

# WHITE & CASE

Dated 26 March 2015

## Trust Deed

€2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022

between

**Telecom Italia S.p.A.**  
as Issuer

and

**BNP Paribas Trust Corporation UK Limited**  
as Trustee

White & Case LLP  
5 Old Broad Street  
London EC2N 1DW

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**This Trust Deed** is made on 26 March 2015:

**Between:**

- (1) **Telecom Italia S.p.A.**, a company incorporated with limited liability under the laws of the Republic of Italy, whose registered office is at Via G. Negri, 1- 20123 Milan, Italy and registered with the Companies Register of Milan under the number 00488410010 (the “**Issuer**”); and
- (2) **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) By a resolution of the Board of Directors on 19 March 2015 and a decision (*determina*) of the Managing Director dated 20 March 2015 the Issuer authorised the issue of €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022 to be constituted by this Trust Deed.
- (B) The said Bonds in definitive form will be in registered form without coupons.
- (C) 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, 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 advisers as may be nominated or approved in writing 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 depositary 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 depositary and for which purpose such common depositary 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 bonds in registered form comprising the said €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022 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 13 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 (b) has been notified by the Issuer 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 SA/NV;

“**Event of Default**” means any of the conditions, events or acts provided in Condition 10 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 16 of Schedule 3;

“**Global Certificate**” means the global certificate substantially in the form set out in Schedule 1 hereto;

“**Indemnifying Party**” has the meaning provided in clause 14.7 and “**Indemnifying Parties**” shall be construed accordingly;

“**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 Ordinary Shares have been delivered to the relevant Bondholders 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 or other amounts 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 16) 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 7;
- (e) those Bonds which have become void under Condition 12;
- (f) those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 13;
- (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 13; and
- (h) the Global Certificate to the extent that it shall have been exchanged 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;
- (ii) the determination of how many and which Bonds are for the time being outstanding for the purposes of subclause 7.1, Conditions 10(b) and 14 and paragraphs 3, 6 and 16 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, any Subsidiary of the Issuer, any holding company of the Issuer 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 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 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 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;

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

“**Stock Exchange**” means the stock exchange on which the Bonds are for the time being quoted or 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 (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 13(l) in accordance with Condition 15(jj);

“**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; and

“**Trustee Acts**” means the Trustee Act 1925 and the Trustee Act 2000.

- 1.2
- (a) Words denoting the singular shall include the plural and *vice versa*.
  - (b) Words denoting one gender only shall include the other genders.
  - (c) Words denoting persons only shall include firms and corporations and *vice versa*.
  - (d) Unless the context requires otherwise, terms defined in the Conditions have the same meanings in this Trust Deed.

- (e) All references in these presents to principal or other amounts in respect of the Bonds or to any moneys payable by the Issuer under these presents shall be deemed to include a reference to any Cash Alternative Amount, Additional Cash Redemption Amount, Share Settlement Amount, any amount payable pursuant to Condition 7(b)(ii) and, in any case, a reference to any Additional Amounts which may be payable under Condition 9 or, if applicable, under any undertaking or covenant given pursuant to subclause 15(o) or clause 21.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) All references in these presents to taking proceedings against the Issuer shall be deemed to include references to proving in the winding up of the Issuer.
- (k) 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.
- (l) Unless the context otherwise requires, words or expressions used in these presents shall bear the same meanings as in the Companies Act 2006.
- (m) 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.
- (n) In these presents tables of contents and clause headings are included for ease of reference and shall not affect the construction of these presents.
- (o) 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 initial aggregate principal amount of the Bonds is €2,000,000,000.

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 1.125 per cent. per annum, payable semi-annually in arrear on 26 March and 26 September in each year, the first such payment to be made on 26 September 2015 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 16 (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, have 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 16) 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.

Subject to subclause 2.4, any payment to be made in respect of the Bonds by the Issuer or the Trustee may be made as provided in the Conditions and any payment so made will (subject to subclause 2.4) to that extent be a good discharge to the Issuer or the Trustee, as the case may be.

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 or share settlement 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, 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 16 (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, have 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.

#### **Trustee's Requirements Regarding Paying, Transfer and Conversion Agents**

2.4 At any time after an Event of Default 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 8 to the Bondholders, the Trustee may:

- (a) by notice in writing to the Issuer, 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 require it 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 until such notice is withdrawn proviso (a) to subclause 2.2 of this clause relating to the Bonds shall cease to have effect.

### **Further Issues**

- 2.5 (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 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 (a) above shall be constituted by a trust deed supplemental to this Trust Deed. In any such case the Issuer 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 on its duplicate 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 The Bonds shall be represented initially by the Global Certificate. The Issuer shall issue the Global Certificate to, and register the Global Certificate in the name of a nominee for, 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 Global Certificate shall be printed or typed in the form or substantially in the form set out in Schedule 1 and may be a facsimile. The 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. The

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**

The Issuer 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 and the Bondholders. The Trustee shall be entitled to enforce the obligations of the Issuer 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. Enforcement**

- 6.1 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 the Issuer to enforce its obligations under these presents but in no event shall the Issuer, 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.
- 6.2 Proof that as regards any specified Bond the Issuer 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.

## **7. Action, Proceedings and Indemnification**

- 7.1 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 10 or the taking of any proceedings and/or other steps mentioned in subclause 6.1) 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.
- 7.2 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.
- 7.3 Only the Trustee may enforce the provisions of these presents. No Bondholder shall be entitled to (i) take any steps or action against the Issuer 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 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 as those which the Trustee would have been entitled to exercise pursuant to this Trust Deed.

## **8. 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 10):

- (a) **First**, in payment or satisfaction of all amounts then due and unpaid under clause 14 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 14 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 subclause 14.7, together with interest thereon as provided in subclause 14.8;
- (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 and any other person).

Without prejudice to this clause 8, 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 12, the Trustee will hold such moneys on the above trusts.

## **9. Notice of Payments**

The Trustee shall give notice to the Bondholders in accordance with Condition 16 of the day fixed for any payment to them under clause 8. Such payment may be made in accordance with Condition 8 and any payment so made shall be a good discharge to the Trustee.

## **10. Investment by Trustee**

10.1 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 8. 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 14 to the Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Bondholders.

10.2 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.

## **11. Partial Payments**

Upon any payment under clause 8 (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.

## **12. Conversion**

12.1 The holder of each Bond will have the right to convert such Bond into Ordinary Shares in accordance with Conditions 6(a) and 6(i), at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Conditions) during the Conversion Period.

12.2 The Issuer 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 Issuer to each Bondholder pursuant to the Trust Deed shall be paid up by means of a set-off of the amount due by the Issuer to such Bondholder pursuant to the Bonds.

- 12.3 The Issuer hereby undertakes to and covenants with the Trustee that, whenever the 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 Issuer (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 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 15(jj) of the adjustment to the Conversion Price.

### **13. Covenants by the Issuer**

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 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 of all such certificates called for by the Trustee pursuant to subclause 15(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 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 Issuer) 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 Change of Control;
- (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 2015 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, 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 the Issuer 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 16 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 16 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 16 (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 subclause 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 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 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 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;
- (q) prior to making any modification or amendment or supplement to these presents, procure the delivery of a legal opinion as to English and any other relevant law as agreed between the Issuer 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(t) 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 16.

## **14. Remuneration and Indemnification of Trustee**

- 14.1 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 26 March 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.

14.2 In the event of the occurrence of an Event of Default 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 it expedient or necessary or is requested by the Issuer 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.

14.3 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.

14.4 In the event of the Trustee and the Issuer failing to agree:

(a) (in a case to which subclause 14.1 above applies) upon the amount of the remuneration; or

(b) (in a case to which subclause 14.2 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.

14.5 Without prejudice to the right of indemnity by law given to trustees and subject to clause 15(jj), the Issuer shall 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).

14.6 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 discretions 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.

14.7 Where any amount which would otherwise be payable by the Issuer under clause 14.5 or clause 14.6 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.

14.8 All amounts payable pursuant to subclause 14.5 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 the thirtieth day after

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.

- 14.9 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.
- 14.10 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.

## **15. 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 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, email, 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 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 the Global Certificate for 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 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 or Potential Event of Default has happened and that the Issuer 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 7.1, 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 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 and any rate, method and date so agreed shall be binding on the Issuer 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 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 9 and/or any undertaking given in addition thereto or in substitution therefor under these presents.
- (o) Without prejudice to clause 14, 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.

- (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 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 13(o)) that no Bonds are held by, for the benefit of, or on behalf of, the Issuer, any Subsidiary of the Issuer, any holding company of the Issuer or any other Subsidiary of any such holding company.
- (z) The Trustee shall have no responsibility whatsoever to the Issuer, 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, Bondholders or any other person in connection with any approval given by it pursuant to clause 13(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 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 to make available or deliver any Ordinary Shares, share certificates or other securities or property or make any payment upon the exercise of the Conversion Rights or Settlement Rights 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 (A) a breach of any of the undertakings in Condition 11 shall have occurred or (B) any such breach shall have been rectified or (C) any adjustment fails to be made to the 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 an Independent Financial Adviser pursuant to the Conditions.
- (kk) The Trustee may withhold from any payments to be made by it under the Conditions and/or these presents any amounts on account of tax due in respect of any payments under the Conditions and/or these presents if required to do so by applicable law or regulation and may deduct amounts from sums held by it under the Conditions and/or these presents to pay taxes due in respect of any payments under the Conditions and/or these presents.

## **16. Trustee's Liability**

- 16.1 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.

16.2 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.

## **17. Trustee Contracting with the Issuer**

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 any person or body corporate associated with the Issuer (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 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 any such person or body corporate so associated or any other office of profit under the Issuer 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.



## **18. Waiver, Authorisation and Determination**

- 18.1 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 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 of any of the covenants or provisions contained in these presents or determine that any Event of Default 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 10(b) 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 16 as soon as practicable thereafter.
- 18.2 The Trustee may without the consent or sanction of the Bondholders at any time and from time to time concur with the Issuer in making any modification (a) 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 (b) 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 16 as soon as practicable thereafter.
- 18.3 Any breach of or failure to comply with any such terms and conditions as are referred to in subclauses 18.1 and 18.2 shall constitute a default by the Issuer in the performance or observance of a covenant or provision binding on it under or pursuant to these presents.
- 18.4 Any waiver, modification, authorisation or determination under subclauses 18.1 and 18.2 shall be subject to such terms and conditions (if any) as the Trustee may determine.

## **19. Entitlement to Treat Holder as Absolute Owner**

The Issuer, 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 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.

## **20. Substitution**

- 20.1 The Trustee may without the consent of the Bondholders at any time agree with the Issuer to the substitution in place of the Issuer (or of the previous substitute under this clause) as the principal debtor under these presents of 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 of the previous substitute under the clause).

20.2 The following further conditions shall apply to subclause 20.1 above:

- (a) the Issuer and the New Company shall comply with such other requirements as the Trustee may direct in the interests of the Bondholders;
- (b) the Bonds shall, as a result of such substitution, be convertible or exchangeable into the class and amount of shares and other securities and property of the Successor in Business as provided in Condition 6(m);
- (c) 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 Italy 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 9 with the substitution for (or, as the case may be, the addition to) the references to Italy 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;
- (d) without prejudice to the rights of reliance of the Trustee under the immediately following paragraph (e), the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Bondholders; and
- (e) 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.

20.3 Any such trust deed or undertaking shall, if so expressed, and without prejudice to subclauses 20.1 and 20.2, operate to release the Issuer 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 16. 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 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 shall, unless the context otherwise requires, be deemed to be or include references to the New Company.

- 20.4 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 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 principal debtor in place of the Issuer;
  - (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 6(b)), the Events of Default (in Condition 10) and the Undertakings (in Condition 11) 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) the obligations of the Newco Obligor as the principal debtor under these presents are unconditionally and irrevocably guaranteed by the Issuer to the Trustee’s satisfaction by a document in such form and substance as the Trustee may require;
  - (e) 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
  - (f) the Issuer 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 and the NewCo Obligor under the documents executed pursuant to (a) above.

## 21. Currency Indemnity

The Issuer shall 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 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; 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 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 separate and independent from its 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 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 its liquidator or liquidators.

## **22. New Trustee**

- 22.1 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**

- 22.2 Notwithstanding the provisions of subclause 22.1 above, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer 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.

The Issuer 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.

## **23. 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 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 undertakes 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 22.2) giving notice under this clause or being removed by Extraordinary Resolution it will use its 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.

## **24. 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.

## **25. Notices**

Any notice or demand to the Issuer 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:                   Via G. Negri  
  1 – 20123 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.

## 26. Governing Law

These presents and any non-contractual obligations arising out of or in connection with these presents (other than Schedule 3 which is governed by, and shall be construed in accordance with, Italian law) are governed by, and shall be construed in accordance with, English law.

## 27. Submission to Jurisdiction

27.1 The Issuer 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. The Issuer 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 the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

27.2 The Issuer irrevocably and unconditionally appoints 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 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. The Issuer:

- (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 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 in accordance with clause 25; and
- (d) agrees that nothing in these presents shall affect the right to serve process in any other manner permitted by law.

27.3 The Issuer irrevocably and unconditionally waives and agrees 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.

## 28. 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.

**29. 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 and the Trustee and delivered on the date first stated on page 1.

## Schedule 1 Form of 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 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 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: XS1209185161

Registered No.:1

### Telecom Italia S.p.A.

*(Incorporated with limited liability under the laws of the Republic of Italy with its Registered Office in Milan, Via G. Negri 1 and registered with the Companies' register of Milan under the number 00488410010)*

### Global Certificate

representing

### €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022

Telecom Italia S.p.A. (the “**Issuer**”) hereby certifies that BNP Paribas Securities Services, Luxembourg Branch acting as Common Depository on behalf of Clearstream and Euroclear (each as defined below) is, at the date hereof, entered in the Register as the holder of the aggregate principal amount of €2,000,000,000 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 26 March 2015 and made between the Issuer and BNP Paribas Trust Corporation UK Limited (the “**Trustee**”) as trustee for the Bondholders, and is the subject of an agency agreement dated 26 March 2015 (as amended or supplemented from time to time, the “**Agency Agreement**”) and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch, as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Bonds), BNP Paribas Securities Services, Luxembourg Branch, as principal paying, transfer and conversion agent (the “**Principal Paying, Transfer and Conversion Agent**”), the other paying, transfer and conversion agents named therein and the Trustee.

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 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, details of such redemption, purchase and cancellation or conversion 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 or conversion (as the case may be) shall be signed by or on behalf of the Registrar. Upon any such redemption, purchase and cancellation or conversion (as the case may be) 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. 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 or conversion 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 Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream**”).

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 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 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 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, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative accountholders rather than by publication as required by Condition 16. 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 (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, as the case may be, in such a manner as the Principal Paying, Transfer and Conversion Agent and Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

The holder hereof shall be entitled for the purposes of any quorum requirements of a meeting of Bondholders to cast one vote in respect of each €100,000 principal amount of Bonds for which this Global Certificate may be exchanged. Any Accountholder (or the representative of any such person) represented by this Global Certificate, on confirmation of entitlement and proof of identity, may attend and speak (but not vote) at any meeting of Bondholders.

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

For so long as all of the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and/or Clearstream, Settlement Rights and Conversion Rights (which shall be exercised pursuant to the procedures set out in the Conditions) may be exercised as against the Issuer at any time during the Settlement Period or the Conversion Period by the presentation to or to the order of the Principal Paying, Transfer and Conversion Agent of this Global Certificate for appropriate notation, together with one or more Settlement Notices or, as the case may be, Conversion Notices duly completed by or on behalf of a Bondholder, in accordance with the standard procedures for Euroclear and/or Clearstream (which may include notice being given on such Accountholder’s instructions by Euroclear, or Clearstream or any common depository for them to the Principal Paying, Transfer and Conversion Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream.

If the Issuer exercises the Share Settlement Option whilst the Bonds are evidenced by this Global Certificate, the Bondholders must deliver their Share Settlement Notice to any Paying, Transfer and Conversion Agent in accordance with the time limits specified in the Conditions and in accordance with the standard procedures for Euroclear and/or Clearstream (which may include notice being given on such Accountholder’s instructions by Euroclear, or Clearstream or any common depository for them to the Principal Paying, Transfer and Conversion Agent by electronic means).

From time to time the Bonds represented by this Global Certificate may be declared due and payable following an Event of Default in accordance with the Conditions by notice from the Trustee.

The option of the Bondholders provided for in Condition 7(c) may be exercised by the holder of this Global Certificate giving notice to the Registrar within the time limits relating to the deposit of Bonds in Condition 7(c) and substantially in the form of the Bondholder's Tax Election Notice as set out in Schedule 3 to the Paying, Transfer and Conversion Agency Agreement. Such notice shall be obtainable from the specified office of any Paying, Transfer and Conversion Agent and shall state the number of Bonds in respect of which the option is exercised. Upon exercise of the option the holder of this Global Certificate shall present this Global Certificate to the Registrar for annotation in the schedule hereto accordingly.

References herein to Euroclear and/or Clearstream 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.

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

The following information relating to the Issuer is provided pursuant to Article 2414 of the Italian Civil Code.

- (a) The Issuer's corporate purpose, as set forth in its by-laws, is the following:

“The Issuer's purpose shall be:

- the installation and operation, using any technique, method or system, of fixed and mobile equipment and installations, including radio stations, links for maritime wireless communications, and dedicated and/or integrated networks, for the purpose of providing, operating and marketing, without territorial restrictions, communications services, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including the design, construction, operation, maintenance, integration and marketing of telecommunications, information technology and electronic products, services, networks and systems and, in general, ICT (Information Communication Technology) solutions for final users;
- the performance of related or instrumental activities, including publishing, advertising, information technology, on-line and multimedia activities and, in general, all commercial, financial, property, research, training and consulting activities;
- the acquisition, provided it is not the Company's principal activity, of equity interests in other companies and undertakings falling within the scope of the corporate purpose or related, complementary or similar thereto; and
- the control and the strategic, technical and administrative and financial coordination of subsidiary companies and undertakings, and the financial planning and management thereof, with the implementation of all related transactions.

Activities reserved to persons entered in a professional register and activities involving dealings with the public covered by Article 106 of Legislative Decree 385/1993 shall be expressly excluded.”

- (b) As at 31 December 2014, the issued and paid-in share capital is equal to €10,723,391,861.60 and reserves are equal to €5,782,910,345.48 (including profit for the period).
- (c) The issue of the Bonds was duly authorised by: (a) a resolution of the Board of Directors of the Issuer dated 19 March 2015; and (b) a *determina* of the Managing Director of the Issuer dated 20 March 2015. Such resolutions have been registered with the competent registry on 25 March 2015.
- (d) Initial Conversion Price: €1.8476 per Ordinary Share.

**In Witness** whereof the Issuer has caused this Global Certificate to be signed on its behalf.

**Duly authorised**  
**Telecom Italia S.p.A.**

\_\_\_\_\_  
By:

Issued in London on 26 March 2015.

Certificate of authentication

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

**The Registrar**  
**Duly authorised**  
for and on behalf of  
**BNP Paribas Securities Services, Luxembourg Branch**

\_\_\_\_\_  
By:



## 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 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 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.

[0,000/00,000]

[•]

[SERIES]

[SERIAL NO.]

#### Telecom Italia S.p.A.

*(Incorporated with limited liability under the laws of the Republic of Italy with its Registered Office in Milan, Via G. Negri 1 and registered with the Companies' register of Milan under the number 00488410010)*

#### €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022

The issue of the Bonds was approved by the Board of Directors of Telecom Italia S.p.A. (the “**Issuer**”) passed on 19 March 2015.

This Bond forms one of a series of Bonds constituted by a Trust Deed (the “**Trust Deed**”) dated 26 March 2015 made between the Issuer 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 €2,000,000,000. Words and expressions defined in the terms and conditions endorsed hereon and being an integral part of this Definitive Certificate (the “**Conditions**”) shall bear the same meanings when used in this Definitive Certificate.

This is to certify that [ ] of [ ] is, at the date hereof, entered in the register maintained by the Registrar in relation to the Bonds (the “**Register**”) as the duly registered holder or, if more than one person is so registered, the first named of such persons (the “**Holder**”) of [ ] Euros in aggregate principal amount of the Bonds.

The Issuer, for value received, hereby promises to pay to the Holder such amount or amounts as shall become due and payable from time to time in respect of such Bonds and otherwise comply with the Conditions.

The Bonds represented by this Certificate shall, on or after the Physical Settlement Date, entitle the Holder to convert each such Bond into fully paid Ordinary Shares in the Issuer, subject to and in accordance with the conditions.

This Definitive Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Definitive Certificate.

This Definitive Certificate is governed by, and shall be construed in accordance with, English law.

(a) The Issuer's corporate purpose, as set forth in its by-laws, is the following:

“The Issuer's purpose shall be:

- the installation and operation, using any technique, method or system, of fixed and mobile equipment and installations, including radio stations, links for maritime wireless communications, and dedicated and/or integrated networks, for the purpose of providing, operating and marketing, without territorial restrictions, communications services, including those resulting from technological progress, and the performance of activities directly or indirectly related thereto, including the design, construction, operation, maintenance, integration and marketing of telecommunications, information technology and electronic products, services, networks and systems and, in general, ICT (Information Communication Technology) solutions for final users;
- the performance of related or instrumental activities, including publishing, advertising, information technology, on-line and multimedia activities and, in general, all commercial, financial, property, research, training and consulting activities;
- the acquisition, provided it is not the Company's principal activity, of equity interests in other companies and undertakings falling within the scope of the corporate purpose or related, complementary or similar thereto; and
- the control and the strategic, technical and administrative and financial coordination of subsidiary companies and undertakings, and the financial planning and management thereof, with the implementation of all related transactions.

Activities reserved to persons entered in a professional register and activities involving dealings with the public covered by Article 106 of Legislative Decree 385/1993 shall be expressly excluded.”

- (b) As at the date hereof, the issued and paid-in share capital is equal to € [●] and reserves are equal to € [●] (including profit for the period).
- (c) The issue of the Bonds was duly authorised by: (a) a resolution of the Board of Directors of the Issuer dated 19 March 2015; and (b) a *determina* of Managing Director of the Issuer dated 20 March 2015. Such resolutions have been registered with the competent registry on 25 March 2015.
- (d) Initial Conversion Price: €1.8476 per Ordinary Share



**In witness** whereof this registered Bond has been executed on behalf of the Issuer.

**Duly authorised**  
**Telecom Italia S.p.A.**

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By:  
Director:

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By:  
Director:

Executed in London on [●].

**Certificate of authentication**

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

**The Registrar**

**Duly authorised**  
for and on behalf of  
**BNP Paribas Securities Services, Luxembourg Branch**

---

By:

## Form of Transfer

### Telecom Italia S.p.A.

*(Incorporated with limited liability under the laws of the Republic of Italy with its Registered Office in Milan, Via G. Negri 1 and registered with the Companies' register of Milan under the number 00488410010)*

### €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022

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)**

€[•] 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) either:

- (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**

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By:

### **Certifying Signature**

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By:

#### 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 €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022 (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 S.p.A. (the “**Issuer**”) passed on 19 March 2015 and by a decision (*determina*) of the Managing Director dated 20 March 2015. The Bonds are constituted by a trust deed dated 26 March 2015 (the “**Trust Deed**”) between the Issuer 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 26 March 2015 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, 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 26 March 2015 with Conv-Ex Advisors Limited as calculation agent (the “**Calculation Agent**”, which expression shall include any successor in such capacity under the Calculation Agency Agreement) whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds.

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 specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

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

### 1. Form, Denomination, Title and Status

#### (a) *Form and Denomination*

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

#### (b) *Title*

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

(c) *Status*

The Bonds are unconditional, unsubordinated and (subject to the provisions of Condition 2) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save as aforesaid and for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

**2. Restrictions on Security Interests**

So long as any Bond remains outstanding, the Issuer shall not create or permit to subsist any Security Interest other than Permitted Encumbrances upon the whole or any part of its present or future revenues or assets to secure any Capital Markets Indebtedness without at the same time or prior thereto taking any and all action necessary to ensure that:

- (a) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Capital Markets Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (1) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (2) as is approved by an Extraordinary Resolution (as defined below).

For the avoidance of doubt in respect of asset-backed financings originated by the Issuer, the expressions “assets” and “obligations for the payment of borrowed money” as used in this Condition do not include assets and obligations of the Issuer which, pursuant to the requirements of law and accounting principles generally accepted in Italy, currently need not be, and are not, reflected in the balance sheet of the Issuer.

As used herein:

“**Capital Markets Indebtedness**” means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities, in each case which is/are listed or traded on a stock exchange or other recognised securities market;

“**Permitted Encumbrance**” means:

- (a) any encumbrance existing on 26 March 2015;
- (b) any encumbrance over or affecting any asset acquired by the Issuer after the 26 March 2015 and subject to which such asset is acquired, if:
  - (i) such encumbrance was not created in contemplation of the acquisition of such asset by the Issuer; and
  - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, the acquisition of such asset by the Issuer;
- (c) any encumbrance over or affecting any asset of any company which becomes an obligor after the 26 March 2015, where such encumbrance is created prior to the date on which such company becomes an obligor, if:
  - (i) such encumbrance was not created in contemplation of that company becoming an obligor; and
  - (ii) the amount thereby secured has not been increased in contemplation of, or since the date of, that company becoming an obligor;

- (d) any netting or set-off arrangement entered into by any member of the Telecom Italia Group in the normal course of its banking arrangements for the purpose of netting debit and credit balances;
- (e) any title transfer or retention of title arrangement entered into by any member of the Telecom Italia Group in the normal course of its trading activities on the counterparty's standard or usual terms;
- (f) encumbrances created in substitution of any encumbrance permitted under subparagraphs (b)(i) and (b)(ii) of this definition over the same or substituted assets provided that (1) the principal amount secured by the substitute encumbrance does not exceed the principal amount outstanding and secured by the initial encumbrance and (2) in the case of substituted assets, if the market value of the substituted assets at the time of the substitution does not exceed the market value of the assets replaced;
- (g) encumbrances created to secure:
  - (i) loans provided, supported or subsidised by a governmental agency, national or multinational investment guarantee agency, export credit agency or a lending organisation established by the United Nations, the European Union or other international treaty organisation, including, without limitation, the European Investment Bank, the European Bank for Reconstruction and Development and the International Finance Corporation; or
  - (ii) Project Finance Indebtedness,
 

provided that the encumbrance is created on an asset of the project being financed by such loans (and/or on the shares in, and/or shareholder loans made to, the company conducting such project) or, as the case may be, such Project Finance Indebtedness, and remains confined to that asset (and/or shares and/or shareholder loans);
- (h) encumbrances arising out of the refinancing of any Capital Markets Indebtedness secured by any encumbrance permitted by the preceding sub-paragraphs, provided that the amount of such Capital Markets Indebtedness is not increased and is not secured by an encumbrance over any additional assets;
- (i) any encumbrance arising by operation of law;
- (j) any encumbrance created in connection with convertible bonds or notes where the encumbrance is created over the assets into or for which the convertible bonds or notes may be converted and secures only the obligation of the issuer to effect the conversion of the bonds or notes into such assets;
- (k) any encumbrance created in the ordinary course of business to secure Capital Markets Indebtedness under hedging transactions entered into for the purpose of managing risks arising under funded debt obligations such as credit support annexes and agreements;
- (l) any encumbrance over or affecting any asset of the Issuer to secure Capital Markets Indebtedness under a Permitted Leasing Transaction, provided that the aggregate Capital Markets Indebtedness secured by all such encumbrances does not exceed €1,000,000,000;
- (m) any encumbrance created on short-term receivables used in any asset-backed financing;
- (n) any encumbrance on real estate assets of the Issuer, any of its Subsidiaries or any person to which such real estate assets may be contributed by the Issuer or any of its

Subsidiaries in connection with the issuance of any indebtedness, whether such indebtedness is secured or unsecured by such real estate assets or any other assets of such person to which real estate assets have been contributed by the Issuer or any of its Subsidiaries; and

- (o) any other encumbrance securing Capital Markets Indebtedness of an aggregate amount not exceeding 10 per cent. of the total net worth of the Issuer (as disclosed in the most recent audited consolidated balance sheet of the Issuer);

**“Permitted Leasing Transaction”** means one or more transactions or a series of transactions as a result of which the Issuer disposes of or otherwise transfers (including, without limitation, by way of sale of title or grant of a leasehold or other access, utilisation and/or possessory interest(s)) its rights to possess, use and/or exploit all or a portion of a particular asset or particular assets owned, used and/or operated by the Issuer (or its rights and/or interests in respect thereof) to one or more other persons in circumstances where the Issuer or an affiliate shall have the right to obtain or retain possession, use and/or otherwise exploit the asset or assets (or rights and/or interests therein) so disposed of or otherwise transferred;

**“person”** means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organisation or government or agency or political subdivision thereof;

**“Project Finance Indebtedness”** means any indebtedness incurred by a debtor to finance the ownership, acquisition, construction, development and/or operation of an asset in respect of which the person or persons to whom such indebtedness is, or may be, owed have no recourse whatsoever for the repayment of or payment of any sum relating to such indebtedness other than:

- (a) recourse to such debtor for amounts limited to the cash flow from such asset; and/or
- (b) recourse to such debtor generally, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation, representation or warranty (not being a payment obligation, representation or warranty or an obligation, representation or warranty to procure payment by another or an obligation, representation or warranty to comply or to procure compliance by another with any financial ratios or other test of financial condition) by the person against whom such recourse is available; and/or
- (c) if such debtor has been established specifically for the purpose of constructing, developing, owning and/or operating the relevant asset and such debtor owns no other significant assets and carries on no other business, recourse to all of the assets and undertaking of such debtor and the shares in the capital of such debtor and shareholder loans made to such debtor;

**“Security Interest”** means (a) any mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person; and (b) any arrangement providing a creditor with prior right to an asset, or its proceeds of sale, over other creditors in a liquidation;

**“Subsidiary”** means a corporation in respect of which more than 50% 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 Issuer or by one or more of its Subsidiaries; and

**“Telecom Italia Group”** means the Issuer and its Subsidiaries.

### 3. Definitions

In these Conditions, unless otherwise provided:

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

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

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

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

“**Borsa Italiana**” means Borsa Italiana S.p.A.

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

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

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

where:

CAA = the Cash Alternative Amount;

S = the Cash Settled Shares;

P<sub>n</sub> = the Volume Weighted Average Price of an Ordinary Share on the nth dealing day of the Cash Alternative Calculation Period; and

N = 20, being the number of dealing days in the Cash Alternative Calculation Period,

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

“**Cash Alternative Calculation Period**” means in respect of the exercise of a Settlement Right by a holder, a period of 20 consecutive dealing days commencing on the relevant Settlement Date (or the next dealing day if such date is not a dealing day).

“**Cash Settled Shares**” means, in respect of any exercise of a Settlement Right by a holder where the Settlement Date falls prior to the Physical Settlement Date, the number of Ordinary Shares (including, for this purpose, any fraction of an Ordinary Share) determined by the Calculation Agent by dividing the principal amount of the relevant Bonds in respect of which the Settlement Right shall have been exercised by the relevant Bondholder by the Conversion Price in effect on the relevant Settlement Date.



“**Change of Control**” means the acquisition, either by way of public tender offer, private arrangement or otherwise, of Control of the Issuer by any third party other than:

- (a) any shareholder of the Issuer holding directly or indirectly as at the Closing Date more than 13 per cent, of the voting rights exercisable in the ordinary shareholders meeting of the Issuer; and/or
- (b) the direct or indirect majority shareholder of such shareholder as at the Closing 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 Issuer; and/or
- (e) as a result of an Exempt Newco Scheme.

“**Closing Date**” means 26 March 2015.

“**Closing Price**” means, in respect of an Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset on any dealing day, the last reported price for such Ordinary Share, Security, Spin-Off Security, option, warrant or other right or asset as published by or derived (in the case of an Ordinary Share) from Bloomberg page TIT IM Equity HP (setting: Last Price, or any successor page or setting) or (in the case of a Security (other than Ordinary Shares), Spin-Off Security, option, warrant or other right or asset) from the equivalent Bloomberg page for such Security, Spin-Off Security, option, warrant or other right or asset in respect of the principal stock exchange or securities market on which such Securities, Spin-Off Securities, options, warrants or other rights or assets 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 an Independent Financial Adviser on such dealing day and translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Security, Spin-Off Security, option, warrant or other right or asset in respect of such dealing day shall be the Closing Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or, if such price cannot be so calculated as aforesaid, as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

“**Control**” in respect of any company or corporation, shall be construed as the power (whether by way 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 Date**” has the meaning provided in Condition 6(i).

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

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

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

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

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

- (a) if the Ordinary Shares to be issued 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 such amount being determined by the Calculation Agent 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; or
- (b) if the Ordinary Shares to be issued 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 such amount being determined by the Calculation Agent 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 further that:

- (i) if on each of the said five dealing days the Volume Weighted Average Price of an Ordinary Share 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 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 first public announcement of such Dividend (or entitlement) in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit,

- (ii) for the purposes of any calculation or determination required to be made pursuant to paragraphs (a)(i) or (a)(ii) of the definition of “Dividend”, if on any of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on any such dealing day 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 the relevant cash Dividend; and
- (iii) if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

“**dealing 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, other Securities or 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 business day closing time).

“**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, invested unrestricted equity reserves, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders 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 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 an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or invested unrestricted equity reserves) or for no consideration is announced which may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Dividend in cash 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, save that where a Dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or an issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash where the

number of Ordinary Shares which may be issued or delivered is to be determined at a date or during a period following such announcement and by reference to a publicly announced formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, and provided that such formula does not factor any discount to such pricing benchmark then such Dividend shall be treated as a Dividend in cash in an amount equal to the Fair Market Value of such cash amount, all as determined by the Calculation Agent; or

(ii) there shall be any issue of Ordinary Shares to Shareholders by way of capitalisation of profits or reserves (including any share premium account or invested unrestricted equity reserves) or for no consideration 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), or a Dividend in cash that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets, the capitalisation or Dividend in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets as at the first date on which the Ordinary Shares are traded ex- the relevant Dividend or capitalisation on the Relevant Stock Exchange in respect of the relevant Dividend or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation (or, if later, the date on which the number of Ordinary Shares to be issued or amount of such other property or assets, as the case may be, is determined) save that where a Dividend in cash is announced which is to be satisfied by the issue or delivery of Ordinary Shares where the number of Ordinary Shares to be issued or delivered is to be determined at a date or during a period following such announcement and by reference to a publicly announced formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, and provided that such formula does not factor any discount to such pricing benchmark, then such Dividend shall be treated as a Dividend in cash in an amount equal to the Fair Market Value of such cash amount, all as determined by the Calculation Agent;

- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of any Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a “**Specified Share Day**”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the Closing Prices of the Ordinary Shares on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), in which

case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency in an amount equal to the amount by which the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by or on behalf of the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (A) 105 per cent. of the average of the Closing Price of the Ordinary Shares determined as aforesaid and (B) the number of Ordinary Shares so purchased, redeemed or bought back, all as determined by the Calculation Agent;

- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depository 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 an Independent Financial Adviser; and
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any arrangements with the Issuer (including a demerger plan other than in connection with a demerger falling within the provisions of Condition 6(m)) or any plan implemented by the Issuer 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 another person or person other than (or in addition to) the Issuer, 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 Issuer, and the foregoing provisions of this definition, and the provisions of these Conditions shall be construed accordingly;
- (f) where a Dividend in cash is declared which provides for payment by the Issuer to Shareholders in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Dividend in cash in the amount of such Relevant Currency and in any other case it shall be treated as a Dividend in cash in the amount and in the currency in which it is payable by the Issuer,

and any such determination shall be made by the Calculation Agent 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.

**“Effective Date relating to such Dividend (or entitlement)”** means (for the purposes of the definition of **“Dividend”**) the first date on which the Ordinary Shares are traded ex- the relevant Dividend or entitlement on the Relevant Stock Exchange.

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

**“Event of Default”** has the meaning provided in Condition 10.

**“Exempt Newco Scheme”** means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares of Newco are (a) admitted to trading on the Relevant Stock Exchange or (b) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market in an OECD State as the Issuer or Newco may determine.

**“Extraordinary Resolution”** has the meaning provided in the Trust Deed.

**“Fair Market Value”** means, on any date, (a) in the case of a Dividend in cash, the amount of such cash Dividend; (b) in the case of any other cash amount, the amount of such cash; (c) in the case of Securities, Spin-Off Securities, options, warrants or other rights or assets that

are publicly traded on a stock exchange or securities market of adequate liquidity (as determined in good faith by the Calculation Agent), (i) in the case of Securities or Spin-Off Securities, the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (ii) in the case of options, warrants or other rights or assets, the arithmetic mean of the daily Closing Prices of such options, warrants or other rights or assets, in the case of both (i) and (ii) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded, all as determined by the Calculation Agent; (d) in the case of Securities, Spin- Off Securities, options, warrants or other rights or assets that are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), an amount equal to the fair market value of such Securities, Spin-Off Securities, options, warrants or other rights or assets as determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof. Such amounts, in the case of (a) above, shall be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency, and if the relevant Dividend is payable at the option of the Issuer or a Shareholder in any currency additional to the Relevant Currency, the relevant Dividend shall be treated as payable in 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 relevant Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date, all as determined by the Calculation Agent. In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

“**Final Maturity Date**” means 26 March 2022.

“**First Call Date**” has the meaning provided in Condition 7(b).

“**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 dealing day in any period of not less than 30 consecutive dealing days the Free Float is equal to or less than 50 per cent. of the total number of issued and outstanding Ordinary Shares (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 Issuer or any Subsidiary shall be treated as not “issued and outstanding”.

“**Further Bonds**” means any further Bonds issued pursuant to Condition 17 and consolidated and forming a single series with the then outstanding Bonds.

“**Independent Financial Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise, which may (without limitation) be the Calculation Agent, appointed by the Issuer at its own expense and (other than where the initial Calculation Agent is appointed) 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, expenses and liabilities of such adviser and otherwise in connection with such appointment, appointed by the Trustee (without liability for doing so) following notification to the Issuer.

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

“**Long-Stop Date**” means 30 June 2015.

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

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

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

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

“**OECD State**” means a member state of the Organization for Economic Cooperation and Development.

“**Option Scheme**” has the meaning provided in Condition 6(f).

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

“**Optional Redemption Notice**” has the meaning provided in Condition 7(b).

“**Ordinary Shares**” means existing or newly issued fully paid ordinary shares in the capital of the Issuer.

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

$$PV = N \times VWAP$$

where

PV = the Parity Value

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

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

“**Permitted Acquiring Shareholders**” has the meaning provided in the definition of “Change of Control”.

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

“**Prevailing Rate**” means:

- (i) in respect of any pair of currencies (of which neither is the euro) on any calendar day, the spot rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from the Relevant Page; or
- (ii) in respect of any pair of currencies of which one is the euro and any other currency on any day, the European Central Bank reference rate for such pair of currencies on that day as appearing on or derived from the Relevant Page.

If such a rate cannot be determined at such time as aforesaid, the Prevailing Rate shall be determined *mutatis mutandis* but with respect to the immediately preceding day on which such rate can be so determined, all as determined by the Calculation Agent, or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall consider in good faith appropriate.

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

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

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

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

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

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



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

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

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

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any amount of the cash payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Trustee and the Bondholders in accordance with Condition 16 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

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

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

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

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

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

“**Relevant Stock Exchange**” means 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.

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

“**Retroactive Adjustment**” has the meaning provided in Condition 6(c).

“**Scheme of Arrangement**” has the meaning provided in the definition of “Newco Scheme”.

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

“**Settlement Date**” has the meaning provided in Condition 6(i).

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

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

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

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

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

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

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

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

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

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

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

“**Shareholders**” means the holders of Ordinary Shares.

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

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

“**Spin-Off**” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries (including, but not limited to, a demerger of the Issuer but other than in connection with a demerger falling within the provisions of Condition 6(m)).

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

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

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system or any successor thereto.

“**Tax Redemption Date**” has the meaning provided in Condition 7(c).

“**Tax Redemption Notice**” has the meaning provided in Condition 7(c).

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

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security 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 equivalent Bloomberg page for such Security or Spin-Off Security in respect of 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 an Independent Financial Adviser on such dealing day and translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on

the immediately preceding dealing day on which the same can be so determined or, if such price cannot be so calculated as aforesaid, as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

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

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

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

In making any calculation or determination of Current Market Price, Closing Price or Volume Weighted Average Price, such adjustments (if any) shall be made as the Calculation Agent or an Independent Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves or any issue of Ordinary Shares to Shareholders for no consideration, or any like or similar event.

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

#### **4. Registration and Transfer of Bonds**

(a) *Registration*

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

(b) *Transfer*

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

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

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

(c) *Formalities Free of Charge*

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

(d) *Closed Periods*

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

## 5. Interest

(a) *Interest Rate*

The Bonds bear interest from (and including) the Closing Date at the rate of 1.125 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 26 March and 26 September in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 26 September 2015.

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

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

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Settlement Right or Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date

immediately preceding the relevant Settlement Date or Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(k)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, or, following any election by the Issuer to exercise the Share Settlement Option, the Issuer fails duly to perform its obligations to issue and deliver the Redemption Shares and make payment of the Share Settlement Amount (if any) in accordance with Condition 7(i), in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) up to but excluding whichever is the earlier of (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (B) the day after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that day or, as the case may be, until such issue of Redemption Settlement Shares and Payment of the Share Settlement Amount (if any) is duly made in accordance with Condition 7(i)(except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

## 6. Settlement and Conversion of Bonds

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

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

The Issuer shall, within 10 Milan business days of the registration of the Shareholder Resolutions with the competent registrar, give notice (the “**Physical Settlement Notice**”) to the Trustee and the Bondholders in accordance with Condition 16 and to the Principal Paying, Transfer and Conversion Agent, the Registrar and the Calculation Agent that, with effect from and including the Physical Settlement Date specified in the Physical Settlement Notice, the Settlement Right relating to the Bonds shall cease to apply and instead the Conversion Right shall apply. Any Settlement Notice delivered in circumstances where the relevant Settlement Date shall fall on or after the Physical Settlement Date shall be void and ineffective.

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

The number of Ordinary Shares to be issued on exercise of a Conversion Right shall be determined by the Calculation Agent by dividing the aggregate principal amount of the Bonds the subject of the relevant Conversion Notice by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is €1.8476 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Settlement Right or, from and including the Physical Settlement Date, the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(i) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery to, or as directed by, the relevant Bondholder of the Cash Alternative Amount (in the case of the exercise of a Settlement Right where the relevant Settlement Date falls prior to the Physical Settlement Date) or (in the case of

the exercise of a Conversion Right where the relevant Conversion Date falls on or after the Physical Settlement Date) of Ordinary Shares credited as paid up in full, in each case as provided in this Condition 6.

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

- (i) (in the case of the Settlement Right) the Long-Stop Date (or, if earlier, the occurrence of a Relevant Event) (provided that the Physical Settlement Date does not occur prior to the Long-Stop Date), or
- (ii) (in the case of the Conversion Right) the Physical Settlement Date,

in each case (subject as provided below) to the close of business (at the place where the relevant Bond is delivered for conversion) on the date which on such date is scheduled to fall 35 days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the seventh day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Settlement Right or, as appropriate, the Conversion Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 16 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a Milan business day, the immediately preceding Milan business day; provided that, in each case, if such final date for the exercise of Settlement Rights or, as appropriate, the Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Settlement Rights or, as appropriate, the Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid. Settlement Rights shall not be exercisable on or after the Physical Settlement Date.

Settlement Rights or, as appropriate, the Conversion Rights may not be exercised in respect of (1) any Bond following the giving of notice by the Trustee that the Bonds are immediately due and payable pursuant to Condition 10 or (2) a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Conditions 7(e) or 7(f).

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

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

The foregoing shall not apply if the board of directors of the Issuer resolves to convene a shareholders' meeting in the event that (1) a Change of Control has already occurred; or (2) a Change of Control occurs on or after the date of such board resolution and prior to the relevant shareholders' meeting. In that case, Bondholders shall be entitled to exercise Conversion Rights during the Relevant Event Period, provided that they shall not be entitled to exercise Conversion Rights during the Change of Control Restricted Period.

The "**Change of Control Restricted Period**" means the period commencing on and including the seventh dealing day preceding the shareholders' meeting and ending on and including (1) the date of the relevant shareholders' meeting (where the shareholders' meeting has not been convened to resolve upon the distribution of Dividends) or, (2) if a shareholders' meeting has been convened to resolve upon the distribution of Dividends, the date immediately preceding the relevant ex date for payment of the relevant Dividend.

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

The periods during which Settlement Rights or, as appropriate, Conversion Rights may (subject as provided herein) be exercised by a Bondholder are referred to as the "**Settlement Period**" and "**Conversion Period**", respectively. For the avoidance of doubt, in the event that the Physical Settlement Date falls before the Long-Stop Date, there will be no Settlement Period.

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

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

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

(b) *Adjustment of Conversion Price*

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

- (i) 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 the Effective Date by the following fraction:

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

where:

- A is the aggregate number of Ordinary Shares in issue immediately before the Effective Date; 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 Effective Date.

“**Effective Date**” means, in respect of this sub-paragraph (b)(i), the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares to the Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) or shall issue any Ordinary Shares to Shareholders for no consideration other than where it is determined to constitute a Dividend in cash pursuant to paragraph (a) of the definition of “Dividend”, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

- A is the aggregate number of Ordinary Shares in issue immediately before the Effective Date; and
- B is the aggregate number of Ordinary Shares in issue immediately after the Effective Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this sub paragraph (b)(ii), the date of issue of such Ordinary Shares.

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

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

where:

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



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

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

“**Effective Date**” means, in respect of this sub-paragraph (b)(iii), 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.

(iv) If and whenever the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall 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 or otherwise acquire 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, or the right to otherwise acquire, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case in circumstances whereby such Ordinary Shares, options, warrants, other rights or any such Securities are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law and at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

A is the number of Ordinary Shares in issue on the Effective Date;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the

Securities issued by way of rights and upon exercise of rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, Ordinary Shares, 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 or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if at 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 sub-paragraph (b)(iv), 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 sub-paragraph (b)(iv), “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 or, if later, the dealing day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant..

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

(v) If and whenever the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, 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 or otherwise acquire any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares), in each case in circumstances whereby such Securities, options, warrants or rights are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date or, if later, the dealing day following the record date or other due date for establishment of the entitlement of Shareholders to participate in the relevant issue or grant.

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

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds (which term shall for this purpose include any Further Bonds) or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, or the rights to otherwise acquire, Ordinary Shares and other than where it is determined to constitute a cash Dividend pursuant to paragraph (a) of the definition “Dividend”) or if and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire 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 Effective Date;
- 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,

provided that if at the time of issue of such Ordinary Shares or date of issue or grant of such options, warrants or rights (as used in this sub-paragraph (b)(vi), 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 sub-paragraph (b)(vi), “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, acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

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

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term shall for this purpose exclude any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified or redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition, reclassification 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 issue of such Securities (or the terms of such 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 Effective Date (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and

C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription purchase or acquisition attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation,

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

Such adjustment shall become effective on the Effective Date.

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

(viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, or the right to acquire Ordinary Shares as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the 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 on the dealing day immediately before the Effective Date (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);

- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as the Calculation Agent shall consider appropriate for any previous adjustment under this sub-paragraph (b)(viii) or sub-paragraph (b)(vii) above,

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

Such adjustment shall become effective on the Effective Date.

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

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

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

where:

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

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

Such adjustment shall become effective on the Effective Date.

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

- (x) If a Relevant Event shall occur, then upon any exercise of Settlement Rights or Conversion Rights where the Conversion Date or the Settlement Date falls during the Relevant Event Period, the Conversion Price (the “**Relevant Event Conversion Price**”), solely for the purpose of such exercise of Settlement Rights or Conversion Rights, shall be adjusted by the multiplying the Conversion Price in force immediately prior to such exercise by the following fraction:

$$1/(1+ (CP \times c/t))$$

where:

CP = means the conversion premium of 70 per cent. (expressed as fraction);

c = means the number of days from and including the date the Relevant Event occurs to but excluding the Final Maturity Date; and

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

- (xi) If, following consultation with the Calculation Agent, the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 6(b) (*Adjustment of Conversion Price*) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) (*Adjustment of Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise or will give rise to an adjustment to the Conversion Price occurs or will occur within such a short period of time that, following consultation with the

Calculation Agent, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;

- (B) in addition, such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (1) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (2) to ensure that the economic effect of a Dividend is not taken into account more than once; and
- (C) other than pursuant to Condition 6(b)(i), no adjustment shall be made that would result in an increase to the Conversion Price.

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

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B) (1) 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 (2) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of (1) and (2) 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 (3) 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 (1) or (2) 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 all as determined by the Calculation Agent;
- (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 by the Calculation Agent into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;
- (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;

- (E) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, as the case may be, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity (as described in the relevant sub-paragraphs).

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

(c) *Retroactive Adjustments*

- (i) If the Conversion Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or subdivision as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii), (iv), (v) or (ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 6(b)(viii), but before the relevant adjustment to the Conversion Price becomes effective under Condition 6(b) (such adjustment, a “**Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to, or to the order of, the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the “**Additional Ordinary Shares**”) as, together with the Ordinary Shares issued on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Bond as if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date, all as determined by the Calculation Agent or an Independent Financial Adviser.
- (ii) If there is a Retroactive Adjustment to the Conversion Price following the exercise of Settlement Rights by a Bondholder in circumstances where had Conversion Rights been exercisable such Bondholder would upon their exercise have been entitled to receive Additional Ordinary Shares, the Issuer shall pay to the relevant Bondholder an additional amount (the “**Additional Cash Redemption Amount**”) equal to the aggregate Market Price of such number of Ordinary Shares equal to that by which the number of Ordinary Shares by reference to which the Cash Alternative Amount shall have been determined would have been increased if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Settlement Date.

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

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

Adjustments to the Conversion Price calculated by the Calculation Agent upon request from the Issuer 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 an Independent Financial Adviser) on the Issuer, the Trustee, the Bondholders and the other Agents. The Calculation Agent may consult, at the expense of the Issuer, on any matter (including but not limited to, any legal matter), any legal or other professional adviser and it shall not be liable and shall incur no liability as against the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion. The Calculation Agent shall act solely upon the request from, and as agent of, the Issuer and will not thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in accordance with the Conditions as against the Bondholders.

If, following consultation with the Calculation Agent, 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 an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Bondholders, the Trustee and the Calculation Agent, save in the case of manifest error.

(e) *No Duty to Monitor*

Neither the Trustee nor the Calculation Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so, nor shall the Trustee be responsible or liable to the Bondholders for any determination to verify whether any event or circumstance has happened or exists requires, or may require, an adjustment to be made to the Conversion Price or as to the amount of any adjustment actually made.

(f) *Share or Option Schemes*

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

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

On any adjustment, the resultant Conversion Price, if not an integral multiple of €0.0001, shall be rounded down to the nearest whole multiple of €0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made by reason of this paragraph (g) 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 the Bondholders in accordance with Condition 16 and to the Trustee as soon as practicable after the determination thereof.

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

(h) *Relevant Event*

Within 14 calendar days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 16 (a “**Relevant Event Notice**”). The Relevant Event Notice shall contain a statement informing Bondholders of their entitlement (if any) to exercise their Settlement Rights or, as appropriate, Conversion Rights as provided in these Conditions; and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 7(e).

The Relevant Event Notice shall also specify:

- (i) all information material to Bondholders concerning the Relevant Event;
- (ii) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Relevant Event Conversion Price applicable pursuant to Condition 6(b)(x) during the Relevant Event Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Relevant Event;
- (iii) the Closing Price of the Ordinary Shares as at the latest practicable date prior to the publication of the Relevant Event Notice;
- (iv) the last day of the Relevant Event Period; and
- (v) the Put Date.

(i) *Procedure for Exercise of Settlement Rights and Conversion Rights*

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

If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer

and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

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

Settlement Rights or, as appropriate, Conversion Rights may only be exercised in respect of an Authorised Denomination. Where Settlement Rights or, as appropriate, Conversion Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Settlement Date or, as appropriate, Conversion Date deliver such new Bond to the Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

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

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

In the case of an exercise of the Settlement Right in respect of any Bond or Bonds, the Issuer will pay the Cash Alternative Amount no later than 5 TARGET Business Days following the end of the relevant Cash Alternative Calculation Period by transfer to a euro account with a bank in the city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Settlement Notice.

A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on such exercise (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Italy in respect of the issue of any Ordinary Shares in respect of such exercise (including any Additional Ordinary Shares), which shall be paid by the Issuer). If the Issuer shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

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

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 or any other person to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

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

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

(j) *Ordinary Shares*

(i) Ordinary Shares issued on exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

(ii) Save as provided in Condition 6(k), no payment or adjustment shall be made on exercise of Settlement Rights or, as appropriate, Conversion Rights for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Settlement Date or, as appropriate, Conversion Date relating to such Bonds (or, if such Settlement Date or, as appropriate, Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(k) *Interest on Conversion or Settlement*

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

relevant Bondholder in the relevant Settlement Notice or, as appropriate, Conversion Notice.

(l) *Purchase or Redemption of Ordinary Shares*

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

(m) *Consolidation, Amalgamation or Merger*

In the case of (i) any consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing entity) (a “**Successor in Business**”), or (ii) any sale or transfer of all, or substantially all, of the assets of the Issuer to another entity (whether by operation of law or otherwise) (also a “**Successor in Business**”), the Issuer will as soon as reasonably practicable give notice thereof to the Trustee and to the Bondholders in accordance with Condition 16 and, to the extent legally possible, take such steps as shall be required by the Trustee:

- (A) to effect the substitution of such Successor in Business as issuer under the Bonds and the Trust Deed in place of the Issuer (or any previous substitute under Condition 14(c)) in accordance with Condition 14(c) and the Trust Deed; and
- (B) to ensure (x) 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 upon conversion of the Bonds immediately prior to such consolidation, amalgamation, merger, sale or transfer, or (y) 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 Conversion Price (subject to adjustment as provided in these Conditions) as determined in good faith by an Independent Financial Adviser (each, a “**Conversion Right Transfer**”).

The above provisions of this Condition 6(m) will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales or transfers.

At the request of the Issuer but subject to the Issuer's compliance with the provisions of subparagraph (A) and (B) of this Condition 6(m), the Trustee shall (at the expense of the Issuer), without the requirement for any consent or approval of the Bondholders, be obliged to concur with the Issuer 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.

If, following consultation with the Calculation Agent, any doubt shall arise as to how determinations, calculations or adjustments as specifically required to be performed by it in these Conditions should be performed following any such consolidation, amalgamation or merger, a written opinion of an Independent Adviser in respect

thereof shall be conclusive and binding on the Issuer, the Trustee, the Bondholders, the Calculation Agent and all other parties, save in the case of manifest error.

## 7. Redemption and Purchase

### (a) *Final Redemption*

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

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

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

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 and to the Trustee, the Issuer may at any time redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date:

- (A) at any time on or after 16 April 2019 (the "**First Call Date**") if, on each of not less than 20 dealing days in any period of 30 consecutive dealing days ending not more than seven calendar days prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of an Ordinary Share for such dealing day exceeds 130 per cent. of the Conversion Price in effect on each such dealing day, as verified by the Calculation Agent upon request from the Issuer; or
- (B) at any time if, prior to the date the relevant Optional Redemption Notice is given, Settlement Rights and/or Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds).

#### (ii) *Redemption Following Non-Passing of Shareholder Resolutions*

If the Shareholder Resolutions have not been passed by the Long-Stop Date, the Issuer may give notice (a "**Shareholder Event Notice**") to the Bondholders in accordance with Condition 16 and to the Trustee no later than 10 dealing days after the Long-Stop Date that it will redeem all but not some only of the Bonds on the date falling 6 dealing days after the end of the Fair Bond Value Calculation Period (the "**Shareholder Event Redemption Date**") at the greater of (A) 102 per cent. of their principal amount, together with accrued but unpaid interest to (but excluding) the Shareholder Event Redemption Date and (B) 102 per cent. of the Fair Bond Value of the Bonds, together with accrued but unpaid interest to (but excluding) the Shareholder Event Redemption Date.

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

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

“**Shareholder Resolutions**” means one or more resolutions duly passed, approved or adopted at a General Meeting of Shareholders of the Issuer approving and confirming the increase in share capital of the Issuer and disapplication (for the purposes of the relevant capital increase) of any preferential subscription rights pursuant to Article 2441(5) of the Italian Civil Code to enable the issue of a sufficient number of new Ordinary Shares to satisfy the exercise of Conversion Rights in full (assuming a Physical Settlement Notice has been given).

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Trustee and the Bondholders redeem (subject to the second following paragraph) all but not some only of the Bonds for the time being outstanding on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer has or will become obliged to pay additional amounts in respect of payments of interest on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 March 2015, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (A) a certificate signed by a duly empowered representative of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (B) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (A) and (B) above in which event such certificate shall be conclusive and binding on the Bondholders.

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

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



any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

References in this Condition 7(c) to Italy shall be deemed also to refer to any jurisdiction in respect of which any undertaking or covenant equivalent to that in Condition 9 is given pursuant to the Trust Deed, (except that as regards such jurisdiction the words “becomes effective on or after 26 March 2015 in Condition 7(c)(i) above shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 9 was given pursuant to the Trust Deed”).

(d) *Optional Redemption and Tax Redemption Notices*

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

(e) *Redemption at the Option of Bondholders upon a Relevant Event*

Following the occurrence of a Relevant Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a “**Put Exercise Notice**”), at any time during the Relevant Event Period. If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day. The “**Put Date**” shall be the fourteenth calendar day after the expiry of the Relevant Event Period.

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

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

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange or securities market on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 14.

(g) *Cancellation*

All Bonds which are redeemed or in respect of which Settlement Rights or Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Principal Paying Transfer and Conversion Agent.

(h) *Multiple Notices*

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

(i) *Share Settlement Election*

Notwithstanding any provisions of this Condition 7 and subject to the Physical Settlement Date having occurred pursuant to Condition 6(a), the Issuer may elect to satisfy its obligation to redeem Bonds pursuant to Condition 7(a) by exercising its option (the “**Share Settlement Election**”) with respect to all, but not some only, of the Bonds to be redeemed on the Final Maturity Date, provided that (i) the Ordinary Shares are listed on Borsa Italiana or a stock exchange in an OECD State as at the date of the Share Settlement Election Notice (as defined below); (ii) the Free Float is not less than 15 per cent. of the issued and outstanding Ordinary Shares on each of the 10 consecutive dealing days ending on the dealing day prior to the date of the Share Settlement Election Notice; (iii) no Event of Default, or any event that with the passage of time would become an Event of Default, shall have occurred and be continuing as at the date of the relevant Share Settlement Election Notice; and (iv) no Offer is continuing on the date of the Share Settlement Election Notice. To exercise its Share Settlement Election, the Issuer shall give a notice to such effect (the “**Share Settlement Election Notice**”) to the Bondholders in accordance with Condition 16 and to the Trustee. Such Share Settlement Election Notice may be given not earlier than 60 dealing days prior to the Final Maturity Date and not later than the date which is, on such date, scheduled to be 28 dealing days prior to the Final Maturity Date.

Where the Issuer shall have exercised the Share Settlement Election, the Issuer shall, in lieu of redeeming the relevant Bonds in cash on the Final Maturity Date, effect redemption in respect of each Bond by:

- (i) delivering to or as directed by the relevant Bondholder the Redemption Settlement Shares in respect of such Bond;
- (ii) making payment of an amount in cash equal to the amount (if any) by which the principal amount of such Bond exceeds 99 per cent. of the product of (A) the Redemption Settlement Shares and (B) the arithmetic average of the Parity Value in respect of such Bond on each of the dealing days in the Share Settlement Averaging Period (such amount being the “**Share Settlement Amount**”) as determined by the Calculation Agent; and
- (iii) making or procuring payment to the relevant Bondholder in cash of any accrued and unpaid interest in respect of such Bond up to the Final Maturity Date.

A Share Settlement Option Notice shall specify the Specified Proportion which shall apply in respect of each Bond.

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

In the event that (A) the sum of (1) the “normal value” of the Specified Proportion of Redemption Shares to be delivered in respect of each Bond (to be determined on the Final Maturity Date in the manner prescribed by Italian taxation law, as the arithmetic average of the official market prices of the Redemption Shares registered in the period between the Final Maturity Date and the same date of the preceding month) and (2) the Share Settlement Amount or (B) the sum of (x) the value of the Specified Proportion of Redemption Shares to be delivered in respect of each Bond determined on the basis of the official market price on the Final Maturity Date, and (y) the Share Settlement Amount is less than the principal amount of such Bond, the Issuer shall pay as redemption price such further cash amount per Bond as shall be necessary to ensure that the value per Bond delivered upon redemption determined both as the sum under (A) and the sum under (B) above is not less than the principal amount of such Bond (and the term “**Share Settlement Amount**” shall be construed accordingly).

In these Conditions:

“**Offer**” means an offer to the holders of the Ordinary Shares for the acquisition of Ordinary Shares, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the Ordinary Shares (or all or substantially all such holders other than any holder to whom such offer may not be extended pursuant to applicable securities or other laws or who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer).

“**Redemption Settlement Shares**” means, in respect of any Bond, the number of Ordinary Shares as determined by the Calculation Agent by multiplying the Redemption Shares by the Specified Proportion.

“**Redemption Shares**” means, in respect of any Bond, the number of Ordinary Shares as determined by the Calculation Agent by dividing the principal amount of such Bond by the Conversion Price in effect on the Valuation Date.

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

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

“**Specified Proportion**” means a proportion between 1 per cent. and 100 per cent. of the Redemption Shares, as determined by the Issuer and specified in the Share Settlement Election Notice.

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

If the Issuer does not deliver a relevant Share Settlement Notice in the manner and by the time set out in this Condition 7(i) the relevant Bonds shall be redeemed for cash

on the Final Maturity Date in accordance with the provisions of Conditions 7(a) and payment in respect thereof shall be made in accordance with Condition 8.

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

- (i) In order to obtain delivery of the relevant Redemption Settlement Shares upon redemption, the relevant Bondholder must deliver a duly completed notice substantially in form set out in the Agency Agreement (the “**Share Settlement Notice**”) a copy of which may be obtained from the specified office of any Paying, Transfer and Conversion Agent, to the specified office of any Paying, Transfer and Conversion Agent at least 10 dealing days prior to the Final Maturity Date of the Bonds (the “**Notice Cut-off Date**”). If such delivery is made on a day which is a business day in the relevant place of delivery but is not a dealing day or is made after the end of normal business hours at the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following business day in such place which is a dealing day.
- (ii) Subject as provided herein, the relevant Redemption Settlement Shares and (if any) the Share Settlement Amount will be delivered and/or paid in accordance with the instructions given in the Share Settlement Notice and accrued and unpaid interest will be paid in accordance with Condition 8 on the Share Settlement Date, provided that the Share Settlement Notice is delivered not later than the Notice Cut-off Date.
- (iii) If the Share Settlement Notice is not delivered to a Paying, Transfer and Conversion Agent on or before the Notice Cut-off Date, then (A) on the Share Settlement Date the relevant Redemption Settlement Shares will be delivered to an independent institution with appropriate expertise as a financial institution or provider of custody services (the “**Relevant Person**”) selected by the Issuer in its sole discretion, (B) on the Share Settlement Date the Share Settlement Amount (if any) will be paid to the persons shown in the Register on the Valuation Date and (C) any accrued and unpaid interest will be paid in accordance with Condition 8 on the Final Maturity Date. The Issuer shall procure that the relevant Redemption Settlement Shares shall be sold by or on behalf of the Relevant Person as soon as practicable based on advice from a reputable financial institution, investment or commercial bank or broker selected by the Issuer in its sole discretion and (subject to any necessary consents being obtained and to the deduction by or on behalf of the Relevant Person of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue or registration and transfer taxes and duties (if any) and any fees or costs reasonably incurred by or on behalf of the Relevant Person in connection with the allotment and sale thereof) the net proceeds of such sale, converted if necessary into euro by the Relevant Person, together with all Share Settlement Amounts (if any) shall be distributed rateably to the holder of the relevant Bond in accordance with Condition 8 and notify to Bondholders in accordance with Condition 16.

The amount of such net proceeds of sale and all Share Settlement Amounts (if any) payable to a holder pursuant to this sub-paragraph (iii) and any interest paid as aforesaid shall be treated for all purposes as the full amount due from the Issuer in respect of the relevant Bond.

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

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

- (vi) Ordinary Shares (including any Additional Redemption Settlement Shares (as defined below)) issued pursuant to this Condition 7(i) will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Valuation Date or, in the case of Additional Redemption Settlement Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Redemption Settlement Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Valuation Date or, as the case may be, the relevant Reference Date but subject as provided in paragraph (ix) below. Ordinary Shares to be issued as contemplated by this Condition 7(i) shall be deemed to be issued as of the Valuation Date or, in the case of any Additional Redemption Settlement Shares, as of the relevant Reference Date.
- (vii) A Bondholder or the Relevant Person must pay (in the case of the Relevant Person by means of deduction from the net proceeds of sale referred to in sub-paragraph (iii) above or from amounts otherwise available to the Relevant Person for such purpose) directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on the relevant Redemption Settlement Shares (other than any taxes or capital, issue and registration and transfer taxes or duties payable in Italy in respect of the issue of the Redemption Settlement Shares pursuant to this Condition 7(i) (including any Additional Redemption Settlement Shares), which shall be paid by the Issuer), and such Bondholder or the Relevant Person (as the case may be) must pay (in the case of Relevant Person, by way of deduction from the net proceeds of sale as aforesaid or from amounts otherwise available to the Relevant Person for the purpose) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest thereon in connection with such redemption. If the Issuer shall fail to pay any taxes and capital, stamp, issue and registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each

Bondholder and Relevant Person in respect of any payment thereof and any penalties payable in respect thereof.

- (viii) Redemption Settlement Shares to be issued to Bondholders (including any Additional Redemption Settlement Shares) will be issued in uncertificated form through Monte Titoli S.p.A., unless, at the time of issue, the Ordinary Shares are not a participating security in Monte Titoli S.p.A. Where Ordinary Shares are to be issued through Monte Titoli S.p.A., they will be delivered to the account specified by the relevant Bondholder in the relevant Share Settlement Notice or, as the case may be, as specified by the Relevant Person, on the Share Settlement Date (or, in the case of Additional Redemption Settlement Shares, not later than seven Milan business days following the Reference Date).

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

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

- (ix) If the Valuation Date shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii), (iv), (v) or (ix), or after any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii), but before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “**Share Settlement Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the relevant Bondholder on or prior to the date falling seven Milan business days following the relevant Reference Date, in accordance with the instructions contained in the relevant Share Settlement Notice or, as the case may be, to the Relevant Person, such additional number of Ordinary Shares (if any) (the “**Additional Redemption Settlement Shares**”) as, together with the Ordinary Shares issued on redemption of the relevant Bond (together with any fraction of a Ordinary Share not so issued or transferred or delivered), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on redemption of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Valuation Date, as determined by the Calculation Agent or an Independent Financial Adviser. Where such Additional Redemption Settlement Shares are to be issued to the Relevant Person, they shall be issued to the Relevant Person on or prior to the date falling seven Milan business days following the relevant Reference Date and the provisions of paragraph (iii) relating to the sale of Redemption Settlement Shares shall apply *mutatis mutandis*. If the relevant adjustment cannot be made in full by virtue of Condition 6(g), no such adjustment shall be made and instead the Issuer will pay in respect of each Bond the Market Price in respect of the Additional Redemption Settlement Shares. Such amount shall be paid no later than following seven Milan business days after the relevant Reference Date.

## 8. Payments

(a) *Principal*

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

(b) *Other amounts*

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

(c) *Record Date*

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

(d) *Payments*

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

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

(e) *Payments Subject to Fiscal Laws*

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

(f) *Delay in payment*

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

(g) *Business Days*

In this Condition, “Business Day” means a day (other than a Saturday or Sunday) on which the TARGET System is operating.

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

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, 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 it will (i) maintain a Principal Paying, Transfer and Conversion Agent, (ii) maintain a Paying, Transfer and Conversion Agent (which may be the Principal Paying, Transfer and Conversion Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 and (iii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Trustee and the Bondholders in accordance with Condition 16. The Issuer reserves

the right under the Calculation Agency Agreement at any time to vary or terminate the appointment of the Calculation Agent and appoint additional or other Calculation Agents, provided that it will maintain a Calculation Agent, which shall be a financial institution of international repute.

(i) *No charges*

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

(j) *Fractions*

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

## 9. Taxation

(a) *Payment Without Withholding*

All payments by or on behalf of the Issuer in respect of the Bonds 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 Italy or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer 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:

- (i) 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 Italy other than the mere holding of such Bond; or
- (ii) 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
- (iii) 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
- (iv) 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
- (v) in relation to *imposta sostitutiva* set forth in Italian Legislative Decree No. 239 of 1 April 1996 (“**Decree 239**”) and related implementing rules; or
- (vi) in all circumstances in which the requirements and procedures to obtain an exemption from *imposta sostitutiva* set forth in Decree 239 and related implementing rules or any alternative future system of deduction or withholding have not been met properly and promptly or complied with,



except where such procedures have not been met or complied with due to actions or omissions of the Issuer or their agents; or

(vii) by or on behalf of a non-Italian resident legal entity or individual which is resident in a country which, for the purposes of Decree 239 does not allow for a satisfactory exchange of information with the tax authorities of the Republic of Italy; or

(viii) 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 any other statement, including a declaration or other evidence of non-residence in Italy to the relevant taxing authority or intermediary/paying agent or making any other claim or filing, but such holder has failed to properly and promptly produce such declaration or other evidence.

(b) *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 9(a)) 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

(c) *No Payment of Additional Amounts following Bondholder Election*

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

## 10. Events of Default and Enforcement

(a) *Events of Default*

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured (including by way of pre-funding) to its satisfaction) (but only if, except in relation to paragraph (i) below, the Trustee shall have certified in writing to the Issuer that such event is materially prejudicial to the interests of the Bondholders), give notice in writing to the Issuer that the Bonds are, and the Bonds shall thereupon immediately become, due and repayable at their principal amount together with accrued interest as provided in the Trust Deed if any of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

(i) *Non-payment*: default is made in the payment of any principal or interest or any other amount due in respect of the Bonds or any of them and the default continues for a period of 10 days in the case of principal or any other amount which is not interest, or 30 days in the case of interest; or

(ii) *Non-delivery of Ordinary shares*: the Issuer fails to issue or transfer and deliver Ordinary Shares in accordance with these Conditions or fails to perform any of its other obligations in relation to the exercise of Conversion Rights and such default continues for a period of 10 days; or

(iii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and the failure continues for the period of 60 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

- (iv) *Cross-default of Issuer:*
  - (A) any Capital Markets Indebtedness of the Issuer in excess of €100,000,000 (or the equivalent thereof in other currencies) has to be repaid prematurely due to a default under its terms; or
  - (B) the Issuer fails to fulfil any payment obligation exceeding €100,000,000 (or the equivalent thereof in other currencies) under any Capital Markets Indebtedness of the Issuer, or under any guarantee provided for any such Capital Markets Indebtedness in excess of €100,000,000 (or the equivalent thereof in other currencies) of others, and such failure continues for a period of 30 days; or
  - (C) any security or guarantee relating to Capital Markets Indebtedness in excess of €100,000,000 (or the equivalent thereof in other currencies) provided by the Issuer is enforced by the lenders and such enforcement is not contested in good faith by the relevant Issuer or the Issuer publicly announces their inability to meet their financial obligations; or
- (v) *Insolvency:*
  - (A) a court opens insolvency or equivalent proceedings against the Issuer which are not resolved within six months, unless such proceedings are frivolous or vexatious and contested in good faith and appropriately and do not result in court orders or the Issuer applies for such insolvency or equivalent proceedings; or
  - (B) the Issuer approves a resolution pursuant to which it goes into liquidation, unless this is done in connection with a merger or other form of combination with another company and the Successor in Business is substituted in place of the Issuer in accordance with Conditions 6(m) and 14(c) and the Trust Deed; or
- (vi) *Continuity of Business:* The Issuer sells transfers, disposes of, or leases all or substantially all of its assets, other than where the Successor in Business is substituted in place of the Issuer in accordance with Conditions 6(m) and 14(c) and the Trust Deed.

(b) *Enforcement*

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or secured (including by way of pre-funding) to its satisfaction.

No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

**11. Undertakings**

- (a) The Issuer will convene an Extraordinary General Meeting to be held not later than the Long-Stop Date to seek shareholders' approval of the Shareholder Resolutions.

- (b) The Issuer undertakes to use all reasonable endeavours to obtain by no later than 30 days after the Closing Date and thereafter maintain the listing of the Bonds on an internationally recognised, regularly operating, regulated or non-regulated, stock exchange or securities market as determined by the Issuer. The Issuer will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the Bonds by any of such stock exchanges or securities markets.
- (c) Whilst any Settlement Right or Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution:
- (i) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves or for no consideration, other than:
- (A) in connection with Newco Scheme; or
  - (B) by the issue of Ordinary Shares and/or savings shares in connection with the merger of Telecom Italia Media S.p.A. into the Issuer; or
  - (C) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or Securities on a capitalisation of profits or reserves; or
  - (D) 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
  - (E) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
  - (F) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,
- unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6(g) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;
- (ii) not modify the rights attaching to the Ordinary Shares with respect to voting (provided that nothing in this Condition 11 shall prevent modification to the quorum requirements in respect of general meetings of the holders of Ordinary Shares), dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(c)(ii) shall prevent:
- (A) the issue of equity share capital to employees or former employees or directors (including directors holding or formerly holding executive

office or the personal service company of any such person) (or the spouse or relative of any such person) whether of the Issuer or any of its Subsidiaries or associated companies by virtue of their office or employment pursuant to an employee, director or executive share or option or incentive schemes; or

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

- (v) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
  - (A) pursuant to the terms of issue of the relevant share capital; or
  - (B) by means of a purchase or redemption or buy back of share capital of the Issuer to the extent permitted by applicable law; or
  - (C) pursuant to a Newco Scheme; or
  - (D) by way of or involving a transfer to reserves as permitted under applicable law; or
  - (E) where the reduction does not involve any distribution of assets; or
  - (F) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed; or
  - (G) to create distributable reserves; or
  - (H) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(g) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

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

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

- (A) at its option, either (1) Newco is substituted under the Bonds, the Trust Deed and the Agency Agreement as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; or (2) Newco becomes a guarantor under the Bonds and, in either case, that 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);
  - (B) the Trust Deed and the Conditions (including, without limitation, the adjustment and related provisions (in Condition 6(b)), the Events of Default (in Condition 10) and the Undertakings (in this Condition 11)) 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
  - (C) the ordinary shares of Newco are:
    - (1) 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
    - (2) 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;
  - (viii) use reasonable endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights, if any, will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
  - (ix) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing on the Relevant Stock Exchange; and
  - (x) at all times following the giving of a Physical Settlement Notice keep available for issue or delivery, free from pre-emptive rights out of its authorised but unissued capital, sufficient authorised but unissued Ordinary Shares to enable the exercise of all Conversion Rights, and all rights of subscription and exchange for Ordinary Shares, to be satisfied in full.
- (d) The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate signed by a duly empowered representative of the Issuer, as to there not having occurred an 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 Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

## **12. Prescription**

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

## **13. Replacement of Bonds**

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

## **14. Meetings of Bondholders, Modification, Waiver, Authorisation, Determination and Substitution**

### *(a) Meetings of Bondholders*

The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Bondholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed. The above provisions are subject to compliance with mandatory laws, rules and regulations of the Republic of Italy in force from time to time.

The quorum and the majorities for passing resolutions at any such meetings are established by Article 2415 of the Italian Civil Code, Legislative Decree No. 58 of 24 February 1998 and the Issuer's bylaws.

Resolutions passed at any meeting of the Bondholders shall be binding on all Bondholders, whether or not they are present at the meeting. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Bondholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Bondholders' interest hereunder and to give execution to the resolutions of the meeting of the Bondholders.

### *(b) Modification, Waiver, Authorisation, Determination and Exercise by the Trustee of Discretions etc.*

The Trustee may agree, without the consent of the Bondholders, and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only insofar as the Issuer has demonstrated to the Trustee's satisfaction that the interests of the Bondholders shall not be materially prejudiced thereby, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of these Conditions, the Trust Deed, the Agency Agreement or the Calculation Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, to any

modification which 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, waiver, authorisation or determination shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Bondholders in accordance with Condition 16 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general 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 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 subdivision thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, 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 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

(c) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Bondholders, to the substitution in place of the Issuer (or any previous substitute under this paragraph) of any Successor in Business as the issuer under the Bonds and the Trust Deed subject to (i) the Bonds being convertible or 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 6(m), (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.

Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders in accordance with Condition 16.

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 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 pursuant to and subject to the provisions set out in Condition 11(c)(vii).

**15. Indemnification of the Trustee and Trustee Contracting with the Issuer**

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 and to be paid its costs and expenses in priority to the claims of the Bondholder.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its 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 (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 and (d) to act as trustee for the holders of any other securities, issued or guaranteed by or relating to the Issuer or any Subsidiary.

The Trustee may rely and act without liability on any certificate, report, confirmation or other communication (received from the Issuer or otherwise) or any advice of any accountant, financial adviser, investment bank, attorney or other expert, whether or not addressed to it and whether their liability in relation thereto is limited.

**16. Notices**

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

**17. 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 settlement rights and/or conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding 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.

**18. 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.

**19. Governing Law and Jurisdiction**

(a) *Governing Law*

The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Condition 14(a) and the provisions of the Trust Deed which relate to the meeting of Bondholders and the appointment of a *rappresentante comune* are subject to Italian law. The issue and/or delivery of Ordinary Shares upon exercise of Conversion Rights shall be effected as provided or specified in these Conditions and in accordance with the requirements of applicable Italian law.

(b) *Jurisdiction*

The Issuer 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 submits to the exclusive jurisdiction of the English courts.

The Issuer 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 in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

(c) *Agent for Service of Process*

The Issuer has, in the Trust Deed, irrevocably appointed 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 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 with the approval of the Trustee and notice of which has been given to the Bondholders.

## Schedule 3

### Provisions for Meetings of Bondholders

1. (a) The provisions of this Schedule 3 are subject to the mandatory provisions of Italian law as amended from time to time.
- (b) As used in of this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
  - (i) **“voting certificate”** shall mean an English language certificate issued by a Paying, Transfer and Conversion Agent and dated in which it is stated:
    - (A) that, save as otherwise required by the Issuer’s by-laws or however by applicable Italian legislation from time to time, on the date thereof Bonds (whether in definitive form or represented by a Global Certificate and 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 or any adjourned such meeting) were deposited with such Paying, Transfer and Conversion Agent or (to the satisfaction of such Paying, Transfer and Conversion Agent) were held to its order or under its control or 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:
      - I. the conclusion of the meeting specified in such certificate or, if applicable, of any adjourned such meeting; and
      - II. the surrender of the 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 and any adjourned such meeting in respect of the Bonds represented by such certificate;
  - (ii) **“block voting instruction”** shall mean an English language document issued by a Paying, Transfer and Conversion Agent and dated in which:
    - (A) it is certified that, save as otherwise provided by the Issuer’s by-laws or however by applicable Italian legislation from time to time, Bonds (whether in definitive form or represented by a Global Certificate and 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 and any adjourned such meeting) have been deposited with such Paying, Transfer and Conversion Agent or (to the satisfaction of such Paying, Transfer and Conversion Agent) were held to its order or under its control or 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:
      - I. the conclusion of the meeting specified in such document or, if applicable, of any adjourned such meeting; and
      - II. the surrender to the Paying, Transfer and Conversion Agent before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying, Transfer and Conversion Agent in respect of each such

deposited Bond which is to be released or (as the case may require) the Bond or Bonds ceasing with the agreement of the Paying, Transfer and Conversion Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying, Transfer and Conversion Agent to the Issuer in accordance with paragraph 12 hereof 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 Bond or Bonds so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (C) the aggregate nominal amount of the Bonds so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid 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 document (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 document;
- (iii) “**24 hours**” shall mean 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;
  - (iv) “**48 hours**” shall mean 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;

- (v) “**First Call**” shall mean, where Italian law and the Issuer’s by-laws provides for multiple calls, the first date and time indicated in the notice described in paragraph 3 below for a meeting of Bondholders;
  - (vi) “**Second Call**” shall mean, where Italian law and the Issuer’s by-laws provides for multiple calls, the second date and time indicated in the notice described in paragraph 3 below for a meeting of Bondholders, which shall be utilised if the required quorum is not present at the relevant first meeting of Bondholders;
  - (vii) “**Third Call**” shall mean, where Italian law and the Issuer’s by-laws provides for multiple calls and to the extent that the Issuer has shares listed on an Italian or other EU member country regulated market, the date and time for a meeting of Bondholders subsequent to the Second Call which could either be indicated in the notice described in paragraph 4 below or in a notice (to be issued no later than 30 days following the meeting held on Second Call), which shall be utilised if the required quorum is not present at the relevant second meeting of the Bondholders.
  - (viii) “**Single Call**” shall mean, where Italian law and the Issuer’s by-laws provides for a single call, the sole date and time indicated in the notice to Bondholders described in paragraph 4 below for a meeting of Bondholders;
2. A holder of a Bond (whether in definitive form or represented by the Global Certificate) may obtain a voting certificate in respect of such Bond from a Paying, Transfer and Conversion Agent or require a Paying, Transfer and Conversion Agent to issue a block voting instruction in respect of such Bond, in the manner indicated in the notice described in paragraph 4 below, by depositing such Bond with such Paying, Transfer and Conversion Agent or (to the satisfaction of such Paying, Transfer and Conversion Agent) by such Bond being held to its order or under its control or being blocked in an account with a clearing system, or as otherwise required by the Issuer’s by-laws and applicable Italian legislation from time to time, in each case not less than 48 hours before the time fixed for the relevant meeting and on the terms set out in subparagraph 1(a)(i)(A) or 1(a)(ii)(A) above (as the case may be), and (in the case of a block voting instruction) instructing such Paying, Transfer and Conversion Agent to the effect set out in subparagraph 1(a)(ii)(B) above (and such Paying, Transfer and Conversion Agent shall provide the relevant voting certificate or block voting instruction to the Chairman not less than 24 hours before the time fixed for the relevant meeting). Save as otherwise required by the Issuer’s by-laws and applicable Italian legislation from time to time, 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 or adjourned meeting of Bondholders 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 the same 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.
3. The Board of Directors, the Management Board of the Issuer or the joint representative (as described below in paragraph 6(a)) may at any time and the Issuer may at any time and the Issuer shall, subject to the mandatory provisions of Italian law, at the request of the Trustee or upon a requisition in writing signed by the holders of not less than one-twentieth of the aggregate nominal amount of the outstanding Bonds, convene a meeting of the Bondholders and if the Issuer makes default for a period of 30 days in convening such a meeting the same may be convened by decision of the President of the competent court upon request by the requisitionists.

4. At least 30 days' written notice (exclusive of the day on which the notice is given and inclusive of the day on which the meeting is held) or any different term provided for by the applicable mandatory Italian laws, specifying the item to be discussed and voted upon, the place, day and hour of meeting on First Call, Second Call or Third Call or, depending on the applicable provisions of Italian law and the Issuer's by-laws, Single Call and any other details as may be required by applicable laws and regulations, shall be given to the holders, the Trustee and also to the Paying, Transfer and Conversion Agents before any meeting of the holders in the manner provided by Condition 15(jj). Notices of all meetings shall also be published on the website of the Issuer or as otherwise required by the Issuer's by-laws and applicable legislation from time to time. The notice shall, in each case, state generally the nature of the business to be transacted at the meeting and any other details as may be required by applicable laws and regulations and it shall not be necessary to specify in the notice the terms of any resolution to be proposed. Such notice shall include, if applicable, a description of the procedures to be applied in order to attend and vote at the meeting of Bondholders, including information concerning voting certificates or appointing proxies. A copy of the notice shall be sent by fax, followed by registered mail, to the Issuer (unless the meeting is convened by the Issuer). All notices to Bondholders under this Schedule 3 shall comply with any applicable Italian law requirement and/or provision in the Issuer's by-laws. For the avoidance of doubt, each meeting will be held as a single call meeting or multiple call meeting depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time.
5. The person (who may but need not be a Bondholder) that shall be entitled to take the chair ("Chairman") at every meeting of Bondholders shall be nominated subject to mandatory provisions of Italian law.
6. Meetings of Bondholders may resolve (inter alia):
  - (a) to appoint or revoke the appointment of a joint representative ("*rappresentante comune*");
  - (b) to modify the Conditions save for any amendments by Extraordinary Resolution (see paragraph 14);
  - (c) to approve motions for "*Concordato*", as set forth in the bankruptcy laws of Italy;
  - (d) to establish a fund for the expenses necessary for the protection of common interests of Bondholders and related statements of account;
  - (e) to pass a resolution concerning any other matter of common interest to Bondholders.

The constitution of meetings and the validity of resolutions of Bondholders shall be governed pursuant to the provisions of Italian laws (including, without limitation, Legislative Decree no. 58 of 24 February 1998, as amended) and the Issuer's by-laws in force from time to time. If the Issuer's by-laws provide for multiple calls, a meeting will be validly held if (i) in the case of First Call there are one or more persons present holding Bonds or voting certificates or being proxies and holding or representing in aggregate not less than one half of the nominal amount of the Bonds for the time being outstanding; (ii) in case of Second Call there are one or more persons present holding Bonds or voting certificates or being proxies and holding or representing in aggregate more than one third of the nominal amount of the Bonds for the time being outstanding; (iii) in case of Third Call there are one or more persons present holding Bonds or voting certificates or being proxies and holding or representing in aggregate at least one fifth of the nominal amount of the Bonds for the time being outstanding; (iv) if Italian law and the Issuer's by-laws provides for a Single Call, the quorum under (iii) above shall apply provided that a higher majority may be required by the Issuers by-laws.

The resolutions at any meeting convened on First Call or Second Call or Third Call or, as the case may be, on Single Call may only be adopted by the favourable vote of one or more persons holding Bonds or voting certificates or being proxies representing not less than two thirds of the nominal amount of the Bonds represented at the meeting.

In any event, the voting majority at any meeting for passing an Extraordinary Resolution relating to any matter provided under Article 2415, paragraph 1, item 2 of the Italian Civil Code (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds or any proposal relating to any of the matters set out in the Article 2415, paragraph 3 of the Italian Civil Code), shall be the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Bonds, and (ii) one or more persons present holding or representing in the aggregate not less than two thirds of the Bonds represented at the meeting pursuant to paragraph 3 of Article 2415 of the Italian Civil Code, provided that a different majority may be required pursuant to the Issuer's by-laws.

7. If within fifteen minutes after the time appointed for any meeting on First Call or Second Call or Third Call (in the event that the Issuer has shares listed on an Italian or other EU member regulated country market), a quorum is not present the meeting shall, if convened upon the requisition of Bondholders, be dissolved.
8. The Chairman may with the consent of (and shall if directed by) any 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 (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
9. Any director, statutory auditor or officer of the Issuer and its lawyers and financial advisers and any other person entitled to attend by reason of applicable law may attend and speak at any meeting. Save as provided above but without prejudice to the provisions to the definition of "outstanding" in clause 1 no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Bondholders or join with others in requesting the convening of a meeting unless he/she either produces the Bond of which he is the holder or a voting certificate or is a proxy.
10. Subject as provided in paragraph 9 at any meeting every person who is so present shall have one vote in respect of each €100,000 in nominal amount of the Bonds so produced or represented by the voting certificates so produced or in respect of which he is a proxy or in respect of which he is the Bondholder.

Without prejudice to the obligations of the proxies named in any block voting instruction any person entitled to more than one vote need not use all his votes or cast all the votes to which he/she is entitled in the same way.

11. The proxies named in any block voting instruction need not be Bondholders.
12. Each block voting instruction together (if so requested by the Issuer) with reasonable proof satisfactory to the Issuer of its due execution on behalf of the relevant Paying, Transfer and Conversion shall be deposited at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A notarially certified copy of each block voting instruction shall (if so requested by the Trustee) be deposited with the Agent before the commencement of the meeting or adjourned meeting but the Agent shall not



be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any block voting instruction.

13. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Bondholders' instructions pursuant to which it was executed, provided that no intimation in writing of the revocation or amendment shall have been received from the relevant Paying, Transfer and Conversion Agent by the Issuer at its registered office (or such other place as may have been approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.
14. A meeting of Bondholders shall in addition to the powers provided above have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraph 6) only namely:
  - (a) power to sanction any compromise or arrangement proposed by the Issuer to be made between the Issuer and the Bondholders or any of them;
  - (b) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders against the Issuer or against any of its property whether the rights shall arise under these presents or otherwise which is proposed by the Issuer;
  - (c) power to assent to any modification of the provisions contained in these presents which shall be proposed by the Issuer;
  - (d) power to give any authority or sanction which under these presents is required to be given by Extraordinary Resolution; and
  - (e) power to sanction any scheme or proposal of the Issuer for the exchange or sale of Bonds for or the conversion of Bonds into or the cancellation of the Bonds in consideration of shares, stock, Bonds, 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 the shares, stock, Bonds, debentures, debenture stock and/or other obligations and/or securities as provided above and partly for or into or in consideration of cash.
15. Any resolution passed at a meeting of Bondholders duly convened and held hereunder shall be binding upon all Bondholders whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify the passing of the resolution. Notice of any resolution duly passed by Bondholders shall be published in accordance with Condition 16 by the Issuer within 14 days of the passing of the resolution, provided that the non-publication of the notice shall not invalidate the resolution.
16. The expression “**Extraordinary Resolution**” when used in this Schedule and in the Conditions means a resolution passed at a meeting of Bondholders duly convened on First Call or Second Call or Third Call (to the extent that the Issuer has shares listed on an Italian or other EU member country regulated market) or, depending on the applicable provisions of Italian law and the Issuer’s by-laws, on Single Call and held in accordance with the provisions contained in this Schedule 3 and applicable provisions of Italian law.
17. Minutes of all resolutions and proceedings at every meeting, certified by a public notary, shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any Minutes purporting to be signed by the Chairman of the meeting at which the resolutions were passed or proceedings had shall be conclusive evidence of the matters

contained in the Minutes and until the contrary is proved every 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 had to have been duly passed or had.

## Schedule 4 Form of Duly Authorised Representatives' Certificate

[On the Headed Paper of the Issuer]

To: BNP Paribas Trust Corporation UK Limited  
[Date]

Dear Sirs

### €2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022

This certificate is delivered to you in accordance with clause 13(f) of the Trust Deed dated 26 March 2015 (the “**Trust Deed**”) and made between Telecom Italia S.p.A. (the “**Issuer**”) 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 [●]<sup>1</sup>, no Event of Default or Potential Event of Default existed [other than [●]] and no Event of Default or Potential Event of Default<sup>2</sup> had existed at any time since [●]<sup>3</sup> [the certification date (as defined in the Trust Deed) of the last certificate delivered under clause 13(f)]<sup>4</sup> [other than [●]]<sup>5</sup>; and
- (b) from and including [●]<sup>3</sup> [the certification date of the last certificate delivered under clause 13(f)]<sup>4</sup> to and including [●]<sup>1</sup>, the Issuer has complied in all respects with its obligations under these presents (as defined in the Trust Deed) [other than [●]]<sup>6</sup>.

#### The Issuer

For and on behalf of  
**Telecom Italia S.p.A.**

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Director

<sup>1</sup> Specify a date not more than 7 days before the date of delivery of the certificate.

<sup>2</sup> If any Event of Default or Potential Event of Default did exist, give details; otherwise delete.

<sup>3</sup> Insert date of Trust Deed in respect of the first certificate delivered under clause 13(f), otherwise delete.

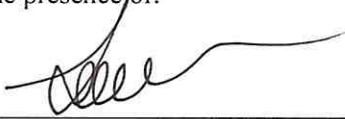
<sup>4</sup> Include unless the certificate is the first certificate delivered under clause 13(f), in which case delete.

<sup>5</sup> If any Event of Default or Potential Event of Default did exist, give details; otherwise delete.

<sup>6</sup> If the Issuer has failed to comply with any obligation(s), give details; otherwise delete.

## Signatories

**Executed** as a deed by  
**Telecom Italia S.p.A.**  
acting by  
acting under the authority of that company,  
in the presence of:



By: \_\_\_\_\_



Witness's signature: \_\_\_\_\_

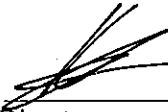
CATE DEAN

Name: \_\_\_\_\_

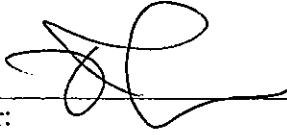
ONE SILK STREET, LONDON EC2Y 8HQ

Address: \_\_\_\_\_

**The Common Seal of  
BNP Paribas Trust Corporation UK Limited**  
affixed to this deed in the presence of:

  
\_\_\_\_\_  
Director:

**Helen Tricard**  
Director

  
\_\_\_\_\_  
Director:

**Daisuke Takekawa**

