulation S Global Certificate shall be printed or typed in the form or substantially in the form set out in Part 1 of Schedule 1 and may be a facsimile. The US Restricted Global Certificate shall be printed or typed in the form or substantially in the form set out in Part 2 of Schedule 1 and may be a facsimile. Each Global Certificate shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Principal Paying, Transfer and Conversion Agent. Each

Global Certificate so executed and authenticated shall be a binding and valid obligation of the Issuer and title thereto shall pass by registration of transfer in respect thereof in accordance with the provisions of these presents.

- 3.3 The Issuer shall issue the Definitive Certificates in exchange for a Global Certificate in accordance with the provisions thereof.
- 3.4 The Bonds in definitive form shall be in registered form and shall be issued in the form or substantially in the form set out in Part 1 of Schedule 2 in the denomination and transferable in units of €100,000 each, shall be serially numbered and shall be endorsed (i) with a Form of Transfer in the form or substantially in the form also set out in Schedule 2 and (ii) with the Conditions. Title to the Bonds in definitive form shall pass upon the registration of transfers in respect thereof in accordance with the provisions of these presents.
- 3.5 The Definitive Certificates shall be signed manually or in facsimile by two of the duly authorised representatives of the Issuer on behalf of the Issuer and shall be authenticated by or on behalf of the Registrar.
- 3.6 The Issuer may use the facsimile signature of any person who at the date such signature is affixed is a person duly authorised by the Issuer as referred to in subclauses 3.2 and 3.5 above notwithstanding that at the time of issue of a Global Certificate or any of the Definitive Certificates, as the case may be, he may have ceased for any reason to be so authorised or to be the holder of such office. The Definitive Certificates so signed and authenticated shall be binding and valid obligations of the Issuer.

4. FEES, DUTIES AND TAXES

The Issuer will pay any stamp, issue, registration, documentary and other fees, duties and taxes, including interest and penalties, payable on or in connection with (a) the execution and delivery of these presents, (b) the constitution and issue of the Bonds and (c) any action taken by or on behalf of the Trustee or (where permitted under these presents so to do) any Bondholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, these presents.

5. COVENANT OF COMPLIANCE

Each of the Issuer and the Guarantor severally covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Conditions shall be binding on the Issuer, the Guarantor and the Bondholders. The Trustee shall be entitled to enforce the obligations of the Issuer and the Guarantor under the Bonds as if the same were set out and contained in the trust deeds constituting the same, which shall be read and construed as one document with the Bonds. The Trustee will hold the benefit of this covenant upon trust for itself and the Bondholders according to its and their respective interests.

6. GUARANTEE, DELIVERY OF ORDINARY SHARES, AND SUBORDINATION

6.1 Guarantee

- (a) Subject to Clause 6.2(a) the Guarantor hereby irrevocably and unconditionally guarantees to the Trustee:

- (i) the due and punctual payment in accordance with the provisions of these presents of the principal of and interest on all Bonds issued by the Issuer and of any other amounts payable by the Issuer under these presents; and
 - (ii) the due and punctual performance and observance by the Issuer of each of the other provisions of these presents on the Issuer's part to be performed or observed and the due and punctual payment in accordance with the provisions of these presents of any other amounts payable by the Issuer under these presents provided that, without prejudice to paragraphs (b) to (h) of this Clause 6.1 and save in respect of any payment made or to be made under the Conditions or Clause 22 of these presents, any amount or payment due by the Guarantor pursuant to this Clause 6.1(a)(ii) shall not exceed in the aggregate the amount of Euro 3 billion.
- (b) If the Issuer fails for any reason whatsoever to pay any such principal, interest or other amount, the Guarantor shall cause each and every such payment to be made as if the Guarantor instead of the Issuer were expressed to be the primary obligor under these presents and not merely as surety (but without affecting the obligations of the Issuer) to the intent that the holder of the relevant Bond or the Trustee (as the case may be) shall receive the same amounts in respect of principal, interest or such other amount as would have been receivable had such payments been made by the Issuer.
- (c) The Guarantor hereby irrevocably and unconditionally undertakes to the Trustee to procure the due and punctual delivery of Ordinary Shares from time to time deliverable upon the conversion of the Bonds in accordance with the Conditions.
- (d) If any payment received by the Trustee or any Bondholder pursuant to the provisions of these presents shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this guarantee shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall indemnify the Trustee and the relative Bondholders (as the case may be) in respect thereof PROVIDED THAT the obligations of the Issuer and/or the Guarantor under this subclause shall, as regards each payment made to the Trustee or any Bondholder which is avoided or set aside, be contingent upon such payment being reimbursed to the Issuer or other persons entitled through the Issuer.
- (e) the Guarantor hereby agrees that its obligations under this clause shall be unconditional and that the Guarantor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to, its obligations under these presents, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of these presents have been modified, whether or not any time, indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the relative Bondholders or the Trustee, whether or not any determination has been made by the Trustee pursuant to Clause 19, whether or not there have been any dealings or transactions between the Issuer, any of the relative Bondholders or the Trustee, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not the Issuer has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable

discharge of or defence to a guarantor. Accordingly, the validity of this guarantee shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Issuer under these presents and this guarantee shall not be discharged nor shall the liability of the Guarantor under these presents be affected by any act, thing or omission or means whatever whereby its liability would not have been discharged if it had been the principal debtor.

- (f) Without prejudice to the provisions of Clause 7, the Trustee may determine from time to time whether or not it will enforce this guarantee which it may do without making any demand of or taking any proceedings against the Issuer and may from time to time make any arrangement or compromise with the Guarantor in relation to this guarantee which the Trustee may consider expedient in the interests of the relative Bondholders.
- (g) the Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to the relative Bonds or Coupons or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this guarantee shall be a continuing guarantee, shall extend to the ultimate balance of all sums payable and obligations owed by the Issuer under these presents, shall not be discharged except by complete performance of the obligations contained in these presents and is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise.
- (h) If any moneys shall become payable by the Guarantor under this guarantee the Guarantor shall not, so long as the same remain unpaid, without the prior written consent of the Trustee:
 - (i) in respect of any amounts paid by it under this guarantee, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
 - (ii) in respect of any other moneys for the time being due to the Guarantor by the Issuer, claim payment thereof or exercise any other right or remedy;

(including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with the Trustee). If, notwithstanding the foregoing, upon the bankruptcy, insolvency or liquidation of the Issuer any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment in full of all principal of, and interest on, the relative Bonds in respect of such Bonds shall have been made to the relative Bondholders, such payment or distribution shall be received by the Guarantor on trust to pay the same over immediately to the Trustee for application in or towards the payment of all sums due and unpaid under these presents in accordance with Clause 9.

6.2 Subordination

- (a) Notwithstanding the guarantee of the Guarantor given in Clause 6.1(a) and its indemnity given in Clause 6.1(c), the rights and claims of the Trustee and the Bondholders against the Guarantor under the Guarantee in the event of the winding-

up, insolvency, dissolution or liquidation of the Guarantor, rank (subject as provided in Clause 6.2(c)):

- (i) senior only to the Guarantor's payment obligations in respect of any Guarantor Junior Securities;
- (ii) pari passu among themselves and with the Guarantor's payment obligations in respect of any Guarantor Parity Securities; and
- (iii) junior to all other payment obligations of the Guarantor, present and future, whether subordinated or unsubordinated,

in each case except as otherwise required by mandatory provisions of applicable law.

- (b) Nothing contained in these presents shall in any way restrict the right of the Guarantor to issue obligations or give guarantees in each case ranking in priority to or pari passu with or junior to the obligations of the Guarantor in respect of the Bonds and if, in the opinion of the Trustee, any modification to the provisions of these presents to permit such ranking is necessary or expedient, the Trustee is hereby authorised to concur with the Issuer and the Guarantor in executing a supplemental deed effecting such modification provided that the Trustee shall be entitled to assume that no such modification is required unless and until notified to the contrary by the Guarantor.
- (c) The provisions of this Clause 6.2 and Condition 2.2 apply only to the principal, interest and any other amounts payable in respect of the Bonds and nothing in this Clause 6.2 or Conditions 2.2 or 13 shall affect or prejudice the payment of the Liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

7. ENFORCEMENT

- 7.1 The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Issuer and the Guarantor to enforce their respective obligations under these presents but in no event shall the Issuer or the Guarantor, by virtue of the initiation of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- 7.2 Proof that as regards any specified Bond the Issuer or the Guarantor (as the case may be) has made default in paying any amount due in respect of such Bond shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Bonds in respect of which the relevant amount is due and payable.

8. ACTION, PROCEEDINGS AND INDEMNIFICATION

- 8.1 The Trustee shall not be bound to take any action in relation to these presents (including but not limited to the giving of any notice pursuant to Condition 13 or the taking of any proceedings and/or other steps mentioned in subclause 6.1(c) or subclause 7.1) unless respectively directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.

- 8.2 The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to take the relevant action in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.
- 8.3 Only the Trustee may enforce the provisions of these presents. No Bondholder shall be entitled (i) take any steps or action against the Issuer or the Guarantor to enforce the performance of any of the provisions of these presents or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantor, in each case unless the Trustee having become bound as aforesaid to take any such action, steps or proceedings fails to do so within a reasonable period and such failure is continuing, in which case the Bondholder shall have only such rights against the Issuer and the Guarantor as those which the Trustee would have been entitled to exercise pursuant to this Trust Deed.
- 8.4 No remedy against the Issuer, other than as referred to in these presents, shall be available to the Trustee and the Bondholders, whether for the recovery of amounts due in respect of the Bonds or under these presents or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Bonds and these presents.

9. APPLICATION OF MONEYS

All moneys received by the Trustee under these presents shall be held by the Trustee upon trust to apply them (subject to clause 11):

- (a) *First*, in payment or satisfaction of all amounts then due and unpaid under clause 15 to the Trustee and/or any Appointee;
- (b) *Secondly*, in or towards retention of an amount which the Trustee considers necessary to pay any amounts that it considers will thereafter become due to be paid under clause 15 to it or any Appointee, to the extent it considers that moneys received by it thereafter under these presents may be insufficient and/or may not be received to enable it to pay such amounts in a timely manner;
- (c) *Thirdly*, in or towards reimbursement *pari passu* and rateably of any amounts paid by any Indemnifying Parties as contemplated by clause 15.7, together with interest thereon as provided in clause 15.8;
- (d) *Fourthly*, in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Bonds; and
- (e) *Fifthly*, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer, the Guarantor and any other person).

Without prejudice to this clause 9, if the Trustee holds any moneys which represent principal or interest in respect of Bonds which have become void or in respect of which claims have been prescribed under Condition 15, the Trustee will hold such moneys on the above trusts.

10. NOTICE OF PAYMENTS

The Trustee shall give notice to the Bondholders in accordance with Condition 19 of the day fixed for any payment to them under clause 9. Such payment may be made in accordance with Condition 11 and any payment so made shall be a good discharge to the Trustee.

11. INVESTMENT BY TRUSTEE

11.1 The Trustee may at its discretion and pending payment invest moneys at any time available for the payment of principal and interest on the Bonds in some or one of the investments hereinafter authorised for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments and to accumulate such investments and the resulting interest and other income derived therefrom. The accumulated investments shall be applied under clause 9. All interest and other income deriving from such investments shall be applied first in payment or satisfaction of all amounts then due and unpaid under clause 15 to the Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Bondholders.

11.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Trustee at such bank or other financial institution and in such currency as the Trustee may think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

12. PARTIAL PAYMENTS

Upon any payment under clause 9 (other than payment in full against surrender of a Bond) the Bond in respect of which such payment is made shall be produced to the Trustee or the Paying, Transfer and Conversion Agent by or through whom such payment is made and the Trustee shall or shall cause such Paying, Transfer and Conversion Agent to enface thereon a memorandum of the amount and the date of payment but the Trustee may dispense with such production and enfacement upon such indemnity being given as it shall think sufficient.

13. CONVERSION

13.1 The Bonds will be mandatorily or voluntarily converted into Ordinary Shares as follows:

- (a) The Bonds will be mandatorily converted into Ordinary Shares on the Maturity Date in accordance with Condition 6.1.
- (b) The Issuer may, at its option, convert all but not some only of the outstanding Bonds into Ordinary Shares in accordance with Condition 6.2.
- (c) The holder of each Bond will have the right to convert such Bond into Ordinary Shares in accordance with Condition 6.3 or 6.4, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Conditions) during the relevant conversion period.

- (d) After the occurrence of an Accelerated Conversion Event at any time prior to the day which, on such day, is scheduled to be 25th Trading Day immediately prior to the Maturity Date, the Bonds will be mandatorily converted into Ordinary Shares on the relevant Delivery Date in accordance with Condition 6.5.
- 13.2 The Guarantor hereby undertakes to procure the delivery of Ordinary Shares upon conversion of the Bonds as required by the Conditions. Ordinary Shares to be issued and delivered by the Guarantor to each Bondholder pursuant to the Trust Deed shall be paid up (i) by way of payment to the Guarantor of the subscription price of such Ordinary Shares by the Issuer in the name of and for the account of such Bondholder in accordance with the Conditions; or (ii) if such payment has not been received by the third Trading Day before the relevant Delivery Date, by means of a set-off of the amount due by the Guarantor to such Bondholder pursuant to the Guarantee.
- 13.3 The Guarantor hereby undertakes to and covenants with the Trustee that, whenever the Minimum Conversion Price or the Maximum Conversion Price falls to be adjusted pursuant to the Conditions, it will:
- (a) as soon as practicable deliver to the Trustee a certificate signed by two duly authorised representatives of the Guarantor (which the Trustee shall be entitled to accept without further enquiry as sufficient evidence of the correctness of the matters therein referred to) setting forth brief particulars of the event giving rise to the adjustment, the adjusted Minimum Conversion Price or the Maximum Conversion Price, the date on which the adjustment takes effect and such other particulars and information as the Trustee may require; and
- (b) within 14 days thereafter give notice to the Bondholders in accordance with Condition 19 of the adjustment to the Minimum Conversion Price or the Maximum Conversion Price.

14. COVENANTS BY THE ISSUER AND THE GUARANTOR

So long as any of the Bonds remains outstanding (or, in the case of paragraphs (g), (h), (l), (m) and (n), so long as any of the Bonds remains liable to prescription) each of the Issuer and Guarantor covenants with the Trustee that it shall:

- (a) give or procure to be given to the Trustee such opinions, certificates and information as it shall reasonably require and in such form as it shall reasonably require (including without limitation the procurement by the Issuer or the Guarantor (as the case may be) of all such certificates called for by the Trustee pursuant to subclause 17(c)) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or by operation of law;
- (b) cause to be prepared and certified by the Auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal requirements and all requirements for the time being of the Stock Exchange;
- (c) at all times keep proper books of account and allow the Trustee and any person appointed by the Trustee to whom the Issuer or the Guarantor (as the case may be) shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (d) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issue or the Guarantor) two copies in English of every balance

sheet, profit and loss account, report, circular and notice of general meeting issued or sent to holders of its publicly held securities as soon as practicable after the issue or publication thereof;

- (e) as soon as reasonably practicable after becoming aware thereof, give notice in writing to the Trustee of the occurrence of any Event of Default or any Potential Event of Default or the breach of any other provision of these presents and of the occurrence of any Compulsory Arrears of Interest Settlement Event, Accelerated Conversion Event, or Special Event;
- (f) give to the Trustee (i) within seven days after demand by the Trustee therefor and (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial year commencing with the financial year ending 31 December, 2012 and in any event not later than 180 days after the end of each such financial year a certificate in or substantially in the form set out in Schedule 4 signed by two duly authorised representatives to the effect that, as at a date not more than seven days before delivering such certificate (the **certification date**), there did not exist and had not existed or happened since the certification date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event, Potential Event of Default or breach of any other provision of these presents and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the certification date of such certificate each of the Issuer and the Guarantor has complied in all material respects with all its obligations contained in these presents or (if such is not the case) specifying the respects in which it has not complied;
- (g) so far as permitted by law, at all times execute all such further documents, and do all such acts and things as may in the reasonable opinion of the Trustee be necessary at any time or times to give effect to these presents;
- (h) at all times maintain Paying, Transfer and Conversion Agents and a Registrar in accordance with the Conditions;
- (i) use all reasonable endeavours to procure the Principal Paying, Transfer and Conversion Agent to notify the Trustee forthwith in the event that the Principal Paying, Transfer and Conversion Agent does not, on or before the due date for any payment in respect of the Bonds or any of them, receive unconditionally pursuant to the Agency Agreement payment of the full amount in the requisite currency of the moneys payable on such due date on all such Bonds as the case may be;
- (j) in the event of the unconditional payment or delivery to the Principal Paying, Transfer and Conversion Agent or the Trustee of any sum or Ordinary Shares (respectively) due in respect of the Bonds or any of them being made after the due date for payment thereof forthwith give or procure to be given notice to the relevant Bondholders in accordance with Condition 19 that such payment or delivery has been made;
- (k) use its best endeavours to maintain the quotation or listing of the Securities on the Stock Exchange or, if it is unable to do so having used its best endeavours, use its best endeavours to obtain and maintain a quotation or listing of the Bonds on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also upon obtaining a

quotation or listing of the Bonds on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental to this Trust Deed to effect such consequential amendments to these presents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;

- (l) give not less than 45 days' notice to the Trustee and not less than 30 days' notice to the Bondholders in accordance with Condition 19 of any appointment, resignation or removal of any Paying, Transfer and Conversion Agent or Registrar (other than the appointment of the initial Paying, Transfer and Conversion Agents) after having obtained the prior written approval of the Trustee thereto or any change of any Paying, Transfer and Conversion Agent's or Registrar's specified office and (except as provided by the Agency Agreement or the Conditions); PROVIDED ALWAYS THAT so long as any of the Bonds remains outstanding in the case of the termination of the appointment of the Registrar, or so long as any of the Bonds remains liable to prescription in the case of the termination of the appointment of the Principal Paying, Transfer and Conversion Agent, no such termination shall take effect until a new Principal Paying, Transfer and Conversion Agent or Registrar (as the case may be) has been appointed on terms previously approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed);
- (m) obtain the prior written approval of the Trustee to, and promptly give to the Trustee two copies of, the form of every notice given to the Bondholders in accordance with Condition 19 (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the **FSMA**) of a communication within the meaning of Section 21 of the FSMA);
- (n) comply with and perform in all material respects all its obligations under the Agency Agreement and use all reasonable endeavours to procure that the Registrar and the Paying, Transfer and Conversion Agents comply with and perform in all material respects all their respective obligations thereunder and (in the case of the Paying, Transfer and Conversion Agents) any notice given by the Trustee pursuant to Clause 2.4(a) and not make any amendment or modification to such Agreement without the prior written approval of the Trustee;
- (o) in order to enable the Trustee to ascertain the principal amount of Bonds for the time being outstanding for any of the purposes referred to in the proviso to the definition of **outstanding** in Clause 1, deliver to the Trustee as soon as practicable (but in any event, within 2 (two) Milan and Luxembourg business days) upon being so requested in writing by the Trustee a certificate in writing signed by two duly authorised representatives of the Issuer setting out the total number and aggregate principal amount of Bonds which:
 - (i) up to and including the date of such certificate have been purchased or converted by the Issuer, the Guarantor or any Subsidiary and cancelled; and
 - (ii) are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer, the Guarantor or any Subsidiary;
- (p) use all reasonable endeavours to procure that each of the Paying, Transfer and Conversion Agents makes available for inspection by Bondholders at its specified office copies of these presents, the Agency Agreement and the then latest audited

balance sheet and profit and loss account (consolidated if applicable) of the Issuer and the Guarantor;

- (q) prior to making any modification or amendment or supplement to these presents, procure the delivery of (a) legal opinion(s) as to English and any other relevant law as agreed between the Issuer, the Guarantor and the Trustee, addressed to the Trustee, dated the date of such modification or amendment or supplement, as the case may be, and in a form and with content acceptable to the Trustee from legal advisers reasonably acceptable to the Trustee;
- (r) use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg (as the case may be) issues(s) any record, certificate or other document requested by the Trustee under clause 15(u) as soon as practicable after such request; and
- (s) give prior written notice to the Trustee of the proposed redemption of the Securities prior to the giving of any notice of redemption in respect of such Securities pursuant to Condition 19.

15. REMUNERATION AND INDEMNIFICATION OF TRUSTEE

- 15.1 The Issuer shall pay to the Trustee remuneration for its services as trustee as from the date of this Trust Deed, such remuneration to be at such rate and to be paid on such dates as may from time to time be agreed between the Issuer and the Trustee. In the absence of any agreement to the contrary, such remuneration shall be payable in advance on 15 November in each year, the first such payment to be made on the date hereof. Such remuneration shall accrue from day to day and be payable (in priority to payments to the Bondholders) up to and including the date when, all the Bonds having become due for redemption, any Ordinary Shares, the redemption moneys and interest thereon to the date of redemption have been delivered or paid to the Principal Paying, Transfer and Conversion Agent or, as the case may be, the Trustee PROVIDED THAT if upon due presentation of any Bond (if required) or any payment of the moneys due, or delivery of the relevant Ordinary Shares in respect thereof is improperly withheld or refused, remuneration will commence again to accrue until such payment or delivery is made in full.
- 15.2 In the event of the occurrence of an Event of Default, any event described in paragraph (C) of the definition of Accelerated Conversion Event or a Potential Event of Default, the Issuer hereby agrees that the Trustee shall be entitled to be paid additional remuneration, which may be calculated at its normal hourly rates in force from time to time. In any other case, if the Trustee considers expedient or necessary or being requested by the Issuer or the Guarantor to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.
- 15.3 The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under these presents.
- 15.4 In the event of the Trustee and the Issuer failing to agree:
 - (a) (in a case to which subclause 15.1 above applies) upon the amount of the remuneration; or

- (b) (in a case to which subclause 15.2 above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,

such matters shall be determined by an investment bank or person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such investment bank or person being payable by the Issuer) and the determination of any such investment bank or person shall be final and binding upon the Trustee and the Issuer.

- 15.5 Without prejudice to the right of indemnity by law given to trustees and subject to Clause 17, each of the Issuer and the Guarantor shall severally indemnify the Trustee and every Appointee and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may be incurred by it or him in the preparation and execution or purported execution of any of its or his trusts, powers, authorities and discretions under these presents or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any such appointment (including all Liabilities incurred in disputing or defending any of the foregoing).
- 15.6 The Issuer shall also on demand pay or discharge all Liabilities incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner relating to, these presents, including but not limited to reasonable travelling expenses, legal fees and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing these presents in each case duly documented.
- 15.7 Where any amount which would otherwise be payable by the Issuer under clause 15.5 or clause 15.6 has instead been paid by any person or persons other than the Issuer (each, an **Indemnifying Party**), the Issuer shall pay to the Trustee an equal amount for the purpose of enabling the Trustee to reimburse the Indemnifying Parties.
- 15.8 All amounts payable pursuant to subclause 15.5 above shall be payable by the Issuer on the date specified in a written demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall carry interest at the rate of the Trustee's cost of funds from the date such demand is made, and in all other cases shall (if not paid within 30 days after the date of such demand or, if such demand specifies that payment is to be made on an earlier date, on such earlier date) carry interest at such rate from such thirtieth day of such other date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date therefor. A certificate from the Trustee as to its cost of funding on any particular date or during any particular period shall be conclusive and binding on the Issuer and the Guarantor.
- 15.9 The Issuer hereby further undertakes to the Trustee that all monies payable by the Issuer to the Trustee under this clause shall be made without set-off, counterclaim, deduction or withholding unless compelled by law in which event the Issuer will pay such additional amounts as will result in the receipt by the Trustee of the amounts which would otherwise have been payable by the Issuer to the Trustee under this clause in the absence of any such set-off, counterclaim, deduction or withholding.
- 15.10 Unless otherwise specifically stated in any discharge of these presents the provisions of this clause shall continue in full force and effect notwithstanding such discharge.

16. SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents. Where there are any inconsistencies between the Trustee Acts and the provisions of these presents, the provisions of these presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of these presents shall constitute a restriction or exclusion for the purposes of that Act. The Trustee shall have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Trustee may in relation to these presents act on the advice or opinion of or any information (whether addressed to the Trustee or not) obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert whether obtained by the Issuer, the Guarantor, the Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting.
- (b) Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, facsimile transmission or cable although the same shall contain some error or shall not be authentic.
- (c) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by any two duly authorised representatives of the Issuer and/or by any two duly authorised representatives of the Guarantor and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.
- (d) The Trustee shall be at liberty to hold these presents and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Bonds by the Issuer, the exchange of any Global Certificate for another Global Certificate or Definitive Certificates or the delivery of any Global Certificate or Definitive Certificates to the person(s) entitled to it or them.
- (f) The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in these presents or to take any steps to ascertain whether any Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or any Potential Event of Default has happened and, until it shall have actual knowledge or express notice pursuant to these presents to the contrary, the Trustee shall be entitled to assume that no Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default has happened and that each of the Issuer and the Guarantor is observing and performing all its obligations under these presents.

- (g) Save as expressly otherwise provided in these presents, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Trustee and the Bondholders shall be conclusive and binding on the Bondholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of the Bondholders or otherwise under any provision of these presents or to take at such request or direction or otherwise any other action under any provision of these presents, without prejudice to the generality of subclause 8.1, unless it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.
- (h) The Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of Bondholders in respect whereof minutes have been made and signed or any direction or request of Bondholders even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or (in the case of an Extraordinary Resolution in writing or a direction or a request) it was not signed by the requisite number of Bondholders or (in the case of an Extraordinary Resolution passed by electronic consents received through the relevant Clearing System(s)) it was not approved by the requisite number of Bondholders or that for any reason the resolution, direction or request was not valid or binding upon such Bondholders.
- (i) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Bond purporting to be such and subsequently found to be forged or not authentic.
- (j) Any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in these presents may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in these presents) if it is satisfied that the interests of the Bondholders will not be materially prejudiced thereby. For the avoidance of doubt, the Trustee shall not have any duty to the Bondholders in relation to such matters other than that which is contained in the preceding sentence.
- (k) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or the Guarantor or any other person in connection with these presents and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.
- (l) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer or the Guarantor as

relevant and any rate, method and date so agreed shall be binding on the Issuer, the Guarantor, and the Bondholders.

- (m) The Trustee as between itself and the Bondholders may determine all questions and doubts arising in relation to any of the provisions of these presents. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.
- (n) In connection with the exercise by it of any of its trusts, powers, authorities and discretions under these presents (including, without limitation, any modification, waiver, authorisation or determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class and shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 12 and/or any undertaking given in addition thereto or in substitution therefor under these presents.
- (o) Without prejudice to Clause 15, which shall apply to the remuneration of the Trustee in its capacity as such, any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his proper charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.
- (p) The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) all or any of its trusts, powers, authorities and discretions under these presents. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Bondholders think fit. The Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer.
- (q) The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with these presents (including the receipt and payment of money). The Trustee shall not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent and the Guarantor.

- (r) The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by these presents as the Trustee may determine, including for the purpose of depositing with a custodian these presents or any document relating to the trusts constituted by these presents and the Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of such person; the Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer.
- (s) The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.
- (t) The Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Bonds represented by the Global Certificate standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the holder of a particular principal amount of Bonds is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- (u) The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Bonds or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Liability incurred thereby.
- (v) Subject to the requirements, if any, of the Stock Exchange, any corporation into which the Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall be a party hereto and shall be the Trustee under these presents without executing or filing any paper or document or any further act on the part of the parties thereto.
- (w) The Trustee shall not be bound to take any action in connection with these presents or any obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not reasonably satisfied that the Issuer or the Guarantor will be able to indemnify it against all Liabilities which may be incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) shall be sufficient so to indemnify it and on such demand being made the Issuer shall be obliged to make payment of all such sums in full.

- (x) No provision of these presents shall require the Trustee to do anything which may (i) be illegal or contrary to applicable law or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and/or security and/or prefunding against such risk or Liability is not assured to it.
- (y) Unless notified to the contrary, the Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to subclause 14(o)) that no Bonds are held by, for the benefit of, or on behalf of, the Issuer, the Guarantor, any Subsidiary of the Guarantor, any holding company of the Guarantor or any other Subsidiary of such holding company.
- (z) The Trustee shall have no responsibility whatsoever to the Issuer, the Guarantor, any Bondholder or any other person for the maintenance of or failure to maintain any rating of any of the Bonds by any rating agency.
- (aa) Any certificate, advice, opinion or report of the Auditors or any other expert or professional adviser called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these presents may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate, advice, opinion or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other expert or professional adviser in respect thereof and notwithstanding that the scope and/or basis of such certificate, advice, opinion or report may be limited by any engagement or similar letter or by the terms of the certificate, advice, opinion or report itself.
- (bb) The Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in these presents, or any other agreement or document relating to the transactions contemplated in these presents or under such other agreement or document.
- (cc) The Trustee shall not incur any liability to the Issuer, the Guarantor, Bondholders or any other person in connection with any approval given by it pursuant to Clause 14(m) to any notice to be given to Bondholders by the Issuer; the Trustee shall not be deemed to have represented, warranted, verified or confirmed that the contents of any such notice are true, accurate or complete in any respects or that it may be lawfully issued or received in any jurisdiction.
- (dd) When determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled to evaluate its risk in any given circumstance by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk, however remote, of any award of damages against it in England or elsewhere.
- (ee) The Trustee shall be entitled to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an

opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

- (ff) The Trustee shall not be responsible for monitoring whether any notices to Bondholders are given in compliance with the requirements of the Stock Exchange, if any, or with any other legal or regulatory requirements.
- (gg) The Trustee shall not be responsible for any consolidation, amalgamation, merger, reconstruction or scheme of the Issuer or any sale or transfer of all or substantially all of the assets of the Issuer or any Newco Scheme or the form or substance of any plan relating thereto or the consequences thereof for any Bondholder. The Trustee shall be entitled to require from the Issuer such opinions, consents, documents and other matters at the expense of the Issuer in connection with the foregoing as it may consider appropriate and may rely on such consents, opinions and documents without liability to any person.
- (hh) The Trustee shall not at any time be under any duty or responsibility to any Bondholder to determine whether any facts exist which may require any adjustment of the Maximum Conversion Price or the Minimum Conversion Price or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or in this Trust Deed provided to be employed, in making the same and will not be responsible or liable to the Bondholders or any other person for any loss arising from any failure by it to do so. The Trustee shall not at any time be under any duty or responsibility in respect of the validity or value (or the kind or amount) of Ordinary Shares or of any other securities, property or cash, which may at any time be made available or delivered upon the conversion of any Bond; and it makes no representation with respect thereto. The Trustee shall not be responsible for any failure of the Issuer or the Guarantor to make available or deliver any Ordinary Shares, share certificates or other securities or property or make any payment upon the exercise of the Bondholder Voluntary Conversion Right or Special Event Conversion Right in respect of any Bond or of the Issuer to comply with any of the covenants contained in these presents.
- (ii) The Trustee assumes no responsibility for ascertaining whether or not (i) a breach of any of the undertakings in Condition 14 shall have occurred or (ii) any such breach shall have been rectified or (iii) any adjustment fails to be made to the Maximum Conversion Price or the Minimum Conversion Price as a result thereof and shall have no liability to any person for not so doing. Unless and until the Trustee has actual knowledge of any of the above events it shall be entitled to assume that no such event has occurred. The Trustee shall not be liable for any loss arising from any determination or calculation made pursuant to the Conditions or from any failure or delay in making any such determination or calculation.
- (jj) The Trustee has no responsibility for the accuracy or otherwise of any determination made by a Financial Advisor pursuant to the Conditions.

17. TRUSTEE'S LIABILITY

- 17.1 Nothing in these presents shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of these presents conferring on it any trusts, powers, authorities or discretions exempt the Trustee from or indemnify it against any liability for any liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, wilful default or fraud of which it may be guilty in relation to its duties under these presents.

17.2 Notwithstanding any provision of these presents to the contrary, the Trustee shall not in any event be liable for:

(a) loss of profit, loss of business, loss of goodwill, loss of opportunity, whether direct or indirect: and

(b) special, indirect, punitive or consequential loss or damage of any kind whatsoever,

whether or not foreseeable, whether or not the Trustee can reasonably be regarded as having assumed responsibility at the time this Trust Deed is entered into, even if the Trustee has been advised of the likelihood of such loss or damage, unless the claim for loss or damage is made in respect of fraud on the part of the Trustee.

18. TRUSTEE CONTRACTING WITH THE ISSUER AND THE GUARANTOR

Neither the Trustee nor any director or officer or holding company, Subsidiary or associated company of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from:

(a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or the Guarantor or any person or body corporate associated with the Issuer or the Guarantor (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Bonds or any other stocks, shares, debenture stock, debentures or other securities of, the Issuer or the Guarantor or any person or body corporate associated as aforesaid); or

(b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or the Guarantor or any such person or body corporate so associated or any other office of profit under the Issuer or the Guarantor or any such person or body corporate so associated,

and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in (a) above or, as the case may be, any such trusteeship or office of profit as is referred to in (b) above without regard to the interests of the Bondholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Bondholders and shall not be responsible for any Liability occasioned to the Bondholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

Where any holding company, subsidiary or associated company of the Trustee or any director or officer of the Trustee acting other than in his capacity as such a director or officer has any information, the Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Bondholders resulting from the Trustee's failing to take such information into account in acting or refraining from acting under or in relation to these presents.

19. WAIVER, AUTHORISATION AND DETERMINATION

- 19.1 The Trustee may without the consent or sanction of the Bondholders and without prejudice to its rights in respect of any subsequent breach, Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default from time to time and at any time but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in these presents or determine that any Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default shall not be treated as such for the purposes of these presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this clause in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 13.2 but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Bondholders and, if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Bondholders in accordance with Condition 19 as soon as practicable thereafter.

MODIFICATION

- 19.2 The Trustee may without the consent or sanction of the Bondholders at any time and from time to time concur with the Issuer and the Guarantor in making any modification (i) to these presents which in the opinion of the Trustee it may be proper to make PROVIDED THAT the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or (ii) to these presents, the Paying, Transfer and Agency Agreement or the Calculation Agency Agreement if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Bondholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders in accordance with Condition 19 as soon as practicable thereafter.

BREACH

- 19.3 Any breach of or failure to comply with any such terms and conditions as are referred to in subclauses 19.1 and 19.2 shall constitute a default by the Issuer or the Guarantor (as the case may be) in the performance or observance of a covenant or provision binding on it under or pursuant to these presents.

20. ENTITLEMENT TO TREAT HOLDER AS ABSOLUTE OWNER

The Issuer, the Guarantor, the Trustee, the Paying, Transfer and Conversion Agents, the Registrar and the Transfer Agents may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Bond or of a particular principal amount of the Bonds as the absolute owner of such Bond or principal amount for all purposes (whether or not such Bond or principal amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, any notice of loss or theft thereof or any writing thereon), and the Issuer, the Guarantor, the Trustee, the Paying, Transfer and Conversion Agents, the Registrar and the Transfer Agents shall not be affected by any notice to the contrary. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable in respect of such Bond or principal amount.

21. SUBSTITUTION

- 21.1 The Trustee may without the consent of the Bondholders at any time agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of the previous substitute under this clause) as the principal debtor under these presents or of the Guarantor of (i) in the case of the Issuer, any other Subsidiary and (ii) in the case of the Guarantor, any Successor in Business (such substituted company being hereinafter called the **New Company**) provided that a trust deed is executed or some other form of undertaking is given by the New Company in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the New Company had been named in these presents as the principal debtor in place of the Issuer or the Guarantor (as the case may be) (or of the previous substitute under the clause) and provided further that (except where the New Company is the Guarantor) the Guarantor unconditionally and irrevocably guarantees all amounts payable and Ordinary Shares deliverable under these presents to the satisfaction of the Trustee.
- 21.2 The following further conditions shall apply to clause 21.1 above:
- (i) the Issuer, the Guarantor and the New Company shall comply with such other requirements as the Trustee may direct in the interests of the Bondholders;
 - (ii) the Bonds shall not, as a result of such substitution, cease to be convertible or exchangeable into Ordinary Shares as provided in the Conditions;
 - (iii) where the New Company is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Relevant Jurisdiction or any political sub-division or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the New Company in terms corresponding to the provisions of Condition 12 with the substitution for (or, as the case may be, the addition to) the references to the Relevant Jurisdiction of references to that other or additional territory in which the New Company is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject;
 - (iv) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (v), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Bondholders; and
 - (v) if two directors of the New Company (or other officers acceptable to the Trustee) shall certify that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Trustee may rely upon absolutely) the Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the Issuer or the previous substitute under this clause as applicable.
- 21.3 Any such trust deed or undertaking shall, if so expressed, operate to release the Issuer or the Guarantor (as the case may be) or the previous substitute as aforesaid from all of its obligations as principal debtor under these presents. Not later than 14 days after the execution of such documents and compliance with such requirements, the New Company shall give notice thereof in a form previously approved by the Trustee to the Bondholders in the manner provided in Condition 19. Upon the execution of such documents and compliance with such requirements, the New Company shall be deemed to be named in these presents as the

principal debtor in place of the Issuer or the Guarantor (as the case may be) (or in place of the previous substitute under this clause) under these presents and these presents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in these presents to the Issuer or the Guarantor (as the case may be) shall, unless the context otherwise requires, be deemed to be or include references to the New Company.

- 21.4 In order to give effect to a NewCo Scheme, the Trustee shall if so requested by the Issuer (at the expense of the Issuer) be obliged to concur in effecting the substitution of a NewCo (the **Newco Obligor**) in place of the Guarantor (or of any previous substitute under this Clause) as guarantor under these presents or in place of the Issuer (or of any previous substitute under this Clause) as the principal debtor under these presents, provided that the Trustee shall not be obliged to concur in effecting such substitution if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to further liabilities or reduce its protections and provided further that:
- (a) a deed is executed or undertaking given by the Newco Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by these presents (with consequential amendments as the Trustee may deem appropriate) as if the Newco Obligor had been named in these presents as guarantor in place of the Guarantor or as principal debtor in place of the Issuer (as the case may be);
 - (b) such amendments are made to these presents as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be settled by reference to or, as appropriate, converted into or exchanged for, ordinary shares in the Newco Obligor (or depositary or other receipts or certificates representing ordinary shares of the Newco Obligor) *mutatis mutandis* in accordance with and subject to these presents with such amendments as the Trustee shall consider appropriate;
 - (c) these presents including, without limitation, the adjustment and related provisions (in Condition 7), the Accelerated Conversion Events (in Condition 6.5), the Events of Default (in Condition 13) and the Undertakings (in Condition 14) are modified to the extent necessary to ensure that they provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of the Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*;
 - (d) where Newco is substituted in place of the Guarantor, any guarantee provided by Newco Obligor shall be on a joint and several basis with Guarantor, as set out in a document in such form and substance as the Trustee may require;
 - (e) where Newco is substituted in place of the Issuer, the obligations of the Newco Obligor as the principal debtor under these presents are unconditionally and irrevocably guaranteed on a joint and several basis by the Issuer and the Guarantor to the Trustee's satisfaction by a document in such form and substance as the Trustee may require;
 - (f) the ordinary shares of Newco Obligor are:
 - (i) admitted to the Relevant Stock Exchange or admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market in the European Union; and

- (ii) are listed, quoted or dealt in any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in; and
- (g) the Issuer, the Guarantor and the Newco Obligor provide the Trustee with opinion(s) of independent legal advisers of recognised standing confirming the enforceability under the laws of each relevant jurisdiction of the obligations of the Issuer, the Guarantor and the NewCo Obligor under the documents executed pursuant to (a) above.

22. CURRENCY INDEMNITY

Each of the Issuer and the Guarantor shall severally indemnify the Trustee, every Appointee and the Bondholders and keep them indemnified against:

- (a) any Liability incurred by any of them arising from the non-payment by the Issuer or the Guarantor of any amount due to the Trustee or the Bondholders under these presents by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the Issuer or the Guarantor; and
- (b) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under these presents (other than this clause) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer or the Guarantor and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

The above indemnities shall constitute obligations of the Issuer and the Guarantor separate and independent from their obligations under the other provisions of these presents and shall apply irrespective of any indulgence granted by the Trustee or the Bondholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer or the Guarantor for a liquidated sum or sums in respect of amounts due under these presents (other than this clause). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Bondholders and no proof or evidence of any actual loss shall be required by the Issuer or the Guarantor or their liquidator or liquidators.

23. NEW TRUSTEE

- 23.1 The power to appoint a new trustee of these presents shall, subject as hereinafter provided, be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents provided that a Trust Corporation shall be included in such majority. Any appointment of a new trustee of these presents shall as soon as

practicable thereafter be notified by the Issuer to the Principal Paying, Transfer and Conversion Agent, the Registrar and the Bondholders.

SEPARATE AND CO-TRUSTEES

23.2 Notwithstanding the provisions of subclause 23.1 above, the Trustee may, upon giving prior notice to the Issuer and the Guarantor (but without the consent of the Issuer, the Guarantor or the Bondholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:

- (a) if the Trustee considers such appointment to be in the interests of the Bondholders;
- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer and/or the Guarantor.

Each of the Issuer and the Guarantor irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of these presents be treated as Liabilities incurred by the Trustee.

24. TRUSTEE'S RETIREMENT AND REMOVAL

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer and the Guarantor without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Bondholders may by Extraordinary Resolution remove any trustee or trustees for the time being of these presents. The Issuer and the Guarantor undertake that in the event of the only trustee of these presents which is a Trust Corporation (for the avoidance of doubt, disregarding for this purpose any separate or co-trustee appointed under subclause 23.2) giving notice under this clause or being removed by Extraordinary Resolution they will use their best endeavours to procure that a new trustee of these presents being a Trust Corporation is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such a new trustee has become effective within three months of the date of such notice or Extraordinary Resolution, the Trustee shall be entitled to appoint a Trust Corporation as trustee of these presents, but no such appointment shall take effect unless previously approved by an Extraordinary Resolution.

25. TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a holder of any of the Bonds.

26. NOTICES

Any notice or demand to the Issuer, the Guarantor or the Trustee to be given, made or served for any purposes under these presents shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas) or facsimile transmission or by delivering it by hand as follows:

to the Issuer: 12 rue Eugène Ruppert
L2453 Luxembourg

(Attention: Mr Adriano Trapletti)

(Copy to the Guarantor)

Facsimile No. +352/456060444

to the Guarantor: Piazza degli Affari
2 – Milan (Italy)

(Attention: Mr. Andrea Balzarini)

Facsimile No. +39 02 8595 4721

to the Trustee: 55 Moorgate
London EC2R 6PA

(Attention: the Directors)

Facsimile No. +44 20 7595 5078

or to such other address or facsimile number as shall have been notified (in accordance with this clause) to the other parties hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served two days in the case of inland post or seven days in the case of overseas post after despatch and any notice or demand sent by facsimile transmission as aforesaid shall be deemed to have been given, made or served at the time of despatch provided that in the case of a notice or demand given by facsimile transmission a confirmation of transmission is received by the sending party and such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given by facsimile transmission.

27. GOVERNING LAW

These presents and any non-contractual obligations arising out of or in connection with these presents are governed by, and shall be construed in accordance with, English law except for Clause 2.4 and Condition 2.1, which shall be governed by Luxembourg law, and Clause 6.2 and Condition 2.2, which shall be governed by Italian law. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

28. SUBMISSION TO JURISDICTION

28.1 Each of the Issuer and the Guarantor irrevocably agrees for the benefit of the Trustee and the Bondholders that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with these presents (including a dispute relating to

any non-contractual obligations arising out of or in connection with these presents) and accordingly submit to the exclusive jurisdiction of the English courts. Each of the Issuer and the Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. To the extent permitted by applicable law, the Trustee and the Bondholders may take any suit, action or proceeding arising out of or in connection with these presents (including a dispute relating to any non-contractual obligations arising out of or in connection with these presents) (together referred to as **Proceedings**) against each of the Issuer and the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

28.2 Each of the Issuer and the Guarantor irrevocably and unconditionally appoints TMI Telemedia International Limited at its registered office at Watchmaker Court, 33 St. John's Lane, London EC1M 4DB and in the event of its ceasing so to act will appoint such other person as the Trustee may approve and as the Issuer and/or the Guarantor (as the case may be) may nominate in writing to the Trustee for the purpose to accept service of process on its behalf in England in respect of any Proceedings. Each of the Issuer and the Guarantor:

- (a) agrees to procure that, so long as any of the Bonds remains liable to prescription, there shall be in force an appointment of such a person approved by the Trustee with an office in London with authority to accept service as aforesaid;
- (b) agrees that failure by any such person to give notice of such service of process to the Issuer or the Guarantor shall not impair the validity of such service or of any judgment based thereon;
- (c) consents to the service of process in respect of any Proceedings by the airmailing of copies, postage prepaid, to the Issuer or the Guarantor (as the case may be)] in accordance with clause 26; and
- (d) agrees that nothing in these presents shall affect the right to serve process in any other manner permitted by law.

28.3 The Issuer and the Guarantor irrevocably and unconditionally waive and agree not to raise with respect to these presents any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

29. COUNTERPARTS

This Trust Deed and any trust deed supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Trust Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

30. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to these presents has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these presents, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer, the Guarantor and the Trustee and delivered on the date first stated on page 1.

SCHEDULE 1

PART 1

FORM OF REGULATION S GLOBAL CERTIFICATE

THIS IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE TRUST DEED HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH. THE BONDS REPRESENTED HEREBY, THE GUARANTEE IN RESPECT THEREOF AND THE ORDINARY SHARES OF TELECOM ITALIA S.p.A. (THE "ORDINARY SHARES") HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THE BONDS REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THE BONDS REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH BONDS AND THE ORDINARY SHARES FOR WHICH THE BONDS MAY BE EXCHANGED ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE BONDS ARE FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE BONDS.

ISIN: XS0994433240

Registered No.:1

TELECOM ITALIA FINANCE S.A.

(Incorporated with limited liability under the laws of Luxembourg with registered number B 76448)

GLOBAL CERTIFICATE

representing

€1,300,000,000

6.125 PER CENT. GUARANTEED SUBORDINATED MANDATORY CONVERTIBLE BONDS DUE 2016

unconditionally and irrevocably guaranteed on a subordinated basis by

TELECOM ITALIA S.p.A.

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

Telecom Italia Finance S.A. (the **Issuer**) hereby certifies that BNP Paribas Securities Services, Luxembourg Branch, acting as Common Depository for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) is, at the date hereof, entered in the Register as the holder of the aggregate principal amount of €1,100,000,000 of a duly authorised issue of Bonds (the **Bonds**) described above of the Issuer. References herein to the Conditions (or to any particular numbered Condition) shall be to the Conditions (or that particular one of them) set out in Schedule 2 to the Trust Deed referred to below. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Certificate. This Global Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed dated 15 November 2013 and

made between the Issuer, Telecom Italia S.p.A. as guarantor (the **Guarantor**) and BNP Paribas Trust Corporation UK Limited (the **Trustee**) as trustee for the Bondholders.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay or deliver (as applicable) to the registered holder hereof on any such date as any amount becomes due and payable or Ordinary Shares become due for delivery (as applicable) in respect of the Bonds represented by this Global Certificate become in accordance with the Conditions and the Trust Deed, the amount payable or Ordinary Shares deliverable under the Conditions in respect of such Bonds on each such date and to pay interest (if any) on the principal amount of the Bonds outstanding from time to time represented by this Global Certificate calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed. At maturity, and prior to the conversion of the Bonds, the registered holder hereof shall surrender this Global Certificate at the specified office of the Registrar at 33, Rue de Gasperich, Hesperange L-5826, Luxembourg or such other office as may be specified by the Issuer and approved by the Trustee.

All payments in respect of Bonds represented by this Global Certificate will be made to, or to the order of, the registered holder hereof at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

On any redemption, purchase and cancellation or conversion of any of the Bonds represented by this Global Certificate or upon any transfer of the Bonds represented by the US Restricted Global Certificate (as defined in the Trust Deed) for Bonds represented by this Global Certificate, details of such redemption, purchase and cancellation, conversion or transfer (as the case may be) shall be entered by or on behalf of the Issuer in the Schedule hereto and the relevant space in the Schedule hereto recording any such redemption, purchase and cancellation, conversion or transfer (as the case may be) shall be signed by or on behalf of the Registrar. Upon any such redemption, purchase and cancellation or conversion the principal amount outstanding of this Global Certificate and the Bonds held by the registered holder hereof shall be reduced by the principal amount of such Bonds so redeemed or purchased and cancelled or converted. Upon any such transfer the principal amount outstanding of this Global Certificate and the Bonds held by the registered holder hereof shall be increased by the principal amount of such Bonds so transferred. The principal amount outstanding of this Global Certificate and of the Bonds held by the registered holder hereof following any such redemption, purchase and cancellation, conversion or transfer as aforesaid or any exchange as referred to below shall be the outstanding principal amount most recently entered in the fourth column in the Schedule hereto.

Bonds represented by this Global Certificate are exchangeable and transferable only in accordance with, and subject to, the provisions hereof (including the legend set out above) and the rules and operating procedures of Euroclear and Clearstream, Luxembourg. Bonds represented by this Global Certificate may not be transferred for interests in the US Restricted Global Certificate (as defined in the Trust Deed).

This Global Certificate will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Certificates only (a) upon the happening of any of the events defined in the Trust Deed as Events of Default, or (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available. Thereupon the holder of this Global Certificate (acting on the instructions of (an) Accountholder(s) (as defined below)) may give notice to the Issuer of its intention to exchange this Global Certificate for definitive Certificates on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of this Global Certificate may surrender this Global Certificate to or to the order of the Principal Paying, Transfer and Conversion Agent. In exchange for this Global Certificate the Issuer will deliver, or procure the delivery of, Definitive Certificates in registered form, serially numbered, representing Bonds in the denomination of €100,000.

Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Principal Paying, Transfer and Conversion Agent is located and (except in the case of (b) above) in the city in which the relevant clearing system is located.

On an exchange in whole of this Global Certificate, this Global Certificate shall be surrendered to the Registrar.

Subject as provided in the following paragraph, until the exchange of the whole of this Global Certificate as aforesaid, the registered holder hereof shall in all respects be entitled to the same benefits as if he were the registered holder of Definitive Certificates in the form set out in Part 1 of Schedule 2 to the Trust Deed.

Subject as provided in the Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular principal amount of the Bonds represented by this Global Certificate (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such principal amount of such Bonds for all purposes other than with respect to payments of principal and interest on the Bonds for which purpose the registered holder of this Global Certificate shall be deemed to be the holder of such principal amount of the Bonds in accordance with and subject to the terms of this Global Certificate and the Trust Deed.

For so long as all of the Bonds are represented by this Global Certificate and this Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative accountholders rather than by publication as required by Condition 19. Any such notice shall be deemed to have been given to the Bondholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any Bonds held by a Bondholder are represented by this Global Certificate, notices to be given by such Bondholder may be given by such Bondholder to the Principal Paying, Transfer and Conversion Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such a manner as the Principal Paying, Transfer and Conversion Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Claims against the Issuer and the Guarantor in respect of principal and interest on the Bonds represented by this Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 3).

For so long as all of the Bonds are represented by one or both of the Global Certificates and such Global Certificate(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the Bondholders' right to convert under Conditions 6.3 and 6.4 (which shall be exercised pursuant to the procedures set out in Conditions 8.1 and 8.3) may be exercised, and the obligation to deliver Bonds and a duly executed Conversion Notice on Mandatory Conversion under Condition 8.2 may be satisfied, by an Accountholder giving notice to the Principal Paying, Transfer and Conversion Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may

include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying, Transfer and Conversion Agent by electronic means) of the principal amount of the Bonds in respect of which such right is exercised or in respect of which such obligation is to be satisfied and at the same time presenting or procuring the presentation of the relevant Global Certificate to the Principal Paying, Transfer and Conversion Agent for notation accordingly within the relevant time limits set forth in the Conditions.

References herein to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Certificate but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Certificate is governed by, and shall be construed in accordance with, English law and the Issuer submits to the jurisdiction of the courts of England for all purposes in connection with this Global Certificate. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

This Global Certificate shall not be valid unless authenticated by BNP Paribas Securities Services, Luxembourg Branch as Registrar.

IN WITNESS whereof the Issuer has caused this Global Certificate to be signed on its behalf.

TELECOM ITALIA FINANCE S.A.

By:
(Duly authorised)

Issued on 15 November 2013.

Certificate of authentication

This Global Certificate is duly authenticated without recourse, warranty or liability.

.....
Duly authorised
for and on behalf of
BNP Paribas Securities Services, Luxembourg Branch
as Registrar

PART 2

FORM OF US RESTRICTED GLOBAL CERTIFICATE

THIS IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE TRUST DEED HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH. THE BONDS REPRESENTED HEREBY AND THE GUARANTEE IN RESPECT THEREOF AND THE ORDINARY SHARES OF TELECOM ITALIA S.p.A. (THE "ORDINARY SHARES") DELIVERABLE UPON EXCHANGE OF THE BONDS REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND THE BONDS REPRESENTED HEREBY MAY NOT BE EXCHANGED FOR ORDINARY SHARES WITHIN THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE BONDS REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (1) THE BONDS REPRESENTED HEREBY MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO A PERSON OTHER THAN A U.S. PERSON (AS DEFINED IN REGULATION S), AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND (2) THE ORDINARY SHARES FOR WHICH THE BONDS ARE EXCHANGEABLE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF 903 OR RULE 904 OF REGULATION S. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THE BONDS REPRESENTED HEREBY, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THE BONDS REPRESENTED HEREBY.

IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. \$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THE BONDS REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE BONDS REPRESENTED HEREBY; (6) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (7) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE IT IS A U.S. PERSON WHO IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND QP AND THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE

THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE TO THE ISSUER OR AN AFFILIATE OF EITHER OR TRANSFER ITS INTEREST IN THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE TO A U.S. PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITIES ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (A "PLAN") OR ACTING ON BEHALF OF A PLAN AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY BOND OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATION AND WARRANTY FROM THAT PERSON.

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE BONDS REPRESENTED BY THIS GLOBAL CERTIFICATE THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QUALIFIED PURCHASER.

ISIN: XS0994794005
Registered No.:2

TELECOM ITALIA FINANCE S.A.

(Incorporated with limited liability under the laws of Luxembourg with registered number B 76448)

GLOBAL CERTIFICATE

representing

€1,300,000,000

**6.125 PER CENT. GUARANTEED SUBORDINATED MANDATORY
CONVERTIBLE BONDS DUE 2016**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELECOM ITALIA S.p.A.

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

Telecom Italia Finance S.A. (the **Issuer**) hereby certifies that BNP Paribas Securities Services, Luxembourg Branch, acting as Common Depository for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) is, at the date hereof, entered in

the Register as the holder of the aggregate principal amount of €200,000,000 of a duly authorised issue of Bonds (the **Bonds**) described above of the Issuer. References herein to the Conditions (or to any particular numbered Condition) shall be to the Conditions (or that particular one of them) set out in Schedule 2 to the Trust Deed referred to below. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Certificate. This Global Certificate is issued subject to, and with the benefit of, the Conditions and a Trust Deed dated 15 November 2013 and made between the Issuer, Telecom Italia S.p.A. as guarantor (the **Guarantor**) and BNP Paribas Trust Corporation UK Limited (the **Trustee**) as trustee for the Bondholders.

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay or deliver (as applicable) to the registered holder hereof on any such date as any amount becomes due and payable or Ordinary Shares become due for delivery (as applicable) in respect of the Bonds represented by this Global Certificate in accordance with the Conditions and the Trust Deed, the amount payable or Ordinary Shares deliverable under the Conditions in respect of such Bonds on each such date and to pay interest (if any) on the principal amount of the Bonds outstanding from time to time represented by this Global Certificate calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed. At maturity, and prior to the conversion of the Bonds, the registered holder hereof shall surrender this Global Certificate at the specified office of the Registrar at 33, Rue de Gasperich, Hesperange L-5826, Luxembourg or such other office as may be specified by the Issuer and approved by the Trustee.

All payments in respect of Bonds represented by this Global Certificate will be made to, or to the order of, the registered holder hereof at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

On any redemption, purchase and cancellation or conversion of any of the Bonds represented by this Global Certificate or upon any transfer of the Bonds represented by this Global Certificate for Bonds represented by the Regulation S Global Certificate (as defined in the Trust Deed), details of such redemption, purchase and cancellation, conversion or transfer (as the case may be) shall be entered by or on behalf of the Issuer in the Schedule hereto and the relevant space in the Schedule hereto recording any such redemption, purchase and cancellation, conversion or transfer (as the case may be) shall be signed by or on behalf of the Registrar. Upon any such redemption, purchase and cancellation, conversion or transfer the principal amount outstanding of this Global Certificate and the Bonds held by the registered holder hereof shall be reduced by the principal amount of such Bonds so redeemed or purchased and cancelled, converted or transferred. The principal amount outstanding of this Global Certificate and of the Bonds held by the registered holder hereof following any such redemption, purchase and cancellation, conversion or transfer as aforesaid or any exchange as referred to below shall be the outstanding principal amount most recently entered in the fourth column in the Schedule hereto.

Bonds represented by this Global Certificate are exchangeable and transferable only in accordance with, and subject to, the provisions hereof (including the legend set out above) and the rules and operating procedures of Euroclear and Clearstream, Luxembourg.

This Global Certificate will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Certificates only (a) upon the happening of any of the events defined in the Trust Deed as Events of Default, or (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available. Thereupon the holder of this Global Certificate (acting on the instructions of (an) Accountholder(s) (as defined below)) may give notice to the Issuer of its intention

to exchange this Global Certificate for definitive Certificates on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of this Global Certificate may surrender this Global Certificate to or to the order of the Principal Paying, Transfer and Conversion Agent. In exchange for this Global Certificate the Issuer will deliver, or procure the delivery of, Definitive Certificates in registered form, serially numbered, representing Bonds in the denomination of €100,000.

Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Principal Paying, Transfer and Conversion Agent is located and (except in the case of (b) above) in the city in which the relevant clearing system is located.

On an exchange in whole of this Global Certificate, this Global Certificate shall be surrendered to the Registrar.

Subject as provided in the following paragraph, until the exchange of the whole of this Global Certificate as aforesaid, the registered holder hereof shall in all respects be entitled to the same benefits as if he were the registered holder of Definitive Certificates in the form set out in Part 1 of Schedule 2 to the Trust Deed.

Subject as provided in the Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular principal amount of the Bonds represented by this Global Certificate (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such principal amount of such Bonds for all purposes other than with respect to payments of principal and interest on the Bonds for which purpose the registered holder of this Global Certificate shall be deemed to be the holder of such principal amount of the Bonds in accordance with and subject to the terms of this Global Certificate and the Trust Deed.

For so long as all of the Bonds are represented by this Global Certificate and this Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative accountholders rather than by publication as required by Condition 19. Any such notice shall be deemed to have been given to the Bondholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any Bonds held by a Bondholder are represented by this Global Certificate, notices to be given by such Bondholder may be given by such Bondholder to the Principal Paying, Transfer and Conversion Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such a manner as the Principal Paying, Transfer and Conversion Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Claims against the Issuer and the Guarantor in respect of principal and interest on the Bonds represented by this Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 3).

For so long as all of the Bonds are represented by one or both of the Global Certificates and such Global Certificate(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the Bondholders' right to convert under Conditions 6.3 and 6.4 (which shall be exercised pursuant to the procedures set out in Conditions 8.1 and 8.3) may be exercised, and the obligation to deliver Bonds

and a duly executed Conversion Notice on Mandatory Conversion under Condition 8.2 may be satisfied, by an Accountholder giving notice to the Principal Paying, Transfer and Conversion Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying, Transfer and Conversion Agent by electronic means) of the principal amount of the Bonds in respect of which such right is exercised or in respect of which such obligation is to be satisfied and at the same time presenting or procuring the presentation of the relevant Global Certificate to the Principal Paying, Transfer and Conversion Agent for notation accordingly within the relevant time limits set forth in the Conditions.

References herein to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Certificate but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Certificate is governed by, and shall be construed in accordance with, English law and the Issuer submits to the jurisdiction of the courts of England for all purposes in connection with this Global Certificate. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

This Global Certificate shall not be valid unless authenticated by BNP Paribas Securities Services, Luxembourg Branch as Registrar.

IN WITNESS whereof the Issuer has caused this Global Certificate to be signed on its behalf.

TELECOM ITALIA FINANCE S.A.

By:
(Duly authorised)

Issued on 15 November 2013.

Certificate of authentication

This Global Certificate is duly authenticated
without recourse, warranty or liability.

.....
Duly authorised
for and on behalf of
BNP Paribas Securities Services, Luxembourg Branch
as Registrar

SCHEDULE 2

FORM OF DEFINITIVE CERTIFICATE AND CONDITIONS OF THE BONDS

PART 1

FORM OF DEFINITIVE CERTIFICATE

[THIS IS A DEFINITIVE CERTIFICATE WITHIN THE MEANING OF THE TRUST DEED HEREINAFTER REFERRED TO. THE BONDS REPRESENTED HEREBY, THE GUARANTEE IN RESPECT THEREOF AND THE ORDINARY SHARES OF TELECOM ITALIA S.p.A. (THE “ORDINARY SHARES”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THE BONDS REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THE BONDS REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH BONDS AND THE ORDINARY SHARES FOR WHICH THE BONDS MAY BE EXCHANGED ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE BONDS ARE FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE BONDS.]¹

[THIS IS A DEFINITIVE CERTIFICATE WITHIN THE MEANING OF THE TRUST DEED HEREINAFTER REFERRED TO. THE BONDS REPRESENTED HEREBY AND THE GUARANTEE IN RESPECT THEREOF AND THE ORDINARY SHARES OF TELECOM ITALIA S.p.A. (THE “ORDINARY SHARES”) DELIVERABLE UPON EXCHANGE OF THE BONDS REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND THE BONDS REPRESENTED HEREBY MAY NOT BE EXCHANGED FOR ORDINARY SHARES WITHIN THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE BONDS REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT (1) THE BONDS REPRESENTED HEREBY MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) TO A PERSON OTHER THAN A U.S. PERSON (AS DEFINED IN REGULATION S), AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND (2) THE ORDINARY SHARES FOR WHICH THE BONDS ARE EXCHANGEABLE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF 903 OR RULE 904 OF REGULATION S. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS THE BONDS REPRESENTED HEREBY, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION

¹ To be included in a Definitive Certificate issued in exchange for the interests in a Regulation S Global Certificate only.

UNDER THE SECURITIES ACT FOR REALES OF THIS THE BONDS REPRESENTED HEREBY. IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. \$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THE BONDS REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE BONDS REPRESENTED HEREBY; (6) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (7) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE IT IS A U.S. PERSON WHO IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND QP AND THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE TO THE ISSUER OR AN AFFILIATE OF EITHER OR TRANSFER ITS INTEREST IN THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE TO A U.S. PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITIES ACT OF 1974, AS AMENDED, OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (A "PLAN") OR ACTING ON BEHALF OF A PLAN AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY BOND OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATION AND WARRANTY FROM THAT PERSON.

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE BONDS REPRESENTED BY THIS DEFINITIVE CERTIFICATE THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QUALIFIED PURCHASER.]²

² To be included in a Definitive Certificate issued in exchange for the interests in a US Restricted Global Certificate only.

[0,000/00,000] [XS0994433240/XS0994794005] [SERIES] [SERIAL NO.]

TELECOM ITALIA FINANCE S.A.

(Incorporated with limited liability under the laws of Luxembourg with registered number B 76448)

€1,300,000,000

**6.125 PER CENT. GUARANTEED SUBORDINATED MANDATORY CONVERTIBLE
BONDS DUE 2016**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELECOM ITALIA S.p.A.

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

The issue of the Bonds was approved by the Board of Directors of Telecom Italia Finance S.A. (the **Issuer**) passed on 7 November 2013 and the giving of the guarantee in respect of the Bonds was authorised by a resolution of the Board of Directors of Telecom Italia S.p.A (the **Guarantor**) passed on 7 November 2013.

This Bond forms one of a series of Bonds constituted by a Trust Deed (the **Trust Deed**) dated 15 November 2013 made between the Issuer, the Guarantor and BNP Paribas Trust Corporation UK Limited as trustee for the holders of the Bonds and issued as Registered Bonds in the denomination of €100,000 each, in an aggregate principal amount of €1,300,000,000. Words and expressions defined in the Conditions shall bear the same meanings when used in this Definitive Certificate.

THIS IS TO CERTIFY that

is/are the registered holder(s) of one of the above-mentioned Registered Bonds, such Bond being in the denomination of €100,000 and is/are entitled on the Maturity Date (as defined in Condition 3 endorsed hereon) (or on such earlier date as the principal sum hereinafter mentioned may or shall be converted into Ordinary Shares in accordance with the Conditions endorsed hereon) to the delivery of such number of Ordinary Shares in the Guarantor as is equal to the Relevant Conversion Ratio and the payment of such other sums as may be due to it on such date in accordance with the Conditions:

[]

together with such other amounts (if any) as may be payable, all subject to and in accordance with the said Conditions and the provisions of the Trust Deed.

Interest at the rate of at the rate of 6.125 per cent. per annum, payable annually in arrear on 15 November in each year, subject to and in accordance with the said Conditions and the provisions of the Trust Deed.

IN WITNESS whereof this registered Bond has been executed on behalf of the Issuer.

TELECOM ITALIA FINANCE S.A.

By:
[Director]

[By:
[Director]]

Dated as of 2013.

Certificate of authentication

This Bond is duly authenticated
without recourse, warranty or liability.

.....
Duly authorised
for and on behalf of
BNP Paribas Securities Services, Luxembourg Branch
as Registrar

FORM OF TRANSFER

For value received the undersigned hereby sell(s), assign(s) and transfer(s) to

.....
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS

(INCLUDING POSTCODE OR EQUIVALENT) OF TRANSFEREE)

€1,300,000,000 principal amount of the Bonds represented by this certificate and all rights in respect thereof.

In connection with such request and in respect of such Bonds, the undersigned hereby certifies that (i) such transfer has been effected in accordance with the transfer restrictions set forth in the Bonds and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and (ii):

(A) such transfer has been effected pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act of 1933 (the "Securities Act"), and accordingly the undersigned hereby further certifies that:

- 1. the offer and sale of the Bonds was not made to a person in the United States and such offer and sale was not targeted to an identifiable group of U.S. citizens abroad;
- 2. either
 - (a) at the time the buy order was originated, the transferee was outside the United States or the undersigned and any person acting on its behalf reasonably believed that the transferee was outside the United States, or
 - (b) the transaction was executed in, on or through the facilities of a designated offshore securities market (as defined in Regulation S) and neither the undersigned nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States;
- 3. no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable;
- 4. the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and
- 5. if the undersigned is an officer or director of the Issuer or a distributor, who is an affiliate of the Issuer or distributor solely by holding such position, such sale is made in accordance with the applicable provisions of Rule 904(b)(2) of Regulation S.

Dated

Signed Certifying Signature

Notes:

- (i) The signature to this transfer must correspond with the name(s) as it/they appear(s) on the face of this Bond. In the case of joint holders, each of the joint holders named on the Register must sign this form of transfer.
- (ii) A representative of the Bondholder should state the capacity in which he signs e.g. executor.
- (iii) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.
- (iv) This form of transfer must be accompanied by such documents, evidence or information as the Registrar may require.
- (v) Where the transferor is a corporation, this form of transfer shall be executed under its common seal or under the hand of two of its officers duly authorised in writing.

PART 2

CONDITIONS OF THE BONDS

The issue of the €1,300,000,000 6.125 per cent. Guaranteed Subordinated Mandatory Convertible Bonds due 2016 (the **Bonds**, which expression shall, unless otherwise indicated, include any Further Bonds (as defined below)) was (save in respect of any Further Bonds) authorised by a resolution of the Board of Directors of Telecom Italia Finance S.A. (the **Issuer**) passed on 7 November 2013. The giving of the Guarantee (as defined below) by Telecom Italia S.p.A. (the **Guarantor**) was authorised by a resolution of the Board of Directors of the Guarantor passed on 7 November 2013. The Bonds are constituted by a trust deed dated 15 November 2013 (the **Trust Deed**) between the Issuer, the Guarantor and BNP Paribas Trust Corporation UK Limited (the **Trustee**, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the **Conditions**) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 15 November 2013 (the **Agency Agreement**) relating to the Bonds between the Issuer, the Guarantor, the Trustee, BNP Paribas Securities Services, Luxembourg Branch (the **Principal Paying, Transfer and Conversion Agent**, which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement), the other Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the **Paying, Transfer and Conversion Agents**, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and BNP Paribas Securities Services, Luxembourg Branch in its capacity as registrar (the **Registrar**, which expression shall include any successor as registrar under the Agency Agreement).

The Issuer has also entered into a Calculation Agency Agreement (the **Calculation Agency Agreement**) dated 15 November 2013 with the Guarantor and Conv-Ex Advisors Limited as calculation agent (the **Calculation Agent**, which expression shall include any successor in such capacity under the Calculation Agency Agreement).

The Guarantor has, in the Trust Deed, irrevocably undertaken to issue and/or deliver to each Bondholder, subject to approval of the Shareholder Resolutions, the relevant number of Ordinary Shares following conversion of the Bonds in accordance with these Conditions.

Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection by prior appointment during normal business hours at the registered office for the time being of the Trustee (being, on the Issue Date, at 55 Moorgate, London EC2R 6PA, United Kingdom), and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Bonds are in registered form, serially numbered, in principal amounts of €100,000 each (the **authorised denomination**). A bond certificate (each a **Certificate**) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register.

1.2 Title

Title to the Bonds will pass by registration and transfer as described in Condition 4. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or anything written on it or the certificate representing it (other than a duly executed transfer thereof) and no person will be liable for so treating the holder.

2. STATUS OF THE BONDS AND THE GUARANTEE

2.1 Status of the Bonds

The obligations of the Issuer under the Bonds constitute direct, unsecured and subordinated obligations of the Issuer and, in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:

- (a) senior only to the Issuer's ordinary shares;
- (b) *pari passu* among themselves and with the Issuer's payment obligations under any Issuer Parity Securities; and
- (c) junior to all other payment obligations of the Issuer, present and future, whether subordinated or unsubordinated,

in each case except as otherwise provided by mandatory provisions of applicable law.

2.2 Status of the Guarantee

The Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable under, and the delivery of Ordinary Shares from time to time deliverable upon conversion of, and the performance of all other obligations under, the Bonds by the Issuer in accordance with these Conditions (the **Guarantee**).

The obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and, in the event of the winding-up, insolvency, dissolution or liquidation of the Guarantor, rank:

- (a) senior only to the Guarantor's payment obligations in respect of any Guarantor Junior Securities;

- (b) *pari passu* among themselves and with the Guarantor's payment obligations in respect of any Guarantor Parity Securities; and
- (c) junior to all other payment obligations of the Guarantor, present and future, whether subordinated or unsubordinated,

in each case except as otherwise required by mandatory provisions of applicable law.

3. DEFINITIONS

In these Conditions, unless otherwise provided:

Accelerated Conversion Event has the meaning provided in Condition 6.5.

Accelerated Conversion Event Notice has the meaning provided in Condition 6.5.

Acquisition of Control means the acquisition, either by way of public tender offer, private arrangement or otherwise, of Control of the Guarantor by any third party other than:

- (a) any shareholder of the Guarantor holding directly or indirectly as at the Issue Date more than 13 per cent. of the voting rights exercisable in the ordinary shareholders meeting of the Guarantor; and/or
- (b) the direct or indirect majority shareholder of such shareholder as at the Issue Date; and/or
- (c) a pool of investors that includes Telefonica S.A., Assicurazioni Generali S.p.A., Intesa Sanpaolo S.p.A. and Mediobanca S.p.A. (including also any of their subsidiaries) that are party to a shareholders' agreement dated 29 February 2012 and amended on 24 September 2013 published in accordance with Article 122 of the Italian Legislative Decree No. 58 of 24 February 1998, as amended and Article 130 of the CONSOB Regulation no. 11971/99; and/or
- (d) any single shareholder or combination of shareholders referred to in subparagraph (a) and/or (b) and/or (c) above (**Permitted Acquiring Shareholders**), also acting jointly with any third parties provided that in such case the Permitted Acquiring Shareholders hold at least joint Control of the Guarantor.

Additional Cash Settlement Amount has the meaning provided in Condition 9.1(c).

Additional Delivery Date means the third Trading Day following the relevant Reference Date.

Additional Ordinary Shares has the meaning provided in Condition 7.2.

Arrears Delivery Date means the third Trading Day immediately following the end of the relevant Calculation Period.

Arrears Shares has the meaning provided in Condition 6.5(b).

Available Shares has the meaning provided in Condition 7.8.

Bond Calculation Period means the period of 5 consecutive Trading Days ending on the day which, on such day, is scheduled to be the third Trading Day prior to the relevant Fair Market Call Redemption Date.

Bondholder and **holder** mean the person in whose name a Bond is registered in the Register (as defined in Condition 4.1).

Bondholders' Special Event Conversion Period means the period commencing on the occurrence of a Special Event and ending 60 calendar days after such Special Event or, if later, 60 calendar days after the date on which the Special Event Notice is given to Bondholders in accordance with Condition 6.4.

Bondholders' Voluntary Conversion Period means the period commencing on 26 December 2013 and ending on the Conversion Period Business Day immediately preceding the day which, on such day, is scheduled to be the 40th Trading Day prior to the Maturity Date (both dates inclusive).

Borsa Italiana means Borsa Italiana S.p.A.

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

Calculation Period means:

- (a) in connection with a Mandatory Conversion pursuant to Condition 6.1 (or any cash amount related thereto), a period of 20 consecutive Trading Days commencing on the day which, on such day, is scheduled to be the 23rd Trading Day immediately preceding the Maturity Date;
- (b) in connection with any cash amount related to any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, a period of 20 consecutive Trading Days commencing on the third Trading Day following the publication of the Issuer's Early Conversion Notice;
- (c) in connection with any Voluntary Conversion pursuant to Conditions 6.3 or 6.4 (or in either case any cash amount related thereto), a period of 20 consecutive Trading Days commencing on the Trading Day immediately following the delivery by the relevant Bondholder of the relevant Conversion Notice;
- (d) in connection with any Mandatory Conversion following an Accelerated Conversion Event pursuant to Condition 6.5 (or any cash amount related thereto or the calculation of the number of Arrears Shares to be delivered to a Bondholder pursuant to Condition 6.5(b)), a period of 20 consecutive Trading Days commencing on the third Trading Day following the date on which the relevant Accelerated Conversion Event occurred; or
- (e) in connection with the determination of any Redemption Amount, a period of 20 consecutive Trading Days ending on the second Trading Day prior to the day on which the event described in Condition 13.1(a), 13.1(b) or 13.1(c), as applicable, occurs.

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

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

where:

CPA	=	the Cash Payment Amount (Nominal Value)
S	=	the number of Nominal Value Settlement Shares
P_n	=	the Volume Weighted Average Price of an Ordinary Share on the nth Trading Day of the relevant Calculation Period
N	=	20, being the number of Trading Days in the relevant Calculation Period

provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced prior to the start of the relevant Calculation Period in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall fall during the relevant Calculation Period and if on any Trading Day in the relevant Calculation Period the Volume Weighted Average Price determined as provided above is based on a price ex- the relevant Dividend or ex- the relevant other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a Trading Day, the immediately preceding Trading Day).

Cash Payment Amount (Undeliverable Shares) means, in respect of any Undeliverable Shares, an amount in euro calculated by the Calculation Agent in accordance with the following formula:

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

where:

CPA	=	the Cash Payment Amount (Undeliverable Shares)
S	=	the number of Undeliverable Shares
P_n	=	the Volume Weighted Average Price of an Ordinary Share on the nth Trading Day of the relevant Calculation Period
N	=	20, being the number of Trading Days in the relevant Calculation Period

provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced prior to the start of the relevant Calculation Period in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall fall during the relevant Calculation Period and if on any Trading Day in the relevant Calculation Period the Volume Weighted Average Price determined as provided above is based on a price ex- the relevant Dividend or ex- the relevant other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a Trading Day, the immediately preceding Trading Day).

Cash Payment Date means:

- (a) in connection with any cash amount related to a Mandatory Conversion on the Maturity Date pursuant to Condition 6.1, the Maturity Date;

- (b) in connection with any cash amount related to any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, the relevant Delivery Date or, if later, the fifth TARGET Business Day immediately following the last day of the relevant Calculation Period;
- (c) in connection with any cash amount related to a Voluntary Conversion at the option of Bondholders pursuant to Condition 6.3, the fifth TARGET Business Day immediately following the last day of the relevant Calculation Period;
- (d) in connection with any cash amount related to a Voluntary Conversion at the option of Bondholders following a Special Event pursuant to Condition 6.4, the fifth TARGET Business Day immediately following the last day of the relevant Calculation Period; and
- (e) in connection with any cash amount related to a conversion following an Accelerated Conversion Event pursuant to Condition 6.5, the fifth TARGET Business Day immediately following the last day of the relevant Calculation Period.

Cash Settled Shares means, in respect of any conversion of Bonds, the number of Ordinary Shares as would, if the relevant Delivery Date occurred after the Physical Settlement Notice Date, be required to be delivered to the relevant Bondholder in connection with such conversion pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5, as applicable.

Cash Settlement Amount means, in respect of any Cash Settled Shares, an amount in euro calculated by the Calculation Agent in accordance with the following formula:

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

where:

CSA = the Cash Settlement Amount

S = the number of Cash Settled Shares

P_n = the Volume Weighted Average Price of an Ordinary Share on the nth Trading Day of the relevant Calculation Period

N = 20, being the number of Trading Days in the relevant Calculation Period

provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced prior to the relevant Calculation Period in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall fall during the relevant Calculation Period and if on any Trading Day in the relevant Calculation Period the Volume Weighted Average Price determined as provided above is based on a price ex- the relevant Dividend or ex- the relevant other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a Trading Day, the immediately preceding Trading Day).

CET means Central European Time.

A Compulsory Arrears of Interest Settlement Event shall have occurred if:

- (a) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Guarantor Junior Securities, except where (i) such dividend, other distribution or payment was required to be resolved on, declared, paid or made in respect of any stock option plans or employees' share schemes of the Guarantor or (ii) the Guarantor is obliged under the terms of such securities to make such dividend, distribution or other payment; or
- (b) a dividend (either interim or final), or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Guarantor Parity Securities, except where such dividend, distribution or payment was required to be declared, paid or made under the terms of such Guarantor Parity Securities; or
- (c) the Guarantor has repurchased or otherwise acquired Guarantor Junior Securities, except where (i) such repurchase or acquisition was undertaken in respect of any stock option plan or employees' share scheme of the Guarantor or (ii) the Guarantor is obliged under the terms of such Guarantor Junior Securities to make such repurchase or acquisition; or
- (d) the Guarantor, or any Subsidiary, has repurchased or otherwise acquired any Guarantor Parity Securities, except where such repurchase or acquisition is effected as a public cash tender offer or public exchange offer at a purchase price per security which is below its par value.

Control shall, in respect of any company or corporation, be construed as the power (whether by way of ownership of shares, proxy, contract or other binding arrangement) to:

- (a) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of that company or corporation; or
- (b) appoint or remove all, or the majority, of the directors of that company or corporation; or
- (c) give directions with respect to the operating and financial policies of that company or corporation which the directors of that company or corporation are obliged to comply with,

pursuant to subparagraphs 1(1) and 1(2) of Article 2359 of the Italian Civil Code.

Conversion Notice has the meaning provided in Condition 8.1.

Conversion Period Business Day means a day (other than a Saturday or Sunday) on which (a) the TARGET System settles payments, and (b) commercial banks and foreign exchange markets in Milan and Luxembourg are open for business.

Current Conversion Value means, in respect of a Bond, an amount in euro equal to the product of (a) the Minimum Conversion Ratio in effect on the third Trading Day prior to the relevant Fair Market Call Redemption Date and (b) the simple arithmetic average of the daily Volume Weighted Average Price of an Ordinary Share during the Bond Calculation Period, rounded to two decimal places with €0.005 being rounded upwards, provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced prior to the Bond Calculation Period in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall fall during the Bond Calculation Period and if on any Trading Day in the relevant Bond Calculation Period the Volume Weighted Average Price is based on a price ex- the relevant Dividend or

ex- the relevant other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a Trading Day, the immediately preceding Trading Day).

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

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

and provided further that:

- (i) if on each of the said five Trading Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; and
- (ii) if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five Trading Days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-Trading Day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined by a Financial Adviser.

Current Market Value means, in respect of an Ordinary Share, the value of such Ordinary Share, determined on the basis of the simple arithmetic average of the daily Volume Weighted Average Price of an Ordinary Share during the relevant Calculation Period, rounded to two decimal places with €0.005 being rounded upwards, provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced prior to the relevant Calculation Period in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall fall during the relevant Calculation Period and if on any Trading Day in the relevant Calculation Period the Volume Weighted Average Price is based on a price ex- the relevant Dividend or ex- the relevant other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of such Dividend or other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or, if that is not a Trading Day, the immediately preceding Trading Day).

The **Daily Relevant Conversion Ratio** in respect of any Bond on any Trading Day shall be determined as follows:

- (a) if the Volume Weighted Average Price per Ordinary Share on such Trading Day is less than or equal to the Minimum Conversion Price in effect on such Trading Day, the Daily Relevant Conversion Ratio for such Trading Day shall be equal to the Maximum Conversion Ratio in effect on such Trading Day;
- (b) if the Volume Weighted Average Price per Ordinary Share on such Trading Day is greater than or equal to the Maximum Conversion Price in effect on such Trading Day, the Daily Relevant Conversion Ratio for such Trading Day shall be equal to the Minimum Conversion Ratio in effect on such Trading Day; and
- (c) if the Volume Weighted Average Price per Ordinary Share on such Trading Day is greater than the Minimum Conversion Price in effect on such Trading Day, but less than the Maximum Conversion Price in effect on such Trading Day, the Daily Relevant Conversion Ratio for such Trading Day shall be equal to €100,000 divided by such Volume Weighted Average Price per Ordinary Share.

Deferral Notice has the meaning provided in Condition 5.2(a).

Deferred Interest Payment has the meaning provided in Condition 5.2(a).

Delayed Delivery Date means, in connection with any suspension of a Bondholder's rights and claims pursuant to Condition 9.2(a), the Trading Day immediately following the final day of the relevant Suspension Period.

Delivery Date means:

- (a) in connection with a Mandatory Conversion on the Maturity Date pursuant to Condition 6.1, the Maturity Date;
- (b) in connection with any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, the Delivery Date specified in the Issuer's Early Conversion Notice;
- (c) in connection with a Voluntary Conversion at the option of Bondholders pursuant to Condition 6.3, the fifth Trading Day following the delivery of the relevant Bond and Conversion Notice on exercise of such conversion pursuant to Condition 8.1;

- (d) in connection with a Voluntary Conversion at the option of Bondholders following a Special Event pursuant to Condition 6.4, the third Trading Day immediately following the end of the relevant Calculation Period; and
- (e) in connection with a Conversion following an Accelerated Conversion Event pursuant to Condition 6.5, the eighth Trading Day immediately following the date on which the relevant Accelerated Conversion Event occurred,

or, in any such case, if the relevant date is not a Trading Day, the next following Trading Day.

Determination Date means:

- (a) in connection with a Mandatory Conversion on the Maturity Date pursuant to Condition 6.1 or a Voluntary Conversion at the option of Holders following a Special Event pursuant to Condition 6.4, any Trading Day forming part of the relevant Calculation Period; and
- (b) in connection with any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, a Voluntary Conversion at the option of Bondholders pursuant to Condition 6.3 or a Mandatory Conversion following an Accelerated Conversion Event pursuant to Condition 6.5, the relevant Delivery Date.

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

- (a) where:
 - (i) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of:
 - (A) the Fair Market Value of such cash amount; and
 - (B) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the first date on which the Ordinary Shares are traded ex- the relevant Dividend or capitalisation on the Relevant Stock Exchange or, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined; or
 - (ii) there shall be any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a Cash Dividend equivalent or amount is announced or would

otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares as at the first date on which the Ordinary Shares are traded ex- the relevant capitalisation on the Relevant Stock Exchange or, if later, the date on which the number of Ordinary Shares to be issued or transferred and delivered is determined;

- (b) any issue of Ordinary Shares falling within Condition 7.1(b) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Guarantor by or on behalf of the Guarantor or any Subsidiary shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Guarantor or any Subsidiary, the weighted average price per Ordinary Share (before expenses) on any one day (a **Specified Share Day**) in respect of such purchases or redemptions or buy backs (converted, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the daily Volume Weighted Average Price of an Ordinary Share on the five Trading Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five Trading Days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in cash in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Guarantor or, as the case may be, any Subsidiary (converted where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the daily Volume Weighted Average Price of an Ordinary Share determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;
- (d) if the Guarantor or any Subsidiary shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by a Financial Adviser;
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Guarantor for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Guarantor, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Guarantor, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly, and any such determination shall be made on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; and

- (f) a dividend or distribution that is a Spin-Off shall be deemed to be a Dividend paid or made by the Guarantor.

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

euro and **€** mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Event of Default has the meaning provided in Condition 13.1.

Excluded Period means:

- (a) in connection with any shareholders' meetings of the Guarantor:
- (i) in the case of a shareholders' meeting convened to resolve upon the distribution of Dividends, the period from and including the date in which the board of directors of the Guarantor resolves to convene the shareholders' meeting (x) to and including the date immediately preceding the relevant ex-date for the payment of the Dividend approved at the relevant shareholders' meeting or (y) if the resolution is not approved at the meeting, to but excluding the Conversion Period Business Day following such shareholders' meeting; or
 - (ii) in the case of any other shareholders' meeting, the period from and including the date on which the board of directors of the Guarantor resolves to convene the shareholders' meeting to but excluding the Conversion Period Business Day following such shareholders' meeting; and
- (b) in connection with an offer by the Guarantor to its shareholders inviting them to subscribe for shares, warrants on own shares or bonds with conversion or option rights or obligations or profit participation rights, the period commencing on the date on which such offer is announced and ending on the last day of the subscription period (both dates inclusive).

Existing Shareholders has the meaning provided in the definition "Newco Scheme".

Extraordinary Resolution has the meaning provided in the Trust Deed.

Fair Market Call Amount has the meaning provided in Condition 10.1.

Fair Market Call Notice has the meaning provided in Condition 10.1.

Fair Market Call Redemption Date has the meaning provided in Condition 10.1.

Fair Market Value means, with respect to any property on any date, the fair market value of that property as determined by a Financial Adviser provided that (a) the Fair Market Value of a Dividend in cash shall be the amount of such cash; (b) the Fair Market Value of any other cash amount shall be the amount of such cash; (c) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by a Financial Adviser), the Fair Market Value of such Securities, Spin-Off Securities options, warrants or other rights shall equal the arithmetic

mean of the daily Volume Weighted Average Prices of such Securities, Spin-Off Securities, options, warrants or other rights during the period of five Trading Days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such Trading Day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; (d) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by a Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (a) above, be converted into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Dividend in cash in the Relevant Currency; and in any other case, shall be converted into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

Financial Adviser means an institution with appropriate experience (which may be the Calculation Agent) selected in writing by the Issuer, appointed by the Issuer at its own expense and, save where the Calculation Agent is selected, approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee following notification to the Issuer.

Fitch means Fitch Ratings Limited.

Free Float means the aggregate number of Ordinary Shares held by persons that own (together with any other person or persons with whom they act in concert) Ordinary Shares representing less than 5 per cent. of the total number of issued and outstanding Ordinary Shares, and where (i) references to **Ordinary Shares** shall include Ordinary Shares represented by outstanding depositary receipts or certificates representing Ordinary Shares and; (ii) Ordinary Shares held by or on behalf of any depositary from time to time shall be treated as being held by the holder of the relevant depositary receipts or certificates representing Ordinary Shares, and not by the depositary.

A **Free Float Event** shall occur if on each Trading Day in any period of not less than 30 consecutive Trading Days the Free Float is equal to or less than 50 per cent. of the total number of issued and outstanding Ordinary Shares of the Guarantor (including Ordinary Shares represented by outstanding depositary receipts or certificates representing Ordinary Shares) and for this purpose Ordinary Shares held by or on behalf of the Guarantor or any Subsidiary shall be treated as not "issued and outstanding".

Group means the Guarantor and the Subsidiaries from time to time.

Guarantor Junior Securities means:

- (a) the ordinary shares (*azioni ordinarie*) of the Guarantor;
- (b) any other class of the Guarantor's share capital (including savings shares (*azioni di risparmio*) and preferred shares (*azioni privilegiate*)); and
- (c)
 - (i) any securities of the Guarantor (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and
 - (ii) any securities issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Guarantor,

which securities (in the case of (c)(i)) or guarantee or similar instrument (in the case of (c)(ii)) rank or are expressed to rank *pari passu* with the claims described under (a) and (b) above and/or junior to the Guarantee (but excluding, in the case of (c)(ii), any such securities issued to the Guarantor or any other member of the Group by the relevant Subsidiary).

Guarantor Parity Securities means:

- (a) any securities or other instruments issued by the Guarantor which rank, or are expressed to rank, *pari passu* with the Guarantor's obligations under the Guarantee; and
- (b) any securities or other instruments issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Guarantor, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee (but excluding any such securities or other instruments issued to the Guarantor or any other member of the Group by the relevant Subsidiary),

and includes the Guarantor's €750,000,000 Capital Securities due 2073 (ISIN: XS0906837645).

Initial Conversion Value means the product of (a) the Minimum Conversion Ratio in effect on the third Trading Day prior to the relevant Fair Market Call Redemption Date and (b) €0.6801.

Insolvency Proceedings means any insolvency proceedings or proceedings equivalent or analogous thereto under the laws of any applicable jurisdiction, including, but not limited to, bankruptcy (*fallimento* or *faillite*), composition with creditors (*concordato preventivo* or *concordat préventif de la faillite*), forced administrative liquidation (*liquidazione coatta amministrativa*), court ordered liquidation (*liquidation judiciaire*), controlled management proceedings (*gestion contrôlée*), suspension of payment (*sursis de paiement*), provisional administration (*administration provisoire*), extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), the undertaking of any court approved restructuring with creditors or the making of any application (or filing of documents with a court) for the appointment of an administrator or other receiver (*curator* or *curateur*), manager administrator (*commissario straordinario o liquidatore*) or other similar official, under manager or administrator (*commissario straordinario o liquidatore*) or other similar official (including *juge délégué*, *commissaire*, *juge-commissaire*, *mandataire ad hoc*, *administrateur provisoire*, *liquidateur*), under any applicable law.

Interest Payment Date has the meaning provided in Condition 5.1.

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

Issue Date means 15 November 2013.

Issuer's Early Conversion Notice has the meaning provided in Condition 6.2.

Issuer's Early Conversion Period means the period commencing on 26 December 2013 and ending on the Conversion Period Business Day immediately preceding the day which, on such day, is scheduled to be the 40th Trading Day prior to the Maturity Date (both dates inclusive).

Issuer Parity Securities means:

- (a) any securities or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Bonds; or
- (b) any securities or other instruments issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Bonds (but excluding any such securities or other instruments issued to the Guarantor or any other member of the Group by the relevant Subsidiary).

The **Make-whole Amount** per Bond will be determined by the Calculation Agent and will be equal to the value of the embedded option right that has not yet been compensated for up to the relevant Delivery Date, calculated pursuant to the following formula:

$$M = A \times \frac{c}{t}$$

where:

M = the Make-whole Amount

A = €17,125.8620

c = the number of days from, and including, the relevant Delivery Date to but excluding the Maturity Date; and

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

Mandatory Conversion means a conversion pursuant to Condition 6.1, 6.2 or 6.5.

Mandatory Settlement Date means, in respect of any Bond, the earliest of:

- (a) the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (b) following any Deferred Interest Payment, the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;

- (c) the date on which that Bond is converted or falls due for conversion in accordance with Condition 6; and
- (d) the date on which the Bonds are redeemed (in whole) or repaid in accordance with Condition 10.1 or become due and payable in accordance with Condition 13.

Market Price means the Volume Weighted Average Price of an Ordinary Share on the relevant Reference Date, provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced, whether on or prior to or after the relevant Delivery 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 Delivery Date and if, on the relevant Reference Date, the Volume Weighted Average Price of an Ordinary Share is based on a price ex- such Dividend or ex- such other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or if that is not a dealing day, the immediately preceding dealing day), determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit and provided that, for the avoidance of doubt, there shall be no double-counting in respect of any Dividend or entitlement.

Maturity Date means 15 November 2016.

Maximum Conversion Price means €0.8331 per Ordinary Share, subject to adjustment pursuant to Condition 7.1.

Maximum Conversion Ratio and **MaxCR** mean €100,000 divided by the Minimum Conversion Price.

Minimum Conversion Price means €0.6801 per Ordinary Share, subject to adjustment pursuant to Condition 7.1.

Minimum Conversion Ratio means €100,000 divided by the Maximum Conversion Price.

Moody's means Moody's Investors Service Limited.

Newco Scheme means a scheme of arrangement or analogous proceeding (**Scheme of Arrangement**) which effects the interposition of a limited liability company (**Newco**) between the Shareholders of the Guarantor immediately prior to the Scheme of Arrangement (the **Existing Shareholders**) and the Guarantor; provided that (i) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco are Existing Shareholders; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Guarantor; (iv) all Subsidiaries immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary) are Subsidiaries immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement, the Guarantor (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Guarantor immediately prior to the Scheme of Arrangement.

Nominal Value Settlement Shares means, in respect of any conversion of Bonds, the number of Ordinary Shares determined by subtracting (a) the actual number of Ordinary

Shares to be delivered to the relevant Bondholder in connection with such conversion pursuant to these Conditions from (b) the number of Ordinary Shares that would, but for the restriction in Condition 7.7(a) on any adjustment of the Minimum Conversion Price and/or the Maximum Conversion Price to below the nominal value of the Ordinary Shares, have been deliverable to the relevant Bondholder in connection with such conversion pursuant to these Conditions.

Ordinary Shares means existing or newly issued fully paid ordinary shares in the capital of the Guarantor with a par value of €0.55 each at the Issue Date.

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

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 (Milan 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 (Milan time) on the immediately preceding day on which such rate can be so determined.

Rating Agency means Moody's, S&P or Fitch or any of their respective successors.

Record Date has the meaning provided in Condition 11.2.

Redemption Amount means, in respect of a Bond, the product of (a) the Current Market Value of an Ordinary Share and (b) the Maximum Conversion Ratio in effect on the day on which the Bonds become immediately due and payable in accordance with Condition 13 (without rounding, including fractions of Ordinary Shares).

Reference Date means, in relation to a Retroactive Adjustment, the date as of which the relevant adjustment becomes effective under Condition 7.1 or, in any such case, if that is not a Trading Day, the next following Trading Day.

Register has the meaning provided in Condition 4.1.

Relevant Conversion Ratio and **RelCR** mean, in respect of a Bond, the arithmetic average of the 20 Daily Relevant Conversion Ratios (rounded to five decimal places, with 0.000005 being rounded upwards) calculated by the Calculation Agent on the basis of the Volume Weighted Average Price of an Ordinary Share on each Trading Day during the relevant Calculation Period.

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 Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

Relevant Date means, in respect of any payment on any Bond, the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying, Transfer and Conversion Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 19.

Relevant Jurisdiction means (A) Italy and/or such other taxing jurisdiction to which the Guarantor becomes subject, or any political subdivision or any authority thereof or therein having power to tax or (B) the Grand-Duchy of Luxembourg and/or such other taxing jurisdiction to which the Issuer becomes subject, or any political subdivision or any authority thereof or therein having power to tax or both (a) and (b), as the context may require, provided however that notwithstanding the foregoing under no circumstances will the United States be a Relevant Jurisdiction with respect to any withholding or deduction described in Condition 11.4(b).

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

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

Retroactive Adjustment has the meaning provided in Condition 7.2.

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

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

Securities means any securities including, without limitation, shares in the capital of the Guarantor, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Guarantor.

Shareholder Approval Specified Date has the meaning provided in Condition 9.1(a).

Shareholder Resolutions has the meaning provided in Condition 9.1.

Shareholders means the holders of Ordinary Shares.

Special Event has the meaning provided in Condition 6.4.

The **Special Event Conversion Ratio** will be determined by the Calculation Agent in accordance with the following formula:

$$SECR = ReICR + (MaxCR - ReICR) \times \frac{c}{t}$$

where:

SECR = the Special Event Conversion Ratio

ReICR = the Relevant Conversion Ratio

MaxCR = the Maximum Conversion Ratio in effect on the final Trading Day of the relevant Calculation Period

c = the number of days from, and including, the relevant Delivery Date to but excluding the Maturity Date; and

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

Special Event Notice has the meaning provided in Condition 6.4

Specified Date has the meaning provided in Condition 7.1(g) or 7.1(h), as applicable.

Spin-Off means:

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

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

Subsidiary means a corporation in respect of which more than 50 per cent. of the outstanding voting shares or equity interest having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Guarantor or by one or more of its Subsidiaries or by the Guarantor and one or more Subsidiaries.

Suspension Period has the meaning provided in Condition 9.2(a).

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

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

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

Undeliverable Shares has the meaning provided in Condition 7.8(i), (ii) or (iii), as applicable.

Unsurrendered Bonds has the meaning provided in Condition 8.2.

Voluntary Conversion means a conversion pursuant to Condition 6.3 or 6.4.

Volume Weighted Average Price means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any Trading Day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security

published by or derived (in the case of an Ordinary Share) from Bloomberg page TIT IM Equity HP (setting: Official, or its successor Fixing Line, or any subsequent successor page) or (in the case of a Security (other than Ordinary 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 Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

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

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

In making any calculation or determination of Current Market Price, Current Market Value or Volume Weighted Average Price, such adjustments (if any) shall be made as a Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event. Any determination by the Calculation Agent or by a Financial Adviser appointed by the Issuer or, as the case may be, the Trustee in any of the circumstances contemplated in these Conditions shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Trustee and the Bondholders.

For the purposes of Conditions 7.1, 7.2, 8.5, 8.6 and 14 only, (a), references to the **issue** of Ordinary Shares or Ordinary Shares being **issued** or **issuable** shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Guarantor or any Subsidiary, and (b) Ordinary Shares held by or on behalf of the Guarantor or any Subsidiary (and which, in the case of Conditions 7.1(d) and 7.1(f), do not rank for the relevant right or other entitlement) shall not be considered as or treated as **in issue** or **issued**, or entitled to receive the relevant Dividend, right or other entitlement.

4. REGISTRATION AND TRANSFER OF BONDS

4.1 Registration

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

A copy of the Register will be sent to the Issuer on the Issue Date and after any change to the Register is made by the Registrar, with such copy to be held by the Issuer at its registered office. In case of discrepancies between the register held by the Registrar and the register held

by the Issuer at its registered office pursuant to the Luxembourg law on commercial companies of 10 August 1915, as amended, the register held by the Issuer at its registered office will prevail for Luxembourg law purposes.

4.2 Transfer

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4.3 and 4.4, be transferred in whole or, except as provided in Clause 3.2 of the Agency Agreement, in part in an authorised denomination by lodging the relevant Certificate (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

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

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of some but not all of the Bonds in respect of which such Certificate is issued, deliver a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

4.3 Formalities Free of Charge

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

4.4 Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (a) during the period of 15 days ending on and including the day immediately prior to the Maturity Date, any earlier Delivery Date in respect of a conversion of the Bonds pursuant to Condition 6.2 or any earlier date fixed for redemption of the Bonds pursuant to Condition 10.1; (b) during the period of 7 days ending on and including the day immediately prior to any Delivery Date in respect of a conversion of the Bonds pursuant to Condition 6.5; (c) in respect of which a Conversion Notice has been delivered in accordance with Condition 6.3 or 6.4; or (d) during the period from (and including) any Record Date in respect of any payment of interest on the Bonds to (and including) the due date for such payment.

5. INTEREST AND INTEREST DEFERRAL

5.1 Interest Rate

Subject to the further provisions of this Condition 5, each Bond bears interest on its principal amount from and including the Issue Date at the rate of 6.125 per cent. per annum, payable

annually in arrear on 15 November in each year (each an **Interest Payment Date**), commencing with the Interest Payment Date falling on 15 November 2014.

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

The amount of any interest payable in respect of a Bond pursuant to this Condition 5.1 on any Interest Payment Date is referred to as an **Interest Amount**.

5.2 Interest Deferral

(a) *Optional Interest Deferral*

The Issuer may, at its sole discretion, elect to defer all, or any part, of the payment of interest accrued on the Bonds in respect of any Interest Period (a **Deferred Interest Payment**) by giving notice (a **Deferral Notice**) of such election to the Bondholders in accordance with Condition 19 and to the Trustee and the Principal Paying, Transfer and Conversion Agent at least 5, but not more than 30, Milan and Luxembourg business days prior to the relevant Interest Payment Date. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Bonds or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute **Arrears of Interest**. Any Arrears of Interest will remain outstanding until paid in full by the Issuer or the Guarantor, but Arrears of Interest shall not itself bear interest.

(b) *Optional Settlement of Arrears of Interest*

The Issuer may pay any outstanding Arrears of Interest (in whole or in part) at any time upon giving not less than 10 and not more than 15 Milan and Luxembourg business days' notice to the Bondholders in accordance with Condition 19 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Trustee and the Principal Paying, Transfer and Conversion Agent.

(c) *Mandatory Settlement of Arrears of Interest*

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of any Bond for the time being outstanding shall become due and payable in full and shall (save as provided in Condition 6.5(b)) be paid by the Issuer on the first occurring Mandatory Settlement Date in respect of that Bond.

Notice of the occurrence of any Mandatory Settlement Date (other than (i) any date falling within paragraph (a) or paragraph (c) of the definition of Mandatory Settlement Date, (ii) the Maturity Date or (iii) any date on which the Bonds become due and payable in accordance with Condition 13) shall be given to the Bondholders in accordance with Condition 19 and to the Trustee and the Principal Paying, Transfer and Conversion Agent at least five, but not more than 30, Milan and Luxembourg business days prior to the relevant due date for payment.

(d) *Notification of Mandatory Settlement Date*

Upon the occurrence of a Mandatory Settlement Date, the Issuer shall promptly deliver to the Trustee a certificate signed by a duly authorised representative (as defined in the Trust Deed) of the Issuer confirming the occurrence thereof and details of the event giving rise thereto.

5.3 Accrual of Interest

In the case of:

- (a) Mandatory Conversion on the Maturity Date pursuant to Condition 6.1, interest will cease to accrue on the Bonds with effect from the Maturity Date, and interest accrued from (and including) the Interest Payment Date immediately preceding the Maturity Date to (but excluding) the Maturity Date shall be paid on the Maturity Date;
- (b) any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, any Voluntary Conversion at the option of Holders following a Special Event pursuant to Condition 6.4, or Conversion following an Accelerated Conversion Event pursuant to Condition 6.5, interest will cease to accrue on the relevant Bonds with effect from (and including) the relevant Delivery Date (or, where the relevant Cash Settlement Amount is to be paid in lieu of the delivery of Ordinary Shares in accordance with Condition 9.1(c), with effect from (and including) the relevant Cash Payment Date), and interest accrued from (and including) the Interest Payment Date immediately preceding the relevant Delivery Date (or, as applicable, immediately preceding the relevant Cash Payment Date) or, if there is no such Interest Payment Date, from (and including) the Issue Date to (but excluding) the relevant Delivery Date (or, as applicable, the relevant Cash Payment Date) shall be paid on the relevant Delivery Date (or, as applicable, the relevant Cash Payment Date);
- (c) a Voluntary Conversion at the option of Holders pursuant to Condition 6.3, interest will cease to accrue on the relevant Bonds from (and including) the Interest Payment Date falling on or immediately preceding the relevant Delivery Date (or, where the relevant Cash Settlement Amount is to be paid in lieu of the delivery of Ordinary Shares in accordance with Condition 9.1(c), falling on or immediately preceding the relevant Cash Payment Date) or, if there is no such Interest Payment Date, from (and including) the Issue Date; and
- (d) redemption of the Bonds pursuant to Condition 10.1, interest will cease to accrue on the Bonds with effect from the Fair Market Call Redemption Date, and interest accrued from (and including) the Interest Payment Date immediately preceding the Fair Market Call Redemption Date or, if there is no such Interest Payment Date, from (and including) the Issue Date to (but excluding) the Fair Market Call Redemption Date shall be paid on the Fair Market Call Redemption Date,

in each case subject to and as provided in these Conditions (including, without limitation, Condition 9.2(a)) and unless, upon due presentation of the relevant Certificate (where such presentation is required), payment of the relevant cash amount(s) and/or delivery of the relevant Ordinary Shares, as applicable, in respect of the Bond is improperly withheld or refused, in which event interest will continue to accrue as provided in the Trust Deed.

6. CONVERSION OF BONDS

6.1 Mandatory Conversion on the Maturity Date

Unless previously converted or redeemed or purchased and cancelled in accordance with these Conditions prior to the day which, on such day, is scheduled to be the 25th Trading Day

prior to the Maturity Date, each Bond will, subject to Conditions 7.7, 7.8 and 9, be mandatorily converted on the Maturity Date into such number of Ordinary Shares as is equal to the Relevant Conversion Ratio, which Ordinary Shares shall be delivered by the Guarantor.

On the Maturity Date, the Issuer will also make payment of any accrued interest in accordance with Condition 5.3 and any Arrears of Interest in accordance with Condition 5.2.

6.2 Early Mandatory Conversion at the option of the Issuer

The Issuer may, at its option, upon giving not less than 30 and no more than 60 days' notice (an **Issuer's Early Conversion Notice**) to the Trustee and to the Bondholders in accordance with Condition 19, subject to Conditions 7.7, 7.8 and 9, convert all but not some only of the outstanding Bonds into Ordinary Shares on the Delivery Date specified in the Issuer's Early Conversion Notice, provided that the Delivery Date specified in the Issuer's Early Conversion Notice must fall within the Issuer's Early Conversion Period.

The number of Ordinary Shares to be delivered in respect of each Bond upon such conversion shall be equal to the Maximum Conversion Ratio in effect on the relevant Delivery Date.

On the relevant Delivery Date, the Issuer will also make payment of any accrued interest in accordance with Condition 5.3, any Arrears of Interest in accordance with Condition 5.2 and the Make-whole Amount in accordance with Condition 6.6.

An Issuer's Early Conversion Notice shall be irrevocable.

6.3 Voluntary Conversion at the option of Bondholders

Subject as provided below and in Conditions 7.7, 7.8 and 9, each Bondholder shall have the right to convert its Bonds at any time during the Bondholders' Voluntary Conversion Period (a **Bondholder Voluntary Conversion Right**).

The number of Ordinary Shares to be delivered in respect of each Bond on such conversion shall be equal to the Minimum Conversion Ratio in effect on the relevant Delivery Date.

A Bondholder may exercise the Bondholder Voluntary Conversion Right by delivering the Certificate representing its Bonds (together with a Conversion Notice) at any time during the Bondholders' Voluntary Conversion Period to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 8.1, whereupon the Guarantor shall (subject as provided in these Conditions) procure the delivery to or as directed by the relevant Bondholder (in the relevant Conversion Notice) of Ordinary Shares (including any Additional Ordinary Shares (if any)) as provided in Condition 8.

A holder may not exercise a Bondholder Voluntary Conversion Right :

- (i) following the giving of an Issuer's Early Conversion Notice pursuant to Condition 6.2;
- (ii) following the giving of an Accelerated Conversion Event Notice by the Issuer pursuant to Condition 6.5;
- (iii) during any Excluded Period; or
- (iv) if the Bonds have become immediately due and repayable pursuant to Condition 13.

On the relevant Delivery Date, the Issuer will also make payment of any Arrears of Interest in accordance with Condition 5.2.

If any Conversion Notice is submitted by a Bondholder pursuant to this Condition 6.3 during a Bondholders' Special Event Conversion Period, such Conversion Notice shall be treated as an exercise of a voluntary conversion right pursuant to Condition 6.4.

6.4 Voluntary Conversion at the option of Bondholders following a Special Event

Upon the occurrence of:

- (a) a Free Float Event; or
- (b) an Acquisition of Control,

(each a **Special Event**), the Issuer shall, no later than the third Milan business day (or, if later, the third Luxembourg business day) after the occurrence of the Special Event, give notice (the **Special Event Notice**) thereof to the Trustee and to the Bondholders in accordance with Condition 19.

Following the occurrence of a Special Event, subject to Conditions 7.7, 7.8 and 9, each Bondholder shall have the right to convert its Bonds at any time during the Bondholders' Special Event Conversion Period (a **Special Event Conversion Right**).

The number of Ordinary Shares to be delivered in respect of each Bond on such Conversion shall be equal to the Special Event Conversion Ratio.

A Bondholder may exercise the Special Event Conversion Right by delivering the Certificate representing its Bonds (together with a Conversion Notice (as defined in Condition 8.1 below)) at any time during the Holders' Special Event Conversion Period to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 8.1, whereupon the Guarantor shall (subject as provided in these Conditions) procure the delivery to or as directed by the relevant Bondholder of Ordinary Shares (including any Additional Ordinary Shares (if any)) as provided in Condition 8.

On the relevant Delivery Date, the Issuer will also make payment of any accrued interest in accordance with Condition 5.3 and any Arrears of Interest in accordance with Condition 5.2.

The Special Event Notice shall specify:

- (i) the Minimum Conversion Price and the Maximum Conversion Price immediately prior to the occurrence of the Special Event;
- (ii) the last day of the Bondholders' Special Event Conversion Period; and
- (iii) the procedure to be followed by Bondholders in order to exercise the rights of conversion.

The provisions of this Condition 6.4 will apply *mutatis mutandis* to any subsequent Special Event. The Trustee shall not be required to take any steps to ascertain whether a Special Event or any event which could lead to a Special Event has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

6.5 Mandatory Conversion following an Accelerated Conversion Event

(a) Accelerated Conversion Event

If an Accelerated Conversion Event occurs prior to the day which, on such day, is scheduled to be the 25th Trading Day immediately preceding the Maturity Date, the Issuer shall, no later than the third Milan business day (or, if later, the third Luxembourg business day) after the occurrence of the Accelerated Conversion Event, give notice (the **Accelerated Conversion Event Notice**) thereof to the Trustee and to the Bondholders in accordance with Condition 19, and all but not some only of the outstanding Bonds shall, subject to Conditions 7.7, 7.8 and 9, be mandatorily converted on the relevant Delivery Date into such number of Ordinary Shares as is equal to the Maximum Conversion Ratio in effect on the relevant Delivery Date.

On the relevant Delivery Date, the Issuer will also make payment of any accrued interest in accordance with Condition 5.3, the Make-whole Amount in accordance with Condition 6.6 and (save as provided in Condition 6.5(b)) any Arrears of Interest in accordance with Condition 5.2.

The Accelerated Conversion Event Notice shall specify:

- (i) the Minimum Conversion Price immediately prior to the occurrence of the Accelerated Conversion Event;
- (ii) the Delivery Date for the purposes of conversion of Bonds pursuant to this Condition 6.5;
- (iii) if the Issuer elects that the Guarantor shall deliver Arrears Shares in lieu of the Issuer making a cash payment in respect of Arrears of Interest pursuant to Condition 6.5(b) and, if so, the Arrears Delivery Date; and
- (iv) the procedure to be followed by Bondholders in order to exercise the rights of conversion.

An **Accelerated Conversion Event** shall occur if:

- (A) the corporate credit rating of the Guarantor from any of Moody's Investors Service Limited (**Moody's**), Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) and Fitch Ratings Limited (**Fitch**), or any of their respective successors (each a **Rating Agency**):
 - (i) falls below B1 (in the case of Moody's) or below BB- (in the case of S&P and Fitch) and the Guarantor does not within a 30 day period subsequently receive a rating of B1 (in the case of Moody's) or BB- (in the case of S&P and Fitch), or higher, by such Rating Agency; or
 - (ii) is withdrawn by any Rating Agency and is not reinstated to a rating of B1 (in the case of Moody's) or BB- (in the case of S&P and Fitch), or higher, by such Rating Agency within a 30 day period subsequent to such withdrawal;
- (B) the Issuer or the Guarantor fails to:
 - (iii) make any payment to any Bondholder under the Bonds and/or the Trust Deed when due and such failure continues for more than 30 days (in the case of interest) and 10 days (in the case of any other payment); or

- (iv) deliver any Ordinary Shares on the Voluntary Conversion of a Bond in accordance with Conditions 6.3 or 6.4 and/or the Trust Deed and such failure continues for more than 10 days; or
- (C) the Issuer and/or the Guarantor fails duly to perform any other obligation arising under the Bonds and/or the Trust Deed which failure is (in the opinion of the Trustee) incapable of remedy or, if (in the opinion of the Trustee) capable of remedy, is not remedied within 30 days.

If the rating designations employed by Moody's, S&P or Fitch are changed from those which are described in paragraph (A) above, the Guarantor and the Trustee, in consultation with a Financial Adviser, shall determine the rating designations of Moody's, S&P or Fitch (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and the above definition shall be read accordingly.

Upon the occurrence of an Accelerated Conversion Event, the Issuer shall promptly deliver to the Trustee a certificate signed by a duly authorised representative of the Issuer confirming the occurrence thereof and details of the event giving rise thereto.

(b) *Arrears of Interest*

Upon the occurrence of an Accelerated Conversion Event the Issuer may elect, by notifying Bondholders of such election in the Accelerated Conversion Event Notice, to require the Guarantor to deliver to Bondholders additional Ordinary Shares in lieu of payment by the Issuer of Arrears of Interest (if any) that would otherwise be due on the relevant Delivery Date pursuant to Condition 5.2 (**Arrears Shares**), provided that any such election may not be made (i) prior to the date on which the Physical Settlement Notice is given or (ii) at any time when the Guarantor is legally barred from delivering, or is otherwise unable to deliver, the relevant Arrears Shares.

The number of Arrears Shares to be delivered in respect of each Bond where the Issuer has exercised its option under this Condition 6.5(b) will be equal to (i) the amount of the relevant Arrears of Interest that, but for the exercise of such option, would otherwise have been payable in respect of the relevant Bond pursuant to Condition 5.2 divided by (ii) 99 per cent. of the Current Market Value of an Ordinary Share.

Arrears Shares will be delivered on the Arrears Delivery Date.

6.6 *Make-whole Amount*

In the case of a Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2 or a Mandatory Conversion following an Accelerated Conversion Event pursuant to Condition 6.5, the Issuer shall pay to each Bondholder on the relevant Delivery Date in respect of each Bond converted, an amount equal to the Make-whole Amount, which shall be paid in accordance with Condition 11.

6.7 *Fractions*

Fractions of Ordinary Shares will not be delivered on or in respect of any conversion pursuant to this Condition 6 and no cash payment or other adjustment will be made in lieu thereof. However, the number of Ordinary Shares to be delivered on conversion to a Bondholder shall be calculated on the basis of the aggregate principal amount of the Bonds of such Bondholder being so converted, rounded down, if necessary, to the nearest whole number of Ordinary Shares.

6.8 Taxes and Stamp duties etc.

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

Each Bondholder shall be responsible for all, if any, taxes imposed on it arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion.

The Trustee shall not be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer, the Guarantor or any other person to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

7. ADJUSTMENT OF CONVERSION PRICE

7.1 Adjustments

Upon the happening of any of the events described below, the Minimum Conversion Price and the Maximum Conversion Price shall be adjusted as follows (with references in this Condition 7 to the **Conversion Price** being construed as a separate reference to each of the Minimum Conversion Price and the Maximum Conversion Price). All calculations required pursuant to this Condition 7.1 will be performed by the Calculation Agent, on behalf of the Issuer, unless otherwise specified:

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

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

where:

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

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

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

- (b) If and whenever the Guarantor shall issue any Ordinary Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (i) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive, (ii) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares or (iii) where any such Ordinary Shares are or are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

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

where:

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

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

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

- (c) If and whenever the Guarantor shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

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

any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

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

Effective Date means, in respect of this Condition 7.1(c), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

For the purposes of the above, **Fair Market Value** shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the Effective Date.

- (d) If and whenever the Guarantor shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate,

provided that if on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange (as used in this Condition 7.1(d), the **Specified Date**) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 7.1(g), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(d), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (e) If and whenever the Guarantor shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

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

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(e), the first date on which the Ordinary Shares are traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

- (f) If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 7.1(d) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or under Condition 6.5(b) or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 7.1(d) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall for this purpose include any Further Bonds), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such

issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(f), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (g) If and whenever the Guarantor or any Subsidiary of the Guarantor or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary of the Guarantor) any other company, person or entity (otherwise than as mentioned in Conditions 7.1(d), 7.1(e) or 7.1(f) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term shall for this purpose exclude any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Guarantor or any Subsidiary (or at the direction or request or pursuant to any

arrangements with the Guarantor or any Subsidiary) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);

- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 7.1(g), the **Specified Date**) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided), then for the purposes of this Condition 7.1(g), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(g), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (h) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) as are mentioned in Condition 7.1(g) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue immediately before the Effective Date (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Guarantor or any Subsidiary (or at the direction or request or pursuant to any arrangements with the Guarantor or any Subsidiary) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as a Financial Adviser shall consider appropriate for any previous adjustment under this Condition 7.1(h) or Condition 7.1(g) above,

provided that if at the time of such modification (as used in this Condition 7.1(h), the **Specified Date**) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this Condition 7.1(h), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(h), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

- (i) If and whenever the Guarantor or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 7.1(b), 7.1(c), 7.1(d), 7.17.1(f) or 7.1(g) above or Condition 7.1(j) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant day) or under Condition 7.1(e) above), the Conversion Price shall be

adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

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

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

Such adjustment shall become effective on the Effective Date.

Effective Date means, in respect of this Condition 7.1(i), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (j) If the Issuer (after consultation with the Calculation Agent) determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 7.1 (even if the relevant circumstance is specifically excluded from the operation of Conditions 7.1(a) to 7.1(i) above), the Issuer shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 7.1(j) if such Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (i) where the events or circumstances giving rise to any adjustment pursuant to this Condition 7.1 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by a Financial Adviser to be in its opinion appropriate to give the intended result; and
- (ii) such modification shall be made to the operation of these Conditions as may be advised by a Financial Adviser to be in its opinion appropriate (A) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (B) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 7.1(d), 7.17.1(f), 7.1(g) or 7.1(h), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Guarantor to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the Effective Date as referred to in Condition 7.1(d), 7.1(f), 7.1(g) or 7.1(h), as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (C) if the consideration or price determined pursuant to (A) or (B) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date; and
- (D) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

7.2 Retroactive Adjustments

If any Determination Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or subdivision as is mentioned in Condition 7.1(a), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 7.1(b), 7.1(c), 7.1(d), 7.1(e) or 7.1(i), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 7.1(f) or 7.1(g) or of the terms of any such modification as is mentioned in Condition 7.1(h), in any case in circumstances where the relevant Determination Date falls before the relevant adjustment (if any) to the Conversion Price becomes effective under Condition 7.1 (such adjustment, a **Retroactive Adjustment**), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered

to the converting Bondholder by the Guarantor, in accordance with the instructions contained in the Conversion Notice, such number of additional Ordinary Shares (if any) (the **Additional Ordinary Shares**) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued or transferred and delivered), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Determination Date, provided that if the relevant Bondholder shall be entitled to receive the relevant Ordinary Shares, Dividend or Securities in respect of the Ordinary Shares to be issued or delivered to it, then no such Retroactive Adjustment shall be made in relation to the relevant event and the relevant Bondholder shall not be entitled to receive Additional Ordinary Shares in relation thereto.

7.3 Decision of a Financial Adviser or the Calculation Agent

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

Adjustments to the Minimum Conversion Price and/or the Maximum Conversion Price calculated by the Calculation Agent and any other determinations made by the Calculation Agent pursuant to these Conditions shall be final and binding (in the absence of bad faith or manifest error and subject to any determinations by a Financial Adviser) on the Issuer, the Guarantor, the Trustee, the Bondholders and the other Paying, Transfer and Conversion Agents. The Calculation Agent may, to the extent agreed with the Issuer in the Calculation Agency Agreement, consult, at the expense of the Issuer, on any matter (including but not limited to, any legal matter), any legal or other professional adviser and it shall not be liable and shall incur no liability as against the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.

7.4 Share or Option Schemes

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

7.5 No Duty to Monitor

The Trustee shall not be under any duty to monitor or verify whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or as to the amount of any adjustment actually made and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

7.6 Rounding Down and Notice of Adjustment to the Conversion Price

On any adjustment, the resultant Conversion Price, if not an integral multiple of €0.0001, shall be rounded down to the nearest whole multiple of €0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less

than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made by reason of this Condition 7.6 and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 19 and to the Trustee promptly after the determination thereof.

7.7 Nominal Value of the Ordinary Shares

(a) *Conversion Price not to fall below the express nominal value of the Ordinary Shares*

For so long as the Ordinary Shares have an express nominal value, neither the Minimum Conversion Price nor the Maximum Conversion Price shall in any event be reduced to below the nominal value of the Ordinary Shares.

In the event that any adjustment to the Minimum Conversion Price and/or the Maximum Conversion Price in accordance with this Condition 7 would, but for the restriction in this Condition 7.7(a), cause the Minimum Conversion Price and/or the Maximum Conversion Price to be reduced to below the nominal value of the Ordinary Shares (for so long as the Ordinary Shares have an express nominal value), (i) the Minimum Conversion Price and/or the Maximum Conversion Price, as applicable, shall instead be reduced to the nominal value of the Ordinary Shares, and (ii) the Issuer shall give notice of such fact, and of the adjustments that would, but for the restriction in this Condition 7.7(a), have been made to the Minimum Conversion Price and/or the Maximum Conversion Price, to the Bondholders in accordance with Condition 19 and to the Trustee promptly after the determination thereof.

(b) *Cash Payment Amounts*

In the event that any adjustment to the Minimum Conversion Price and/or the Maximum Conversion Price in accordance with this Condition 7 would, but for the restriction in Condition 7.7(a) above, cause the Minimum Conversion Price and/or the Maximum Conversion Price to be reduced to below the nominal value of the Ordinary Shares (for so long as the Ordinary Shares have an express nominal value), then upon any subsequent conversion of a Bond, the Issuer and/or the Guarantor shall (subject to the provisions of Condition 9.1(c) and without prejudice to the Issuer's obligation to make payment of any Cash Payment Amount (Undeliverable Shares) in accordance with these Conditions) deliver to the relevant Bondholder a combination of (i) Ordinary Shares, determined in accordance with these Conditions by reference to the Minimum Conversion Price or Maximum Conversion Price, as applicable, as adjusted in accordance with this Condition 7 (and reflecting the restriction on such adjustment resulting from Condition 7.7(a)) and (ii) an amount of cash equal to the relevant Cash Payment Amount (Nominal Value).

The Issuer, failing which the Guarantor, will pay the relevant Cash Payment Amount (Nominal Value) to the relevant Bondholder on the relevant Cash Payment Date in accordance with Condition 11.1.

7.8 Limited Available Shares

In the event that a Physical Settlement Notice has been delivered in accordance with Condition 9.1 and any adjustment to the Minimum Conversion Price and/or the Maximum Conversion Price in accordance with this Condition 7 causes the maximum number of

Ordinary Shares deliverable upon conversion of all Bonds then outstanding to exceed the number of Ordinary Shares available to the Guarantor for delivery upon conversion (the **Available Shares**), then (a) the Issuer shall give notice of such fact, of the Available Shares and of the maximum number of Ordinary Shares deliverable upon conversion of all Bonds then outstanding to the Bondholders in accordance with Condition 19 and to the Trustee promptly after the determination thereof and (b) upon any subsequent conversion, the Issuer and/or the Guarantor shall (subject to the provisions of Condition 9.1(c) and without prejudice to the Issuer's obligation to make payment of any Cash Payment Amount (Nominal Value) in accordance with these Conditions) deliver to each relevant Bondholder a combination of Ordinary Shares and the relevant Cash Payment Amount (Undeliverable Shares), as follows:

- (i) in the event of any conversion of some, but not all, of the outstanding Bonds prior to the Maturity Date:
 - (A) the number of Ordinary Shares to be delivered to a Bondholder will be equal to the product of (A) the number of Ordinary Shares otherwise deliverable upon conversion of such Bondholder's Bond(s) and (B) a fraction (which in any event shall not exceed 1), the numerator of which is the total number of Available Shares immediately prior to the time of conversion, and the denominator of which is the total number of Ordinary Shares that would be deliverable (but for the application of this Condition 7.8(i)) in the event that all outstanding Bonds were converted into Ordinary Shares immediately prior to such time using the Maximum Conversion Ratio (rounded down to the nearest whole number of Ordinary Shares); and
 - (B) the Cash Payment Amount (Undeliverable Shares) will be calculated by reference to a number of Ordinary Shares (the **Undeliverable Shares**) determined by subtracting (I) the number of Ordinary Shares to be delivered to a Bondholder in accordance with Condition 7.8(i)(A) above from (II) the number of Ordinary Shares deliverable (but for the application of this Condition 7.8(i)) to the relevant Bondholder upon conversion of such Bondholder's Bonds;
- (ii) in the event of a conversion of all the outstanding Bonds occurring on the same date prior to the Maturity Date, all the Available Shares will be delivered *pro rata* among all Bondholders, and the Cash Payment Amount (Undeliverable Shares) will be calculated by reference to a number of Ordinary Shares (the **Undeliverable Shares**) determined by subtracting (A) the *pro rata* number of Ordinary Shares to be delivered to the relevant Bondholder from (B) the number of Ordinary Shares deliverable (but for the application of this Condition 7.8(ii)) to the relevant Bondholder upon conversion of such Bondholder's Bonds; and
- (iii) in the event of Mandatory Conversion of the outstanding Bonds on the Maturity Date, all the Available Shares will be delivered *pro rata* among all Bondholders, and the Cash Payment Amount (Undeliverable Shares) will be calculated by reference to a number of Ordinary Shares (the **Undeliverable Shares**) determined by subtracting (A) the *pro rata* number of Ordinary Shares to be delivered to the relevant Bondholder from (B) the number of Ordinary Shares deliverable (but for the application of this Condition 7.8(iii)) to the relevant Bondholder upon conversion of such Bondholder's Bonds.

The Issuer, failing which the Guarantor, will pay the relevant Cash Payment Amount (Undeliverable Shares) to the relevant Bondholder on the relevant Cash Payment Date in accordance with Condition 11.1.

8. PROCEDURE FOR CONVERSION

8.1 Voluntary Conversion

To exercise its right to convert a Bond pursuant to Condition 6.3 or 6.4, a Bondholder must deliver the relevant Certificate during the relevant period provided for in the relevant Condition to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a **Conversion Notice**) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Such exercise may only be in respect of the whole of the principal amount of a Bond and shall be subject to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

By delivery of the Conversion Notice, a Bondholder will be deemed to have instructed and authorised the Issuer to pay to the Guarantor the subscription price of the Ordinary Shares to be delivered to such Bondholder.

8.2 Mandatory Conversion

As a precondition to any delivery of any Ordinary Shares pursuant to a Mandatory Conversion (but not, for the avoidance of doubt, to the payment of any Make-whole Amount, Cash Payment Amount (Nominal Value), Cash Payment Amount (Undeliverable Shares), Cash Settlement Amount, accrued interest or Arrears of Interest in connection with any such Mandatory Conversion), a Bondholder shall be required to deliver the relevant Certificate or Certificates together with a duly executed Conversion Notice to the specified office of any Paying, Transfer and Conversion Agent by not later than 3 Trading Days prior to the relevant Delivery Date.

Upon Mandatory Conversion, a Bondholder will be deemed to have instructed and authorised the Issuer to pay to the Guarantor the subscription price of the Ordinary Shares to be delivered to such Bondholder.

If, in the case of a Mandatory Conversion of any Bond(s), the Conversion Notice and/or the relevant Certificate(s) are not delivered to the specified office of a Paying, Transfer and Conversion Agent by not later than 3 Trading Days prior to the relevant Delivery Date (such Bonds being the **Unsurrendered Bonds**), the relevant Ordinary Shares will be issued to a person (the **Relevant Person**) selected by the Issuer on the relevant Delivery Date. Upon issue of the relevant Ordinary Shares to or to the order of the Relevant Person, the Bondholders shall have no further rights to delivery of Ordinary Shares under the Unsurrendered Bonds and their entitlement shall instead be to the net proceeds of sale of the relevant Ordinary Shares, subject to and in accordance with this Condition 8.2. The Issuer shall procure that all of such Ordinary Shares shall be sold by or on behalf of the Relevant Person (or such nominees) as soon as practicable based on advice from a reputable financial institution, investment or commercial bank or broker selected by the Issuer and approved by the Trustee, and (subject to any necessary consents being obtained and to the deduction by or on behalf of the Relevant Person of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue or registration and transfer taxes or duties (if any) and any fees or costs incurred by or on behalf of the Relevant Person in connection with the allotment and sale thereof) the net proceeds of sale (converted where applicable into euro by the Relevant Person) shall be paid to the Trustee or as the Trustee may direct and shall be held by or on behalf of the Trustee on trust and distributed to the holders of the Unsurrendered Bonds in proportion to the aggregate principal amount of such Unsurrendered Bonds held by each such relevant Bondholder in accordance with Condition 11.1 or in such

other manner as the Trustee shall determine and notify to Bondholders in accordance with Condition 19.

Any such cash amount paid as aforesaid to a holder pursuant to this paragraph shall be treated for all purposes as discharging the Issuer's and the Guarantor's obligations in respect of the conversion of the relevant Bonds, and all rights of each relevant Bondholder to principal and interest in respect of such Bonds shall be extinguished upon the payment of the relevant amount in accordance with this Condition 8.2.

The Relevant Person shall not effect or procure any sale of Ordinary Shares pursuant to this Condition 8.2, unless and until it receives confirmation in writing from a Financial Adviser to the effect that such sale would take place in an orderly market for the sale and purchase of the Ordinary Shares, which confirmation shall be conclusive and binding on the Issuer, the Guarantor, the Trustee, any nominees and the Bondholders.

The Trustee shall have no obligation or liability whatsoever to the Issuer, the Guarantor, any Bondholders or any other person in respect of the selection and appointment of the Relevant Person, any sale of the Ordinary Shares, whether for the timing of any such sale or the price at which any such Ordinary Shares are sold, any inability to sell any such Ordinary Shares, the rate of exchange at which any amount is converted into euro or for the timing of any distribution or otherwise.

8.3 U.S. Certification

In the case of any conversion of Bonds on or prior to the Conversion Period Business Day immediately preceding the day which, on such day, is scheduled to be the 40th Trading Day prior to the Maturity Date, each Bondholder will, in the relevant Conversion Notice, be required to represent and warrant that, at the time of signing and delivery of the relevant Conversion Notice, (A) it understands that the Ordinary Shares to be issued upon conversion of the Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and (B) it is located outside the United States within the meaning of Regulation S (**Regulation S**) under the Securities Act, is acquiring the Ordinary Shares to be issued upon conversion of the Bonds in an offshore transaction (as defined in Regulation S) in accordance with Rule 903 or 904 of Regulation S and understands that the Ordinary Shares may not be delivered within the United States (within the meaning of Regulation S) and may not be resold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

8.4 Determination

If delivery of a Conversion Notice is made after 4.00 p.m. CET on any day or is made on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

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

A Conversion Notice, once delivered, shall be irrevocable.

8.5 Delivery of Ordinary Shares

- (a) Where a holder of Bonds shall have delivered a Conversion Notice relating to a Voluntary Conversion or Mandatory Conversion, the Guarantor will deliver, pursuant to an undertaking contained in the Trust Deed, the relevant Ordinary Shares (including any Additional Ordinary Shares and/or any Arrears Shares) to such holder or to the person designated for such purpose in the relevant Conversion Notice in uncertificated form through Monte Titoli S.p.A, unless, at the time of issue, the Ordinary Shares are not a participating security in Monte Titoli S.p.A. Where Ordinary Shares (including any Additional Ordinary Shares and/or any Arrears Shares) are to be issued through Monte Titoli S.p.A., they will be delivered to the account specified by the relevant Bondholder in the relevant Conversion Notice by not later than the relevant Delivery Date (or (i) in connection with any suspension of a Bondholder's rights and claims pursuant to Condition 9.2(a), by not later than the relevant Delayed Delivery Date, (ii) in the case of any Additional Ordinary Shares, by not later than the relevant Additional Delivery Date or (iii) in the case of any Arrears Shares, by not later than the relevant Arrears Delivery Date).

If the Ordinary Shares are not a participating security in Monte Titoli S.p.A. at the relevant time, the Ordinary Shares to be delivered on conversion of any Bond (including any Additional Ordinary Shares and/or Arrears Shares) will be delivered in such manner as may be in accordance with market practice, and as notified by the Issuer to Bondholders in accordance with Condition 19.

- (b) Ordinary Shares to be issued and delivered by the Guarantor to each Bondholder pursuant to the Trust Deed shall be paid up (i) by way of payment to the Guarantor of the subscription price of such Ordinary Shares by the Issuer in the name of and for the account of such Bondholder; or (b) by means of a set-off of the amount due by the Guarantor to such Bondholder pursuant to the Guarantee. By subscription, purchase or other acquisition of the Bonds, each Bondholder acknowledges and agrees to the foregoing.
- (c) Each Bondholder further acknowledges that, upon conversion of its Bond in accordance with these Conditions:
- (i) the person in whose name the relevant Ordinary Shares shall be issuable upon such conversion and upon delivery of Ordinary Shares shall be deemed to have subscribed for such Ordinary Shares and shall be treated as a shareholder of record of the Guarantor, to the extent permitted by law, of such Ordinary Shares as of 5.00 p.m. (CET) on the relevant Delivery Date (or (i) in connection with any suspension of a Bondholder's rights and claims pursuant to Condition 9.2(a), on the relevant Delayed Delivery Date, (ii) in the case of Additional Ordinary Shares, on the relevant Additional Delivery Date or (iii) in the case of Arrears Shares, on the relevant Arrears Delivery Date); and
- (ii) the delivery of the Ordinary Shares by the Guarantor pursuant to the Trust Deed shall discharge in full the corresponding obligation of the Issuer to such Bondholder under these Conditions to redeem the Bonds by way of delivery of the relevant Ordinary Shares upon conversion (but without prejudice to the obligation of the Issuer to pay any additional cash amount(s) pursuant to these Conditions).

8.6 Ordinary Shares

Ordinary Shares issued or transferred and delivered on conversion of Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Delivery Date (or (i) in connection with any suspension of a Bondholder's rights and claims pursuant to Condition 9.2(a), the relevant Delayed Delivery Date, (ii) in the case of Additional Ordinary Shares, on the relevant Additional Delivery Date or (iii) in the case of Arrears Shares, on the relevant Arrears Delivery Date), except (a) in any such case for any right excluded by mandatory provisions of applicable law; and (b) that such Ordinary Shares (or, as the case may be, Additional Ordinary Shares or Arrears Shares) will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Delivery Date (or, as the case may be, the relevant Delayed Delivery Date, Additional Delivery Date or Arrears Delivery Date).

8.7 Purchase or Redemption of Ordinary Shares

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

8.8 Consolidation, Amalgamation or Merger

Without prejudice to Condition 6.4, in the case of (a) any consolidation, amalgamation or merger of the Guarantor with any other corporation (other than a consolidation, amalgamation or merger in which the Guarantor is the continuing entity) (a **Successor in Business**), or (b) any sale or transfer of all, or substantially all, of the assets of the Guarantor to another entity (whether by operation of law or otherwise) (also a **Successor in Business**), the Issuer will, promptly upon notification from the Guarantor to it in respect of the relevant event, give notice thereof to the Trustee and to the Bondholders in accordance with Condition 19 and, to the extent legally possible, take such steps as shall be required by the Trustee:

- (i) to effect the substitution of such Successor in Business as guarantor under the Bonds and the Trust Deed in place of the Guarantor (or any previous substitute under Condition 17.3) in accordance with Condition 17.3 and the Trust Deed; and
- (ii) to ensure (A) that each Bond then outstanding will be convertible into the class and amount of shares and other securities and property of the Successor in Business receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Ordinary Shares which would have become liable to be issued or transferred and delivered upon conversion of the Bonds immediately prior to such consolidation, amalgamation, merger, sale or transfer, or (B) if, in the case of any such sale or transfer, no such shares or other securities and property are receivable by a holder of Ordinary Shares, that each Bond then outstanding will be convertible into shares and other securities and property of the Successor in Business on such basis and with a Maximum Conversion Price and a Minimum Conversion Price (each subject to adjustment as provided in these Conditions) as determined in good faith by a Financial Adviser (each, a **Conversion Right Transfer**).

The above provisions of this Condition 8.8 will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

At the request of the Guarantor but subject to the Guarantor's compliance with the provisions of subparagraph (i) and (ii) of this Condition 8.8, the Trustee shall (at the expense of the Guarantor), without the requirement for any consent or approval of the Bondholders, be obliged to concur with the Guarantor in effecting any Conversion Right Transfer (including, *inter alia*, the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to further liabilities or reduce its protections.

9. AVAILABILITY OF ORDINARY SHARES

9.1 Shareholder Approvals and Cash Settlement

(a) *Extraordinary General Meeting*

The Guarantor will convene an Extraordinary General Meeting (the **EGM**), to be held no later than 28 February 2014 (the **Shareholder Approval Specified Date**), to seek shareholders' approval, pursuant to Article 2441 of the Italian Civil Code in respect of an increase in the share capital of the Guarantor and the disapplication of preferential subscription rights to enable the issue of Ordinary Shares on conversion of the Bonds (the **Shareholder Resolutions**).

(b) *Physical Settlement Notice*

Following the passing of the Shareholder Resolutions (if the Shareholder Resolutions are so passed) the Issuer shall, within five Trading Days of registration by the Guarantor of the Shareholder Resolutions with the Companies Register of Milan in accordance with Article 2436 of the Italian Civil Code, give notice (the **Physical Settlement Notice**) to the Trustee and to the Bondholders in accordance with Condition 19 that, in respect of any conversion of Bonds pursuant to Condition 6 where the relevant Delivery Date falls after the date on which the Physical Settlement Notice is given (the **Physical Settlement Notice Date**), the Issuer or the Guarantor will (subject to Conditions 7.7 and 7.8 above and Condition 9.2 below, and without prejudice to the Issuer's and the Guarantor's obligation to pay any accrued interest, Arrears of Interest and/or Make-whole Amount, as applicable, in connection with such conversion pursuant to these Conditions) deliver Ordinary Shares in respect of such conversion.

(c) *Cash Settlement Amounts*

- (i) Where, in respect of any conversion of a Bond pursuant to Condition 6, the relevant Delivery Date would fall on or prior to the Physical Settlement Notice Date (including, for the avoidance of doubt, where the Shareholder Resolutions are not passed at the EGM), in lieu of the delivery of Ordinary Shares by the Guarantor to the relevant Bondholder in connection with such conversion, the Issuer or the Guarantor shall (without prejudice to the Issuer's and the Guarantor's obligation to pay any accrued interest, Arrears of Interest, Make-whole Amount and/or Cash Payment Amount (Nominal Value), as applicable, in connection with such conversion pursuant to these Conditions) pay to the relevant Bondholder the Cash Settlement Amount.

The Issuer, failing which the Guarantor, will pay the Cash Settlement Amount to the relevant Bondholder on the relevant Cash Payment Date in accordance with Condition 11.1.

- (ii) If there is a Retroactive Adjustment to the Minimum Conversion Price and the Maximum Conversion Price applicable to the conversion of any Bond in circumstances where the Cash Settlement Amount will be paid in lieu of the delivery of Ordinary Shares, the Issuer shall pay to the relevant Bondholder an additional amount (the **Additional Cash Settlement Amount**) equal to the Market Price on the Reference Date of such number of Ordinary Shares equal to that by which the number of Ordinary Shares deliverable on conversion of the Bonds would have been increased, if any, if the relevant adjustment to the Minimum Conversion Price and the Maximum Conversion Price had been made and become effective immediately prior to the relevant Determination Date.

The Issuer, failing which the Guarantor, will pay any Additional Cash Settlement Amount not later than five TARGET Business Days following the relevant Reference Date in accordance with Condition 11.1.

9.2 Inability to deliver Ordinary Shares

- (a) Subject to Condition 9.2(b) below, if at any time following approval of the Shareholder Resolutions the Guarantor is legally barred from delivering, or (save in the circumstances described in Condition 7.7 or 7.8) is otherwise unable to deliver, Ordinary Shares upon such conversion, the rights and claims that the Bondholders would otherwise have to convert their Bonds into Ordinary Shares shall (without prejudice to any other rights or claims of the Bondholders pursuant to these Conditions and/or the Trust Deed) be suspended for the duration of such inability of the Guarantor to deliver Ordinary Shares (such period the **Suspension Period**), provided that the Bonds shall continue to bear interest in accordance with Condition 5.

In the case of any suspension of a Bondholder's rights and claims pursuant to this Condition 9.2(a):

- (i) the Issuer shall, promptly upon becoming aware of the circumstances giving rise to such suspension, give notice of such suspension to the Bondholders in accordance with Condition 19 and to the Trustee;
- (ii) any Ordinary Shares due to be delivered upon conversion shall, instead of being delivered on the relevant Delivery Date, be delivered on the relevant Delayed Delivery Date (but without prejudice to the obligation of the Issuer to pay any additional cash amount(s) pursuant to these Conditions on the originally scheduled Cash Payment Date), and references to "the relevant Delivery Date" in Condition 8.2 shall be deemed to be replaced by references to "the relevant Delayed Delivery Date";
- (iii) the number of Ordinary Shares to be delivered in respect of each Bond on conversion shall equal:
 - (A) in the case of any Mandatory Conversion pursuant to Condition 6.1, (I) the Relevant Conversion Ratio or (II) if higher, the Relevant Conversion Ratio calculated as though the relevant Calculation Period was a period of 20 consecutive Trading Days commencing on the 23rd Trading Day immediately preceding the relevant Delayed Delivery Date;

- (B) in the case of any Mandatory Conversion at the option of the Issuer pursuant to Condition 6.2, (I) the Maximum Conversion Ratio in effect on the relevant Delivery Date or (II) if higher, the Maximum Conversion Ratio in effect on the relevant Delayed Delivery Date;
- (C) in the case of any Voluntary Conversion at the option of Holders pursuant to Condition 6.3, (I) the Minimum Conversion Ratio in effect on the relevant Delivery Date or (II) if higher, the Minimum Conversion Ratio in effect on the relevant Delayed Delivery Date;
- (D) in the case of any Voluntary Conversion at the option of Holders following a Special Event pursuant to Condition 6.4, (I) the Special Event Conversion Ratio or (II) if higher, the Special Event Conversion Ratio calculated as though (x) the relevant Calculation Period was a period of 20 consecutive Trading Days commencing on the 23rd Trading Day immediately preceding the relevant Delayed Delivery Date and (y) for the purposes of the definition of "Special Event Conversion Ratio", the reference to "the relevant Delivery Date" in the definition of "c" were replaced by a reference to "the relevant Delayed Delivery Date"; or
- (E) in the case of Mandatory Conversion following an Accelerated Conversion Event pursuant to Condition 6.5, (I) the Maximum Conversion Ratio in effect on the relevant Delivery Date or (II) if higher, the Maximum Conversion Ratio in effect on the relevant Delayed Delivery Date,

and **Determination Date** shall, for the purposes of Condition 7.2, be construed accordingly; and

- (iv) in addition to accrued interest (if any) referred to in Condition 5.3 to be paid to the relevant Bondholder on the original Delivery Date, an additional amount of interest will accrue on the principal amount of the Bondholder's Bonds pursuant to Condition 5.1 from (and including) the first day of the Suspension Period to (but excluding) the Delayed Delivery Date (including in respect of any Bonds that are the subject of Voluntary Conversion pursuant to Condition 6.3), to be paid on the Delayed Delivery Date in accordance with Condition 11.1.
- (b) If, as a result of an event described in Condition 13.1(b) occurring in relation to the Guarantor, the Guarantor is unable to deliver Ordinary Shares to the Bondholders as otherwise required pursuant to these Conditions and the Trust Deed, the claims of each Bondholder against the Issuer and the Guarantor for the delivery of Ordinary Shares shall be converted into a monetary claim against the Issuer and the Guarantor equal to the Redemption Amount per Bond.

10. REDEMPTION, PURCHASE AND CANCELLATION

10.1 Redemption at the option of the Issuer

If the Shareholder Resolutions are not passed on or by the Shareholder Approval Specified Date, on giving (by no later than the tenth day after the Shareholder Approval Specified Date) not less than 30 nor more than 60 days' notice (a **Fair Market Call Notice**) to the Trustee and to the Bondholders in accordance with Condition 19, the Issuer may redeem all but not some

only of the Bonds on the date (the **Fair Market Call Redemption Date**) specified in the Fair Market Call Notice at an amount per Bond equal to:

- (a) 102 per cent. of its principal amount, together with interest (if any) accrued to the Fair Market Call Redemption Date and outstanding Arrears of Interest (if any); plus
- (b) if the Current Conversion Value of a Bond exceeds its Initial Conversion Value, an amount per Bond equal to 85 per cent. of the amount determined by subtracting the Initial Conversion Value of such Bond from its Current Conversion Value,

(the **Fair Market Call Amount**).

Any Fair Market Call Notice shall be irrevocable. Any such notice shall specify (a) the Fair Market Call Redemption Date, which shall be a TARGET Business Day, and (b) the amount of accrued interest and Arrears of Interest payable in respect of each Bond on the Fair Market Call Redemption Date.

10.2 Purchase

The Guarantor or any Subsidiary may at any time purchase Bonds in any manner and at any price.

10.3 Cancellation

All Bonds which are redeemed or which are converted will forthwith be cancelled and may not be held, reissued or resold.

Bonds purchased by the Guarantor or any of its Subsidiaries shall be surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and accordingly may not be held, reissued or resold.

11. PAYMENTS

11.1 Payment of interest and other amounts

Payment of:

- (a) any cash amount(s) related to the conversion of any Bond (including, without limitation, each Cash Settlement Amount, Additional Cash Settlement Amount, Cash Payment Amount (Nominal Value), Cash Payment Amount (Undeliverable Shares) and Make-whole Amount and any accrued interest and Arrears of Interest payable as a result of such conversion) will:
 - (i) if the relevant Bondholder has delivered a Conversion Notice in accordance with Condition 8.1 or Condition 8.2, as applicable, be made by transfer to the euro account specified by the relevant Bondholder in its Conversion Notice; or
 - (ii) if the relevant Bondholder has not delivered a Conversion Notice in accordance with Condition 8.1 or Condition 8.2, as applicable, be made to the persons shown in the Register at the close of business on the fifth business day, in the place of the specified office of the Registrar, before the relevant Delivery Date;

- (b) any Fair Market Call Amount following an exercise of the Issuer by its option under Condition 10.1 will be made to the persons shown in the Register at the close of business on the seventh business day, in the place of the specified office of the Registrar, before the relevant Fair Market Call Redemption Date;
- (c) any Redemption Amount, any accrued interest and any Arrears of Interest payable as a result of the occurrence of an Event of Default will be made to the persons shown in the Register at the close of business on the business day, in the place of the specified office of the Registrar, immediately before the day on which the relevant Event of Default occurred;
- (d) any Interest Amount and Arrears of Interest due on any Interest Payment Date in respect of the Bonds, or any Arrears of Interest due on any other date following the exercise by the Issuer of its option pursuant to Condition 5.2(b), and not in any such case otherwise falling within paragraphs (a) to (c) of this Condition 11.1, will be made to the persons shown in the Register at the close of business on the Record Date;
- (e) any Arrears of Interest due on any date and not otherwise falling within paragraphs (a) to (d) of this Condition 11.1, will be made to the persons shown in the Register at the close of business on the business day, in the place of the specified office of the Registrar, immediately before the relevant Mandatory Settlement Date; and
- (f) any amounts other than as provided above will be made as provided in these Conditions.

11.2 Record Date

Record Date means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

11.3 Payments

Each payment in respect of the Bonds pursuant to Condition 11.1 (other than Condition 11.1(a)(i)) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

Payment instructions in respect of any payment, other than any payment described in Condition 11.1(c) or Condition 11.1(e), (for value on the due date or, if that is not a TARGET Business Day, for value the first following day which is a TARGET Business Day) will be initiated on the TARGET Business Day preceding the due date for payment. Payment instructions in respect of any payment described in Condition 11.1(c) or Condition 11.1(e) will be initiated on the due date for payment (or, if that is not a TARGET Business Day, the first following day which is a TARGET Business Day).

11.4 Payments subject to fiscal laws

All payments in respect of the Bonds are subject in all cases to (a) any applicable fiscal or other laws and regulations, but without prejudice to Condition 12 and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12) any law implementing an intergovernmental approach thereto.

11.5 Delay in payment

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

11.6 Paying, Transfer and Conversion Agents, etc.

The Issuer and the Guarantor reserve the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent and Registrar and appoint additional or other Paying, Transfer and Conversion Agents, provided that they will:

- (a) maintain a Principal Paying, Transfer and Conversion Agent;
- (b) maintain a Paying, Transfer and Conversion Agent (which may be the Principal Paying, Transfer and Conversion Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (c) maintain a Registrar with a specified office outside the United Kingdom.

Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer and the Guarantor to the Bondholders in accordance with Condition 19.

The Issuer and the Guarantor reserve the right under the Calculation Agency Agreement at any time with the prior approval of the Trustee to vary or terminate the appointment of the Calculation Agent and appoint additional or other Calculation Agents, provided that they will maintain a Calculation Agent, which shall be a financial institution of international repute or a financial adviser with appropriate expertise.

11.7 No charges

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

11.8 Rounding of payments

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

12. TAXATION

12.1 Payment without withholding

All payments by or on behalf of the Issuer or the Guarantor in respect of the Bonds or the Guarantee, as applicable, will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature

(Taxes) imposed or levied by or on behalf of any Relevant Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no Additional Amounts shall be payable:

- (a) in respect of any Bond presented for payment by or on behalf of a holder who is liable for such Taxes in respect of such Bonds by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of such Bond; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (c) in respect of any Bond presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Bond to another Paying, Transfer and Conversion Agent in a Member State of the European Union; or
- (d) in respect of any Bond presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a TARGET Business Day; or
- (e) in respect of any Bond presented for payment by or on behalf of a holder if such withholding or deduction may be avoided by such holder producing a declaration or other evidence of non-residence in the Relevant Jurisdiction to the relevant taxing authority or making any other claim or filing, unless such holder is not entitled to produce such declaration or other evidence or to make such other claim or filing.

12.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any Additional Amounts (as defined in Condition 12.1) which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

13. EVENTS OF DEFAULT AND ENFORCEMENT

13.1 Events of Default

If any of the following events (each an **Event of Default**) occurs, then the Issuer and the Guarantor shall, without notice from the Trustee, be deemed to be in default under the Trust Deed and the Bonds and in such case, (a) the Bonds shall immediately become due and payable at the Redemption Amount together with any accrued and unpaid interest up to (but excluding) the date on which the Bonds become so due and payable and any outstanding Arrears of Interest and (b) the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) institute steps in order to obtain a judgment against the Issuer and the Guarantor for any amounts due in respect of the Bonds, including the institution of Insolvency Proceedings against the Issuer and/or the

Guarantor or the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer and/or the Guarantor:

- (a) an order is made or an effective resolution is passed for the voluntary or judicial winding up, dissolution or liquidation of the Issuer or restructuring of the Issuer's liabilities pursuant to any Insolvency Proceedings or under any applicable bankruptcy or insolvency law or if the Issuer is liquidated for any other reason; or
- (b) an order is made or an effective resolution is passed for the voluntary or judicial winding up, dissolution or liquidation of the Guarantor or restructuring of the Guarantor's liabilities pursuant to any Insolvency Proceedings or under any applicable bankruptcy or insolvency law or if the Guarantor is liquidated for any other reason; or
- (c) the Guarantee is not in full force and effect.

13.2 Enforcement by the Trustee

- (a) Subject as provided in Condition 13.2(b) below, the Trustee may at its discretion and without further notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but in no event shall the Issuer or the Guarantor, by virtue of the initiation of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take any action referred to in this Condition 13 or any other action or steps under or pursuant to the Trust Deed or the Bonds unless (i) it has been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and (ii) it has been indemnified and/or secured and/or prefunded to its satisfaction.

13.3 Enforcement by Bondholders

No Bondholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute any Insolvency Proceedings against the Issuer or the Guarantor or to file a proof of claim and participate in any Insolvency Proceedings or institute proceedings for the liquidation, dissolution or winding-up of the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Bondholder shall have only such rights against the Issuer and the Guarantor as those which the Trustee would have been entitled to exercise pursuant to this Condition 13.

13.4 Limitation on remedies

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 13, shall be available to the Trustee and the Bondholders, whether for the recovery of amounts due in respect of the Bonds or under the Trust Deed or in respect of any breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Bonds and the Trust Deed.

14. UNDERTAKINGS

- 14.1 Each of the Issuer and Guarantor undertakes to use all reasonable endeavours to obtain, by not later than 15 March 2014, and thereafter maintain the listing of the Bonds on an

internationally recognised, regularly operating, regulated or non-regulated, stock exchange as determined by the Issuer. The Issuer will forthwith give notice to the Bondholders in accordance with Condition 19 of the listing or delisting of the Bonds by any of such stock exchanges or securities markets.

14.2 Whilst any Bond remains outstanding, each of the Issuer and the Guarantor will, unless otherwise approved by an Extraordinary Resolution:

(a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other (in the case of the Guarantor) than:

(i) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or Securities on a capitalisation of profits or reserves; or

(ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Dividend in cash; or

(iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or

(iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Guarantor or any Subsidiary or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 7.6 relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Minimum Conversion Price and the Maximum Conversion Price;

(b) not modify the rights attaching to the Ordinary Shares with respect to voting (provided that nothing in this Condition 14 shall prevent modification to the quorum requirements in respect of general meetings of the holders of Ordinary Shares), dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 14.2(b) shall prevent:

(i) the issue of equity share capital to employees or former employees or directors (including directors holding or formerly holding executive office or the personal service company of any such person) (or the spouse or relative of any such person) whether of the Guarantor or any Subsidiary or associated company by virtue of their office or employment pursuant to an employee, director or executive share or option or incentive scheme; or

(ii) any consolidation, reclassification or subdivision of the Ordinary Shares; or

- (iii) any modification of such rights which is not, in the opinion of a Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
- (iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 7.6 relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share on the relevant date, otherwise result, in an adjustment to the Minimum Conversion Price and the Maximum Conversion Price; or
- (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Guarantor shall have instructed a Financial Adviser to determine what (if any) adjustments should be made to the Minimum Conversion Price and the Maximum Conversion Price as being fair and reasonable to take account thereof and such Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Minimum Conversion Price and the Maximum Conversion Price is required and, if so, the new Minimum Conversion Price and the new Maximum Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly),

provided that, for the avoidance of doubt, the proposed removal of the express nominal value of the Ordinary Shares announced by the Guarantor prior to the Issue Date shall not be prevented by this Condition 14.2 or any other provision of these Conditions;

- (c) procure that, other than the Bonds, no Securities (whether issued by the Issuer, the Guarantor or any Subsidiary or procured by the Issuer, the Guarantor or any Subsidiary to be issued or issued by any other person pursuant to any arrangement with the Issuer, the Guarantor or any Subsidiary) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last Trading Day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 7.6 relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Minimum Conversion Price and the Maximum Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the conversion of any Bond, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption or buy back of share capital of the Guarantor to the extent permitted by applicable law; or

- (iii) pursuant to a Newco Scheme; or
- (iv) by way of or involving a transfer to reserves as permitted under applicable law; or
- (v) where the reduction does not involve any distribution of assets; or
- (vi) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed; or
- (vii) where the reduction is required by applicable law; or
- (viii) to create distributable reserves; or
- (ix) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 7.6 relating to roundings or the carry forward of adjustments, result in) an adjustment to the Minimum Conversion Price and the Maximum Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

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

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

necessary, in the opinion of the Trustee, to ensure that the Bonds may be settled by reference to or, as appropriate, converted into or exchanged for, ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed (and the Trustee shall (at the expense of the Issuer) be obliged to concur in effecting such substitution or the granting of such guarantee and in either case making any such amendments, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to further liabilities or reduce its protections);

- (ii) the Trust Deed and the Conditions (including, without limitation, the adjustment and related provisions (in Condition 7), the Accelerated Conversion Events (in Condition 6.5), the events of default (in Condition 13) and the Undertakings (in this Condition 14)) provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*; and
- (iii) the ordinary shares of Newco are:
 - (A) admitted to the Relevant Stock Exchange or admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market in the European Union; and
 - (B) are listed, quoted or dealt in any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (h) use reasonable endeavours to ensure that the Ordinary Shares issued upon conversion of Bonds, if any, will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in; and
- (i) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that the Guarantor's issued and outstanding Ordinary Shares shall be admitted to listing on the Relevant Stock Exchange.

The Issuer and the Guarantor have undertaken in the Trust Deed to deliver to the Trustee annually a certificate signed by two duly authorised representatives of the Issuer and the Guarantor, as to there not having occurred an Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event, Event of Default or Potential Event of Default (as defined in the Trust Deed) since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely without liability on such certificate and shall not be obliged to independently monitor whether an Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event, Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer and the Guarantor with the undertakings set forth in this Condition 14, nor be liable to any person for not so doing.

15. PRESCRIPTION

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within five years (in the case of interest) or ten years (in the case of any other amounts payable in respect of the Bonds) from the appropriate Relevant Date in respect of such payment.

16. REPLACEMENT OF BONDS

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

17. MEETINGS OF BONDHOLDERS

17.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to change the Maturity Date or the dates on which any Interest Amount, Arrears of Interest, Make-whole Amount, Cash Settlement Amount, Additional Cash Settlement Amount, Cash Payment Amount (Nominal Value) and/or Cash Payment Amount (Undeliverable Shares) is payable in respect of the Bonds, (b) to modify the circumstances in which the Issuer is entitled to redeem the Bonds pursuant to Condition 10.1, (c) to modify the circumstances in which the Bonds may be or are required to be converted into Ordinary Shares, (d) to reduce or cancel the principal amount of, or interest on, the Bonds or any Arrears of Interest, Make-whole Amount, Cash Settlement Amount, Additional Cash Settlement Amount, Cash Payment Amount (Nominal Value) and/or Cash Payment Amount (Undeliverable Shares), or to reduce the amount payable on redemption of the Bonds pursuant to Condition 10.1, (e) to modify the provisions relating to the conversion of the Bonds (other than a reduction to the Minimum Conversion Price or the Maximum Conversion Price, and other than pursuant to or as a result of any amendments to these Conditions and the Trust Deed made pursuant to and in accordance with the provisions of Condition 14.2(g) (a **Newco Scheme Modification**)), (f) to increase the Minimum Conversion Price or the Maximum Conversion Price (other than in accordance with these Conditions or pursuant to a Newco Scheme Modification), (g) to change the currency of the denomination or any payment in respect of the Bonds, (h) to change the governing law of the Bonds, the Trust Deed, the Agency Agreement or the Calculation Agency Agreement, or (i) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Bonds outstanding and (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the Bonds for the time being outstanding shall in each case and for all purposes be as valid and effective, and shall take effect, as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

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

17.2 Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest or proven error, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Calculation Agency Agreement, any agreement supplemental to the Calculation Agency Agreement, the Bonds or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 19.

17.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Bondholders, to:

- (a) the substitution in place of the Issuer (or any previous substitute under this paragraph) of any other Subsidiary as the principal debtor under the Bonds and the Trust Deed subject to (i) the Bonds continuing to be unconditionally and irrevocably guaranteed by the Guarantor, (ii) the Bonds continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions, (iii) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (iv) certain other conditions set out in the Trust Deed being complied with; or
- (b) the substitution in place of the Guarantor (or any previous substitute under this paragraph) of any Successor in Business as the guarantor under the Bonds and the Trust Deed subject to (i) the Bonds being exchangeable into the class and amount of shares and other securities and property of the Successor in Business as prescribed by and in accordance with Condition 8.8, (ii) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with

In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders.

In connection with a Newco Scheme, at the request of the Issuer the Trustee shall, without the requirement for any consent or approval of the Bondholders, concur with (i) the Guarantor in the substitution in place of the Guarantor (or any previous substituted company) as guarantor under the Bonds and the Trust Deed of Newco or (ii) the Issuer in the substitution in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Bonds of Newco, in each case pursuant to and subject to the provisions set out in Condition 14.2(g).

17.4 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) and the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions (including, without limitation, in relation to any modification, waiver, authorisation or substitution as referred to above), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise or performance of its trusts, powers or discretions for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent already provided for in Condition 12 and/or any undertaking given in addition to, or in substitution for, Condition 12 pursuant to the Trust Deed.

18. THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of the Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of the Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. NOTICES

All notices regarding the Bonds will be valid if sent to the address of the relevant Bondholder as specified in the Register. The Issuer and the Guarantor shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock

exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the third day after being so sent or on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

20. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions in all respects as the Bonds or in all respects except for the first payment of interest on them and the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding Bonds (in either case, referred to herein as the **Further Bonds**). Any Further Bonds shall be constituted by the Trust Deed or any deed supplemental to it.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

22. GOVERNING LAW AND JURISDICTION

22.1 Governing Law

The Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law, except for Condition 2.1, which shall be governed by Luxembourg law, and Condition 2.2, which shall be governed by Italian law. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

22.2 Jurisdiction of English courts

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably agreed, for the benefit of the Trustee and the Bondholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Bonds (including any disputes relating to any non-contractual obligations which may arise out of or in connection with the Trust Deed and/or the Bonds) and accordingly submit to the exclusive jurisdiction of the English courts.

Each of the Issuer and the Guarantor has in the Trust Deed waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Bondholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Trust Deed and the Bonds (including any Proceedings relating to any non-contractual obligations which may arise out of or in connection with the Trust Deed and/or the Bonds) against the Issuer or, as the case may be, the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

22.3 Agent for Service of Process

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably appointed T.M.I. Telemedia International Limited at its registered office at Watchmaker Court, 33 St. John's Lane, London EC1M 4DB, as its agent for service of process and undertakes that, in the event of T.M.I. Telemedia International Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

PRINCIPAL PAYING, TRANSFER AND CONVERSION AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, Rue de Gasperich
Hesperange L-5826
Luxembourg

REGISTRAR

BNP Paribas Securities Services, Luxembourg Branch
33, Rue de Gasperich
Hesperange L-5826
Luxembourg

and/or such other or further Principal Paying, Transfer and Conversion Agent and other Paying, Transfer and Conversion Agents and Registrar and/or specified offices as may from time to time be appointed by the Issuer and the Guarantor with the approval of the Trustee and notice of which has been given to the Bondholders.

SCHEDULE 3

PROVISIONS FOR MEETINGS OF BONDHOLDERS

DEFINITIONS

1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

Block Voting Instruction means an English language document issued by a Paying, Transfer and Conversion Agent in which:

- (a) it is certified that on the date thereof Bonds represented by a Global Certificate or Definitive Certificates which are held in an account with any Clearing System (in each case not being Bonds in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a Clearing System and that no such Bonds will cease to be so blocked until the first to occur of:
- (1) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (2) the Bonds ceasing with the agreement of the Paying, Transfer and Conversion Agent to be so blocked and the giving of notice by the Paying, Transfer and Conversion Agent to the Issuer in accordance with paragraph 3(E) of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Bonds has instructed such Paying, Transfer and Conversion Agent that the vote(s) attributable to the Bonds so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount of the Bonds so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying, Transfer and Conversion Agent to cast the votes attributable to the Bonds so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction;

Clearing System means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Bond any clearing system on behalf of which such Bond is held or which is the holder or (directly or through a nominee) registered owner of a Bond, in either case whether alone or jointly with any other Clearing System(s). For the avoidance of doubt, the provisions of subclause 1.2(g) shall apply to this definition;

Eligible Person means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a holder of a Bond in definitive form which is not held in an account with any Clearing System;
- (b) a bearer of any Voting Certificate;
- (c) a proxy specified in any Block Voting Instruction; and
- (d) a proxy appointed by a holder of a Bond in definitive form which is not held in an account with any Clearing System;

Extraordinary Resolution means:

- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a majority consisting of not less than three-fourths of the Eligible Persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the holders; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Bonds for the time being outstanding.

Ordinary Resolution means:

- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a simple majority of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than a clear majority in principal amount of the Bonds, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the holders;

Voting Certificate means an English language certificate issued by a Paying, Transfer and Conversion Agent in which it is stated:

- (a) that on the date thereof Bonds represented by a Global Certificate or Definitive Certificates which are held in an account with any Clearing System (in each case not being Bonds in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) were deposited with such Paying, Transfer and Conversion Agent or (to the satisfaction of such Paying, Transfer and Conversion Agent) are held to its order or under its control or are blocked in an account with a Clearing System and that no such Bonds will cease to be so deposited or held or blocked until the first to occur of:
 - (1) the conclusion of the meeting specified in such Voting Certificate; and
 - (2) the surrender of the Voting Certificate to the Paying, Transfer and Conversion Agent who issued the same; and

- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Bonds represented by such Voting Certificate;

24 Hours means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying, Transfer and Conversion Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and

48 Hours means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying, Transfer and Conversion Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

For the purposes of calculating a period of **Clear Days** in relation to a meeting, no account shall be taken of the day on which the notice of such meeting is given (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

All references in this Schedule to a "meeting" shall, where the context so permits, include any relevant adjourned meeting.

EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE

2. A holder of a Bond represented by a Global Certificate or a Definitive Certificate which is held in an account with any Clearing System may require the issue by a Paying, Transfer and Conversion Agent of Voting Certificates and Block Voting Instructions in accordance with the terms of paragraph 3.

For the purposes of paragraph 3, the Principal Paying, Transfer and Conversion Agent and each Paying, Transfer and Conversion Agent shall be entitled to rely, without further enquiry, on any information or instructions received from a Clearing System and shall have no liability to any holder or other person for any loss, damage, cost, claim or other liability occasioned by its acting in reliance thereon, nor for any failure by a Clearing System to deliver information or instructions to the Principal Paying, Transfer and Conversion Agent or any Paying, Transfer and Conversion Agent.

The holder of any Voting Certificate or the proxies named in any Block Voting Instruction shall for all purposes in connection with the relevant meeting be deemed to be the holder of the Bonds to which such Voting Certificate or Block Voting Instruction relates and the Paying, Transfer and Conversion Agent with which such Bonds have been deposited or the person holding Bonds to the order or under the control of such Paying, Transfer and Conversion Agent or the Clearing System in which such Bonds have been blocked shall be deemed for such purposes not to be the holder of those Bonds.

PROCEDURE FOR ISSUE OF VOTING CERTIFICATES, BLOCK VOTING INSTRUCTIONS AND PROXIES

3. (A) *Global Certificate and Definitive Certificates held in a Clearing System - Voting Certificate*

A holder of a Bond (not being a Bond in respect of which instructions have been given to the Principal Paying, Transfer and Conversion Agent in accordance with paragraph 3(B)) represented by a Global Certificate or which is in definitive form and is held in an account with any Clearing System may procure the delivery of a Voting Certificate in respect of such Bond by giving notice to the Clearing System through which such holder's interest in the Bond is held specifying by name a person (an **Identified Person**) (which need not be the holder himself) to collect the Voting Certificate and attend and vote at the meeting. The relevant Voting Certificate will be made available at or shortly prior to the commencement of the meeting by the Principal Paying, Transfer and Conversion Agent against presentation by such Identified Person of the form of identification previously notified by such holder to the Clearing System. The Clearing System may prescribe forms of identification (including, without limitation, a passport or driving licence) which it deems appropriate for these purposes. Subject to receipt by the Principal Paying, Transfer and Conversion Agent from the Clearing System, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Bonds to be represented by any such Voting Certificate and the form of identification against presentation of which such Voting Certificate should be released, the Principal Paying, Transfer and Conversion Agent shall, without any obligation to make further enquiry, make available Voting Certificates against presentation of the form of identification corresponding to that notified.

(B) *Global Certificate and Definitive Certificates held in a Clearing System - Block Voting Instruction*

A holder of a Bond (not being a Bond in respect of which a Voting Certificate has been issued) represented by a Global Certificate or which is in definitive form and is held in an account with any Clearing System may require the Principal Paying, Transfer and Conversion Agent to issue a Block Voting Instruction in respect of such Bond by first instructing the Clearing System through which such holder's interest in the Bond is held to procure that the votes attributable to such Bond should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the Clearing System then in effect. Subject to receipt by the Principal Paying, Transfer and Conversion Agent of instructions from the Clearing System, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Bonds in respect of which instructions have been given and the manner in which the votes attributable to such Bonds should be cast, the Principal Paying, Transfer and Conversion Agent shall, without any obligation to make further enquiry, appoint a proxy to attend the meeting and cast votes in accordance with such instructions.

(C) *Definitive Certificates not held in a Clearing System - appointment of proxy*

- (i) A holder of Bonds in definitive form and not held in an account with any Clearing System may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or any Transfer Agent not less than 48 Hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting.
- (ii) Any proxy appointed pursuant to subparagraph (i) above shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting, to be the holder of the Bonds to which such appointment relates and the holders of the Bonds shall be deemed for such purposes not to be the holder.

- (D) Each Block Voting Instruction, together (if so requested by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the relevant Paying, Transfer and Conversion Agent, and each form of proxy shall be deposited by the relevant Paying, Transfer and Conversion Agent or (as the case may be) by the Registrar or the relevant Transfer Agent at such place as the Trustee shall approve not less than 24 Hours before the time appointed for holding the meeting at which the proxy or proxies named in the Block Voting Instruction or form of proxy proposes to vote, and in default the Block Voting Instruction or form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting proceeds to business. A copy of each Block Voting Instruction and form of proxy shall be deposited with the Trustee before the commencement of the meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in any such Block Voting Instruction or form of proxy.
- (E) Any vote given in accordance with the terms of a Block Voting Instruction or form of proxy shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or form of proxy or of any of the instructions of the relevant holder or the relevant Clearing System (as the case may be) pursuant to which it was executed provided that no intimation in writing of such revocation or amendment has been received from the relevant Paying, Transfer and Conversion Agent (in the case of a Block Voting Instruction) or from the holder thereof (in the case of a proxy appointed pursuant to paragraph 3(C)) by the Issuer at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 Hours (in the case of a Block Voting Instruction) or 48 Hours (in the case of a proxy) before the time appointed for holding the meeting at which the Block Voting Instruction or form of proxy is to be used.

CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS

4. The Issuer, the Guarantor or the Trustee may at any time, and the Issuer shall upon a requisition in writing in the English language signed by the holders of not less than ten per cent. in principal amount of the Bonds for the time being outstanding, convene a meeting and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Whenever the Issuer or the Guarantor is about to convene any such meeting the Issuer or the Guarantor, as the case may be, shall forthwith give notice in writing to the Trustee of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as the Trustee may appoint or approve in writing.
5. At least 21 Clear Days' notice specifying the place, day and hour of meeting shall be given to the holders prior to any meeting in the manner provided by Condition 19. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened and, in the case of an Extraordinary Resolution, shall either specify in such notice the terms of such resolution or state fully the effect on the holders of such resolution, if passed. Such notice shall include statements as to the manner in which holders may arrange for Voting Certificates or Block Voting Instructions to be issued and, if applicable, appoint proxies. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee), to the Issuer (unless the meeting is convened by the Issuer) and to the Guarantor (unless the meeting is convened by the Guarantor).
6. A person (who may but need not be a holder) nominated in writing by the Trustee shall be entitled to take the chair at the relevant meeting, but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the holders present shall choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned

meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.

7. At any such meeting one or more Eligible Persons present and holding or representing in the aggregate not less than one-twentieth of the principal amount of the Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business (including the passing of an Ordinary Resolution) and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate a clear majority in principal amount of the Bonds for the time being outstanding PROVIDED THAT at any meeting the business of which includes any of the following matters (each of which shall, subject only to subclause 19.2 and clause 21, only be capable of being effected after having been approved by Extraordinary Resolution) namely:
- (i) reduction or cancellation of the principal amount of, or interest on, the Bonds or any Arrears of Interest, Make-whole Amount, Cash Settlement Amount, Additional Cash Settlement Amount, Cash Payment Amount (Nominal Value) and/or Cash Payment Amount (Undeliverable Shares) or, where applicable, modification, except where such modification is in the opinion of the Trustee bound to result in an increase, of the method of calculating any such amounts;
 - (ii) reduction of the amount payable on redemption of the Bonds pursuant to Condition 10;
 - (iii) alteration of the currency in which payments under the Bonds are to be made;
 - (iv) alteration of the majority required to pass an Extraordinary Resolution;
 - (v) the sanctioning of any such scheme or proposal or substitution as is described in paragraphs 19(i) and (j); and
 - (vi) alteration of this proviso or the proviso to paragraph 9;
 - (vii) alteration of the Maturity Date or the dates on which any Interest Amount, Arrears of Interest, Make-whole Amount, Cash Settlement Amount, Additional Cash Settlement Amount, Cash Payment Amount (Nominal Value) and/or Cash Payment Amount (Undeliverable Shares) is payable in respect of the Bonds;
 - (viii) modification of the circumstances in which the Issuer is entitled to redeem the Bonds pursuant to Condition 10.1;
 - (ix) modification of the circumstances in which the Bonds may be or are required to be converted into Ordinary Shares;
 - (x) modification of the provisions relating to the conversion of the Bonds (other than a reduction to the Minimum Conversion Price or the Maximum Conversion Price, and other than pursuant to or as a result of any amendments to these Conditions and the Trust Deed made pursuant to and in accordance with the provisions of Condition 14.2(g) (a **Newco Scheme Modification**));

- (xi) increase of the Minimum Conversion Price or the Maximum Conversion Price (other than in accordance with the Conditions or pursuant to a Newco Scheme Modification); or
- (xii) alteration of the governing law of these presents, the Agency Agreement and the Calculation Agency Agreement.

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds of the principal amount of the Bonds for the time being outstanding.

8. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of holders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 Clear Days nor more than 42 Clear Days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Trustee) dissolve such meeting or adjourn the same for such period, being not less than 13 Clear Days (but without any maximum number of Clear Days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings.
9. At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Bonds so held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 7 shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-half of the principal amount of the Bonds for the time being outstanding.
10. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 5 and such notice shall state the required quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

CONDUCT OF BUSINESS AT MEETINGS

11. Every question submitted to a meeting shall be decided in the first instance by a show of hands. A poll may be demanded (before or on the declaration of the result of the show of hands) by the Chairman, the Issuer, the Guarantor, the Trustee or any Eligible Person (whatever the amount of the Bonds so held or represented by him).

12. At any meeting, unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
13. Subject to paragraph 15, if at any such meeting a poll is so demanded it shall be taken in such manner and, subject as hereinafter provided, either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
14. The Chairman may, with the consent of (and shall if directed by) any such meeting, adjourn the same from time to time and from place to place; but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
15. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
16. Any director or officer of the Trustee, its lawyers and financial advisors, any director or officer of the Issuer or, as the case may be, the Guarantor, their lawyers and financial advisors, any director or officer of any of the Paying, Transfer and Conversion Agents and any other person authorised so to do by the Trustee may attend and speak at any meeting. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Bonds which are deemed to be not outstanding by virtue of the proviso to the definition of "outstanding" in clause 1.
17. At any meeting:
 - (a) on a show of hands every Eligible Person present shall have one vote; and
 - (b) on a poll every Eligible Person present shall have one vote in respect of each €1 or such other amount as the Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Bonds denominated in another currency, such amount in such other currency as the Trustee in its absolute discretion may stipulate), in principal amount of the Bonds held or represented by such Eligible Person.

Without prejudice to the obligations of the proxies named in any Block Voting Instruction or form of proxy, any Eligible Person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

18. The proxies named in any Block Voting Instruction or form of proxy need not be holders. Nothing herein shall prevent any of the proxies named in any Block Voting Instruction or form of proxy from being a director, officer or representative of or otherwise connected with the Issuer or the Guarantor.
19. A meeting shall in addition to the powers hereinbefore given have the following powers exercisable (without prejudice to any powers conferred on other persons by these presents) only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 7 and 9) namely:

- (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Trustee, any Appointee and the holders or any of them.
 - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Trustee, any Appointee, the holders or the Issuer or the Guarantor against any other or others of them or against any of their property whether such rights arise under these presents or otherwise.
 - (c) Power to assent to any modification of the provisions of these presents which is proposed by the Issuer, the Guarantor, the Trustee or any holder.
 - (d) Power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution.
 - (e) Power to appoint any persons (whether holders or not) as a committee or committees to represent the interests of the holders and to confer upon such committee or committees any powers or discretions which the holders could themselves exercise by Extraordinary Resolution.
 - (f) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
 - (g) Power to discharge or exonerate the Trustee and/or any Appointee from all liability in respect of any act or omission for which the Trustee and/or such Appointee may have become responsible under these presents.
 - (h) Power to authorise the Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
 - (i) Power to sanction any scheme or proposal for the exchange or sale of the Bonds for or the conversion of the Bonds into or the cancellation of the Bonds in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the holders to execute an instrument of transfer of the Bonds held by them in favour of the persons with or to whom the Bonds are to be exchanged or sold respectively.
 - (j) Power to approve the substitution of any entity for the Issuer and/or the Guarantor (or any previous substitute) as principal debtor and/or guarantor, as the case may be, under these presents.
20. Any Extraordinary Resolution or Ordinary Resolution (i) passed at a meeting of the holders duly convened and held in accordance with these presents, (ii) passed by way of electronic consents given by holders through the relevant Clearing System(s) in accordance with these presents shall be binding upon all the holders whether or not present or whether or not represented at such meeting and whether or not voting on such Extraordinary Resolution or Ordinary Resolution and each of them shall be bound to give effect thereto accordingly and the passing of any such Extraordinary Resolution or Ordinary Resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any Extraordinary Resolution or Ordinary Resolution duly considered by the holders shall

be published in accordance with Condition 19 by the Issuer within 14 days of such result being known, PROVIDED THAT the non-publication of such notice shall not invalidate such result.

21. Minutes of all resolutions and proceedings at every meeting shall be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid, if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
22. Subject to all other provisions of these presents the Trustee may (after consultation with the Issuer and the Guarantor where the Trustee considers such consultation to be practicable but without the consent of the Issuer, the Guarantor or the holders) prescribe such further or alternative regulations regarding the requisitioning and/or the holding of meetings and attendance and voting thereat as the Trustee may in its sole discretion reasonably think fit (including, without limitation, the substitution for periods of 24 Hours and 48 Hours referred to in this Schedule of shorter periods). Such regulations may, without prejudice to the generality of the foregoing, reflect the practices and facilities of any relevant Clearing System. Notice of any such further or alternative regulations may, at the sole discretion of the Trustee, be given to holders in accordance with Condition 19 at the time of service of any notice convening a meeting or at such other time as the Trustee may decide.
23. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

SCHEDULE 4

FORM OF DULY AUTHORISED REPRESENTATIVES' CERTIFICATE

[ON THE HEADED PAPER OF THE [ISSUER/GUARANTOR]]

To: BNP Paribas Trust Corporation UK Limited

[Date]

Dear Sirs

€1,300,000,000 6.125 per cent. Guaranteed Subordinated Mandatory Convertible Bonds due 2016

This certificate is delivered to you in accordance with Clause 14(f) of the Trust Deed dated 15 November 2013 (the **Trust Deed**) and made between Telecom Italia Finance S.A. (the **Issuer**), Telecom Italia S.p.A (the **Guarantor**) and BNP Paribas Trust Corporation UK Limited (the **Trustee**). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein.

We hereby certify that, to the best of our knowledge, information and belief (having made all reasonable enquiries):

- (a) as at []³, no Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default existed [other than []]⁴ and no Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default had existed at any time since []⁵ [the certification date (as defined in the Trust Deed) of the last certificate delivered under Clause 14(f)]⁶ [other than []]⁷; and
- (b) from and including []³ [the certification date of the last certificate delivered under Clause 14(f)]⁴ to and including []¹, [each of] the Issuer and the Guarantor has complied in all respects with its obligations under these presents (as defined in the Trust Deed) [other than []]⁸.

For and on behalf of

[*Issuer/Guarantor*]

³ Specify a date not more than 7 days before the date of delivery of the certificate.

⁴ If any Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default did exist, give details; otherwise delete.

⁵ Insert date of Trust Deed in respect of the first certificate delivered under **Clause 14(g)**, otherwise delete.

⁶ Include unless the certificate is the first certificate delivered under **Clause 14(g)**, in which case delete.

⁷ If any Event of Default, Accelerated Conversion Event, Compulsory Arrears of Interest Settlement Event, Special Event or Potential Event of Default did exist, give details; otherwise delete.

⁸ If the Issuer and/or Guarantor has failed to comply with any obligation(s), give details; otherwise delete.

.....
rector

.....**Di**
Director

SIGNATORIES

EXECUTED as a deed by)
TELECOM ITALIA FINANCE S.A.)
acting by)
acting under the authority of that company,)
in the presence of:)

Witness's signature

Name:

Address:

EXECUTED as a deed by)
TELECOM ITALIA S.p.A.)
acting by)
acting under the authority of that company,)
in the presence of:)

Witness's signature

Name:

Address:

SIGNED as a deed by **BNP PARIBAS**)
TRUST CORPORATION UK LIMITED)
acting by its attorney)
in the presence of:)

Witness's signature

Name:

Address: